

## **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).

**9,000,000 European Style Cash Settled Long Certificates relating to  
the ordinary H shares of BYD Company 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\$1.00 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 2022 (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 10 of this document before they invest in the Certificates.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 2 November 2022.

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

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

1 November 2022

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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 may be an exchange rate risk where the Cash Settlement Amount may be converted from a foreign currency into Singapore dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;
- (o) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (p) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways

trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

- (q) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (r) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (s) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following day (including pre-opening trading session and extended auction hours, if applicable) or (ii) a sharp intraday fall in the Underlying Stock of 20% or greater during the observation period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest new observed price. Investors may refer to pages 41 to 42 of this document for more information;
- (t) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to Condition 13 on pages 28 to 29 of this document for more information;
- (u) investors should note that it is not possible to predict the price at which the Certificates will trade in the secondary market or whether such market will be liquid or illiquid. To the extent Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates. The Issuer may, but is not obligated to, at any time, purchase Certificates at any price in the open market or by tender or private agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value;
- (v) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

- (w) investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors should refer to the Taxation Section in the Base Listing Document;
- (x) investors should note that the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its subsidiaries or affiliates with respect to the primary or secondary market in the Certificates. The arrangements may result in the benefit to investors in Certificates buying and selling Certificates through nominated brokers by reducing or eliminating the commission payable by such Certificate Holders. In the event that the commission payable by Certificate Holders is eliminated, fee arrangements between the Issuer and brokers and/or any of its subsidiaries or affiliates will continue to apply. Investors in the Certificates should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to, deal exclusively in the Certificates, therefore any broker and/or any of its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Stock and/or structured products of other issuers over the Underlying Stock as the Certificates for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Certificates and present certain conflicts of interests;
- (y) various potential and actual conflicts of interest may arise from the overall activities of the Issuer and any of its subsidiaries and affiliates.

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

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



activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the Underlying Stock and/or related derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

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

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

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

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

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

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

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

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

## TERMS AND CONDITIONS OF THE CERTIFICATES

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

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

|   |   |
|---|---|
| Certificates:                             | 9,000,000 European Style Cash Settled Long Certificates relating to the ordinary H shares of BYD Company Limited (the “ <b>Underlying Stock</b> ” or the “ <b>Underlying</b> ”) |
| ISIN:                                     | CH1169124299  |
| Company:                                  | BYD Company Limited (RIC: 1211.HK)  |
| Underlying Price <sup>3</sup> and Source: | HK\$183.6 (Bloomberg)   |
| Calculation Agent:                        | UBS AG acting through its London Branch   |
| Strike Level:                             | Zero  |
| Daily Leverage:                           | 5x (within the Leverage Strategy as described below)  |
| Notional Amount per Certificate:          | SGD 1.00  |
| Management Fee (p.a.) <sup>4</sup> :      | 0.40%   |
| Gap Premium (p.a.) <sup>5</sup> :         | 6.90%, is a hedging cost against extreme market movements overnight.  |
| Funding Cost <sup>6</sup> :               | The annualised costs of funding, referencing a publically published interbank offered 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:                              | 25 October 2022   |
| Closing Date:                             | 1 November 2022   |
| Expected Listing Date:                    | 2 November 2022   |

<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 1 November 2022. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 1 November 2022.

<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.

|                         |  |
|-------------------------|--|
| Last Trading Date:      | The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 September 2025  |
| Expiry Date:            | 30 September 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)   |
| Board Lot:              | 100 Certificates   |
| Valuation Date:         | 29 September 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 33 to 47 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.   |
| Hedging Fee Factor:     | In respect of each Certificate, shall be an amount calculated as: Product (for $t$ from Expected Listing Date to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$ , where:<br><br>"t" refers to "Observation Date" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and  |

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

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

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

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

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

Initial Reference Level: 1,000

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

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

Initial Exchange Rate<sup>3</sup>: 0.1798179398

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

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

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

least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

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

Please refer to the “Air Bag Mechanism” section on page 19 below and the “Description of Air Bag Mechanism” section on pages 39 to 40 of this document for further information of the Air Bag Mechanism.

|   |   |
|---|---|
| Adjustments and Extraordinary Events:             | The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.                      |
| Underlying Stock Currency:                        | Hong Kong Dollar (“ <b>HKD</b> ”)   |
| Settlement Currency:                              | Singapore Dollar (“ <b>SGD</b> ”)   |
| Exercise Expenses:                                | Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.  |
| Relevant Stock Exchange for the Certificates:     | The Singapore Exchange Securities Trading Limited (“ <b>SGX-ST</b> ”)   |
| Relevant Stock Exchange for the Underlying Stock: | HKEX  |
| Business Day and Exchange Business Day:           | <p>A “<b>Business Day</b>” is a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.</p> <p>An “<b>Exchange Business Day</b>” is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.</p> |
| Warrant Agent:                                    | The Central Depository (Pte) Limited (“ <b>CDP</b> ”)   |
| Clearing System:                                  | CDP   |
| Fees and Charges:                                 | Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the  |

Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

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

Further Information:

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

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

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

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

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

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

#### **Leverage Strategy Formula**

**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):

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

|                                 |  |
|---------------------------------|--|
| <b>Leverage Reset Time (t)</b>  | <p>means</p> <p>1) the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date; and</p> <p>2) end of any Intraday Restrike Event Observation Period.</p> <p>Leverage Reset Time (1) is the scheduled close for the Relevant Stock Exchange for the Underlying Stock on Issue Date.</p>  |
| <b>Leverage Reset Time r(t)</b> | <p>means the Leverage Reset Time immediately preceding the Leverage Reset Time (t).</p>  |
| <b>LR<sub>r(t),t</sub></b>      | <p>means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows:</p> $LR_{r(t),t} = \text{Leverage} \times \left( \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right)$   |
| <b>FC<sub>r(t),t</sub></b>      | <p>means, the Funding Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows:</p> <p>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,</p> $FC_{r(t),t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{r(t)} \times \text{ACT}(r(t), t)}{\text{DayCountBasisRate}}$ <p>Otherwise, <math>FC_{r(t),t} = 0</math></p>   |
| <b>RC<sub>r(t),t</sub></b>      | <p>means the Rebalancing Cost of the Leverage Strategy as at Leverage Reset Time (t), calculated as follows:</p> $RC_{r(t),t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left  \frac{S_t}{S_{r(t)} \times Rfactor_t} - 1 \right  \right) \times \text{TC}$  |
| <b>TC</b>                       | <p>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 :</p> <p>0.13%</p> <p>“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.</p> |
| <b>Leverage</b>                 | 5  |



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

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

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

Otherwise,

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

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

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

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

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.

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

$$Rate_t = CashRate_t + \%SpreadLevel_t$$

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

**%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 HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HHHKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HHHKDOND=or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, **%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) 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 2022, 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 Business Days following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined above) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address

of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

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

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a "**Business Day**" shall be a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* "*Potential Adjustment Event*" means any of the following:
  - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

- (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
  - (iii) an extraordinary dividend;
  - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
  - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
  - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
  - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
  - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”)



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

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

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

of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

- (e) *Subdivision or Consolidation of the Certificates.* The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (f) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Conditions 6(a) to 6(e)) occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) and irrespective of, in substitution for, or in addition to the provisions contemplated in Conditions 6(a) to 6(e) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or as the case may be, amendment provided that such adjustment or as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (g) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given notice as soon as practicable of any adjustment and of the date from which such adjustment is effective in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## **7. Purchases**

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

## **8. Meetings of Certificate Holders; Modification**

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

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

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised.

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

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

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

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the 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, judgment, 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:                       | BYD Company Limited   |
| The Certificates:              | European Style Cash Settled Long Certificates relating to the Underlying Stock  |
| Number:                        | 9,000,000 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 2022 (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 2 November 2022.
- Governing Law: The laws of Singapore
- Warrant Agent: The Central Depository (Pte) Limited  
11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589
- Further Issues: Further issues which will form a single series with the Certificates will be permitted.

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



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

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

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

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

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

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

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

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

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

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

**B) Trading the Certificates before Expiry**

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

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

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

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

|            |   |  |
|------------|---|--|
| Daily Fees | = | <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 | = | $t^7=0$         | x | $t=1$   | x | $t=2$  | x ... | $t=i$  |
|                       |   | Notional Amount |   | Leverage Strategy daily performance <sup>8</sup> x Daily Fees |   | Leverage Strategy daily performance x Daily Fees |       | Leverage Strategy Daily performance x Daily Fees |

|                       |   |                 |   |   |   |   |
|-----------------------|---|-----------------|---|---|---|---|
| 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 |   | 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 Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

<sup>8</sup> Leverage 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 H shares of BYD Company 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>1.00 SGD</b>                                 |
| Notional Amount per Certificate: | <b>1.00 SGD</b>                                 |
| Management Fee (p.a.):           | <b>0.40%</b>                                    |
| Gap Premium (p.a.):              | <b>6.90%</b>                                    |
| Strike Level:                    | <b>Zero</b>                                     |

### Hedging Fee Factor

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Cash Settlement Amount

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

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

$$= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.6962\%$$

$$= 119.64\%$$

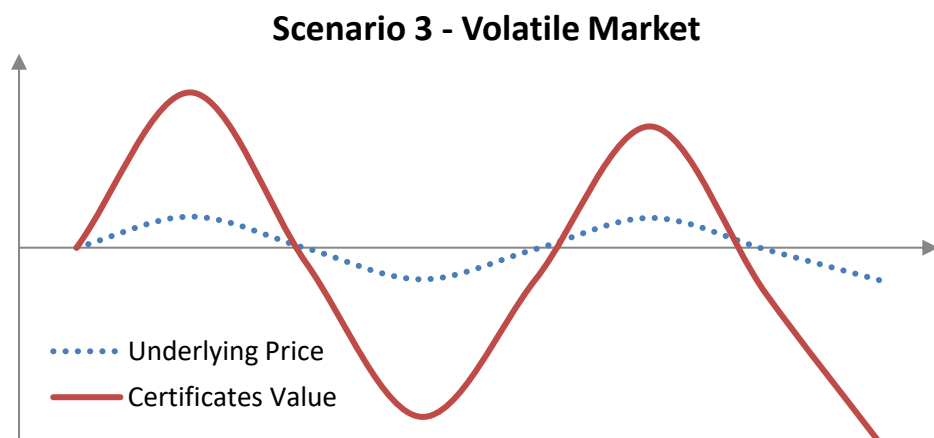
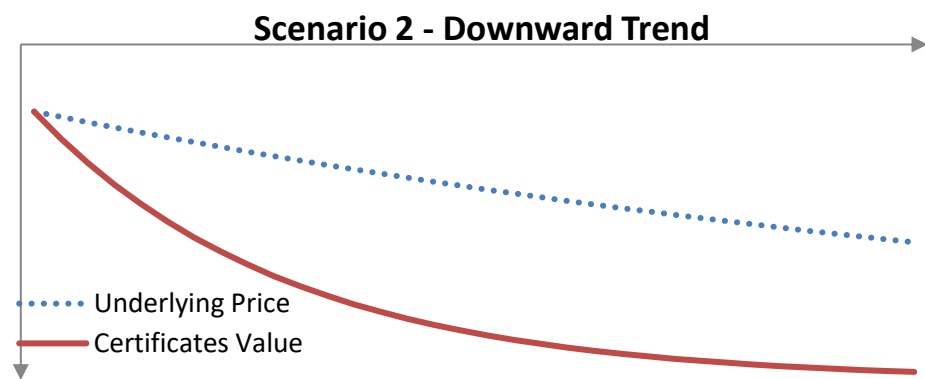
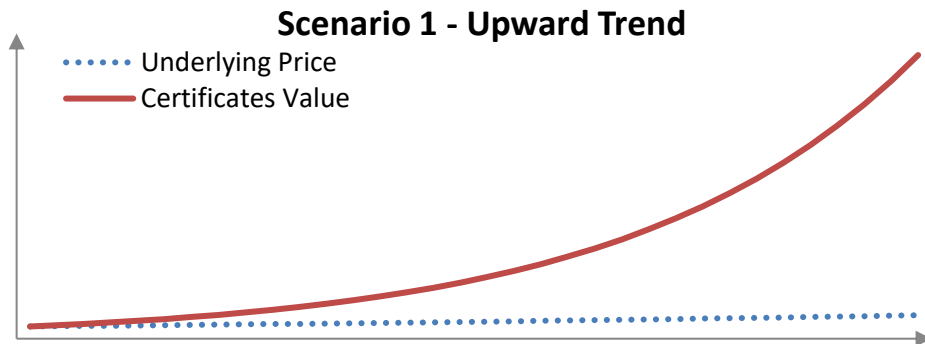
Cash Settlement Amount = Closing Level x Notional Amount per Certificate

$$= 119.64\% \times 1.00 \text{ SGD}$$

$$= 1.196 \text{ SGD}$$

**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              | 1.00  | 1.10   | 1.21   | 1.33   | 1.46   | 1.61   |
| Accumulated Return               |       | 10.00% | 21.00% | 33.10% | 46.41% | 61.05% |

**Scenario 2 – Downward Trend**

| <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              | 1.00  | 0.90    | 0.81    | 0.73    | 0.66    | 0.59    |
| Accumulated Return               |       | -10.00% | -19.00% | -27.10% | -34.39% | -40.95% |

**Scenario 3 – Volatile Market**

| <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              | 1.00  | 1.10   | 0.99    | 0.89    | 0.98   | 1.08   |
| Accumulated Return               |       | 10.00% | -1.00%  | -10.90% | -1.99% | 7.81%  |

### Description of Air Bag Mechanism

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

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

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

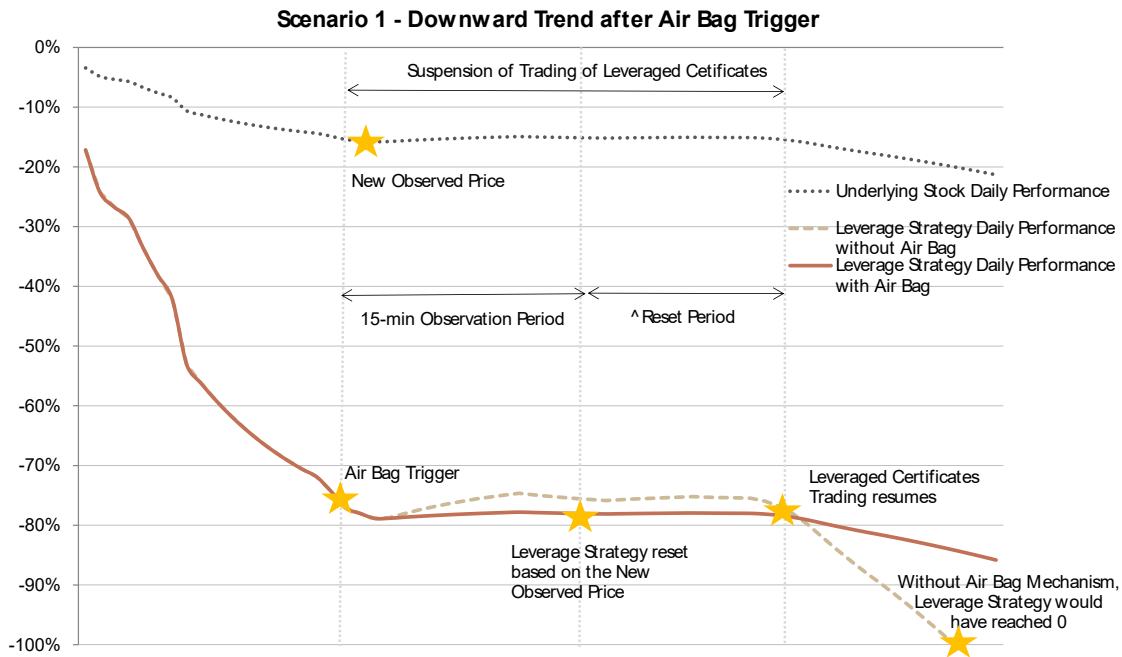
During the Observation Period and Reset Period, trading of Certificates is suspended for **at least** 30 minutes of continuous trading after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period. The Reset Period (and consequently the resumption of trading) is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

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

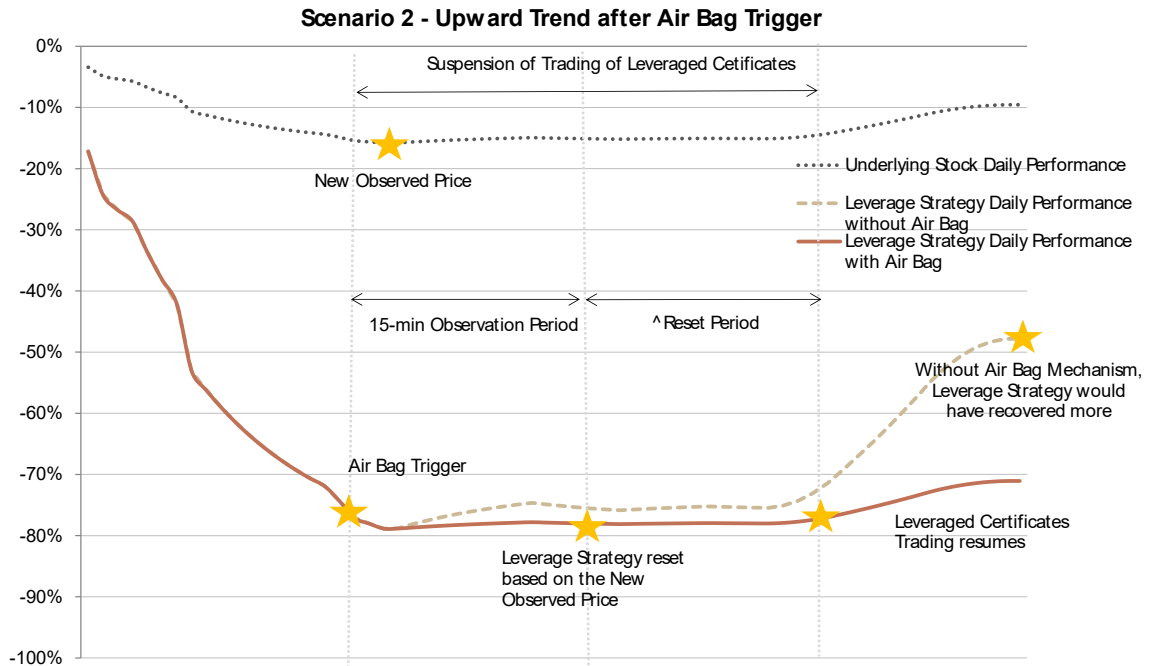
With **Market Close** defined as:

- Underlying Stock closing time with respect to the Observation Period including the closing auction session
- The sooner between Underlying Stock closing time of continuous trading and SGX-ST closing time of continuous trading with respect to the resumption of trading

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



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



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

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

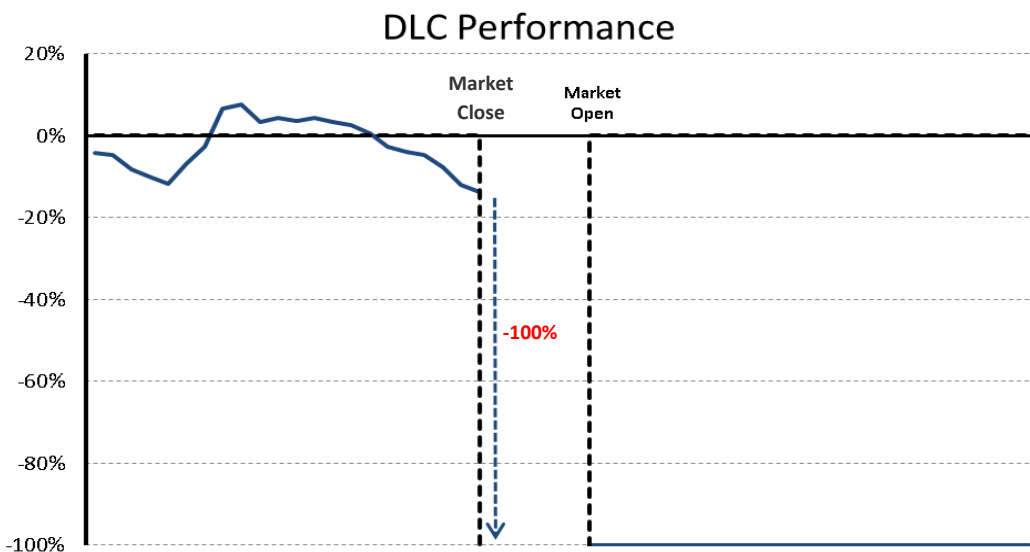
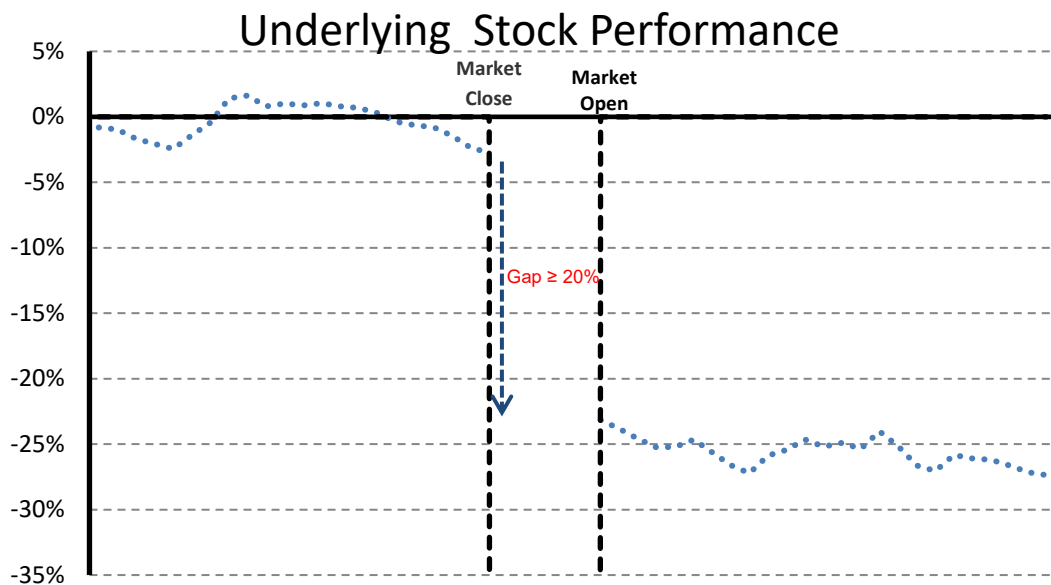


### Scenarios where the investor may lose the entire value of the investment

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.

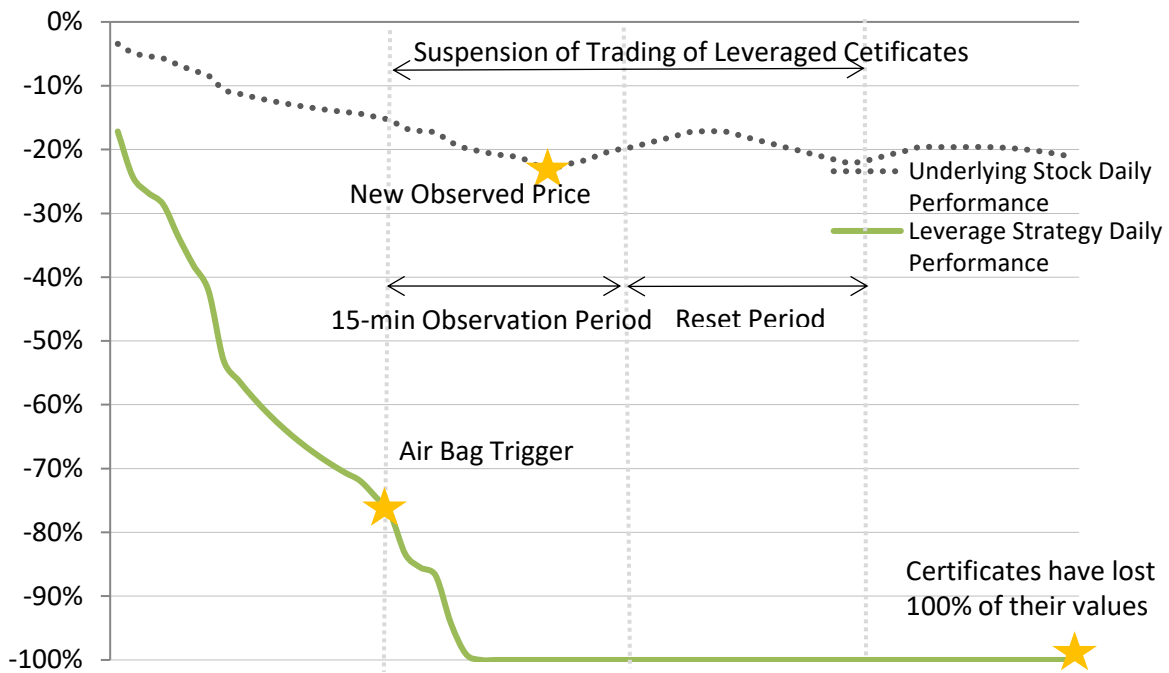
#### Scenario 1 – Overnight fall of the Underlying Stock

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 trading session and extended auction hours, if applicable), 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) |
|-------------------------------|------------------------------|---|
| 1.00                          | 1.10                         | 10%   |

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

## 2. 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) |
|-------------------------------|------------------------------|---|
| 1.00                          | 1.05                         | 5%  |

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

### 3. Rights Issues

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

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

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

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

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

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

As a consequence:

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

| $S_{r(t)}$ | $S_{r(t)} \times Rfactor_t$ | $S_t$ | Adjusted Underlying Stock Performance |
|------------|-----------------------------|-------|---------------------------------------|
| 100        | 80                          | 84    | 5%                                    |

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

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

#### 4. Bonus Issues

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

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

$$S_t = \$85$$

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

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

$$R = \$0$$

$M = 0.2$  (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) |
|-------------------------------|------------------------------|---|
| 1.00                          | 1.10                         | 10%   |

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

#### 5. Extraordinary Dividend

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

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

$$S_t = \$84$$

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

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

$$R = \$0$$

$$M = 0$$

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

As a consequence:

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

| $S_{r(t)}$ | $S_{r(t)} \times Rfactor_t$ | $S_t$ | Adjusted Underlying Stock Performance |
|------------|-----------------------------|-------|---------------------------------------|
| 100        | 80                          | 84    | 5%                                    |

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

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

## INFORMATION RELATING TO THE COMPANY

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

BYD Company Limited (the “**Company**”) is a China-based company principally engaged in the manufacture and sales of transportation equipment. The Company is also engaged in the manufacture and sales of electronic parts and components and electronic devices for daily use. The Company’s products include rechargeable batteries and photovoltaic products, mobile phone parts and assembly, and automobiles and related products. The Company mainly conducts its businesses in China, the United States and Europe.

The information set out in Appendix I of this document relates to the unaudited condensed consolidated interim results of the Company and its subsidiaries for the six months ended 30 June 2022 and has been extracted and reproduced from an announcement by the Company dated 29 August 2022 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at <http://www.hkex.com.hk>.



## INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

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

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

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

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;
- (iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;
- (v) where the Certificates are suspended from trading for any reason;
- (vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

- (x) if the stock market experiences exceptional price movement and volatility;
- (xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX is not open for dealings; and
- (xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

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

## PLACING AND SALE

### General

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

### United Kingdom

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

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

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

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

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

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

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

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

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

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

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

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

- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

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

- a) if the Supplemental Listing Document in relation to the Certificates specifies an offer of those Certificates may be made other than pursuant to Article 1(4) of the UK Prospectus Regulation in the United Kingdom (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Certificates which either (i) has been approved by the UK Financial Conduct Authority ("**FCA**"), or (ii) is to be treated as if it had been approved by the FCA in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or
- d) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Certificates to the public referred to in (a) to (c) above shall require the publication of a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation,

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

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

## United States of America

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

## Prohibition of Sales to European Economic Area

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

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”);
  - (ii) a customer within the meaning of Directive 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

## PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

If the Supplemental Listing Document specifies “Prohibition of Sales to European Economic Area Retail Investors” as “Not Applicable”, in relation to each member state of the European

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

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

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

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

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

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

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

## **Singapore**

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

**Hong Kong**

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

**SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER**

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

The information set out in Appendix III of this document is an extract of the unaudited consolidated financial statements of UBS AG and its subsidiaries for the third quarter ended 30 September 2022.

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

Queries regarding the Certificates may be directed to +852 2971 6668 or [OL-HKWarrants@ubs.com](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 274 of the Base Listing Document.

1. Save as disclosed in the Base Listing Document and herein, there is no litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates to which the Issuer is a party nor, to the best of its knowledge and belief, is there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates which would in either case jeopardise its ability to discharge its obligations in respect of the Certificates.
  2. UBS AG, Singapore Branch at 9 Penang Road, Singapore 238459, has been authorised to accept, on behalf of the Issuer, service of process and any other notices required to be served on the Issuer. Any notices required to be served on the Issuer should be sent to UBS AG, Singapore Branch at the above address for the attention of Han-Kiat Tan, Legal & Compliance.
  3. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in board lots of 100 Certificates in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
  4. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
  5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 30 September 2022.
  6. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and may be material to the issue of the Certificates:
    - (a) the Master Instrument; and
    - (b) the Master Warrant Agent Agreement.
- None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.
7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
  8. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Allen & Gledhill LLP at One Marina Boulevard #28-00, Singapore 018989, during the period of 14 days from the date of this document:

- (a) the articles of association of the Issuer;
- (b) the latest financial reports (including the notes thereto) of the Issuer;
- (c) the Base Listing Document; and
- (d) this document.

**APPENDIX I**

**REPRODUCTION OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022 OF  
BYD COMPANY LIMITED AND ITS SUBSIDIARIES**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30  
JUNE 2022 (PERIOD)**截至二零二二年六月三十日止六個月中期業  
績(期內)

|   |         |   |
|---|---------|---|
| Turnover<br>營業額   | 65.71%  | to RMB150,607 million<br>至人民幣150,607百萬元 |
| Gross profit<br>毛利  | 75.35%  | to RMB20,342 million<br>至人民幣20,342百萬元   |
| Profit attributable to shareholders of the Parent<br>母公司擁有人應佔溢利 | 206.35% | to RMB3,595 million<br>至人民幣3,595百萬元     |
| Earnings per share<br>每股盈利                                      | 202.44% | to RMB1.24<br>至人民幣1.24元                 |

**HIGHLIGHTS**

1. The delivery units of the Company's new energy vehicles achieved non-stop new highs, with market share increased significantly, and brand influence further enhanced.
2. The Company further expanded the product lines to perfect product matrix, with the edge of technology innovation, it led the new developing trend of the industry.
3. With the cooperation between the Company and key accounts further strengthened, the Company's business coverage expanded continuously, which further optimized the Company's product-mix.
4. The rapid growth in sales volume has helped the Company to scale up and improve its profitability, which partially offset the pressure brought by the inflation of the raw materials.

**摘要**

1. 公司新能源汽車銷量屢創歷史新高，市佔率大幅提升，品牌影響力持續擴大。
2. 構建品牌新矩陣，拓展產品新系列，並加大產品創新力度，引領行業發展新風向。
3. 電子大客戶業務持續拓展，業務領域不斷拓寬，產品結構不斷優化。
4. 銷量迅猛增長助力公司盈利大幅改善，並一定程度對沖原材料帶來的盈利壓力。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### INDUSTRY ANALYSIS AND REVIEW

#### Automobiles and Batteries Business

In the first half of 2022, the COVID-19 and the Russia-Ukraine Conflict formed an intertwined effect, which led to a complicated and severe international situation. As a result, the commodity prices soared, global inflation exceeded consensus expectations, and the world economic growth had a notable slowdown. In China, COVID-19 outbreaks appear to be sporadic, which aggravated the tensions in industry chains and supply chains, and further increase the uncertainty of the economic operations. Meanwhile, China's macro economy came under the pressure of shrinking demand, supply shock and weakening expectations, which resulted in the weakened consumer confidence, declined prosperity of real estate industry, and underperformed investment. China's economy has seriously deviated from the normal track, with various macro economic indicators broke the bottom line. According to the data released by the National Bureau of Statistics, the domestic GDP in the first half of 2022 increased by 2.5% year on year, with the year-on-year increase of only 0.4% in the second quarter.

### 行業分析及回顧

#### 汽車及電池業務

二零二二年上半年，新冠疫情和俄烏衝突的影響交織，國際形勢複雜嚴峻，致使大宗商品價格飆升，全球通貨膨脹超預期，世界經濟增長放緩的態勢明顯。中國新一輪疫情多點散發，眾多產業鏈和供應鏈緊張加劇，對經濟運行的擾亂加大。同時，伴隨內部需求收縮、供給衝擊和預期轉弱的三重壓力，國民消費信心不足，房地產持續下滑，投資亦不及預期，中國經濟嚴重偏離正常增長軌道，各類宏觀經濟指標突破底線。據國家統計局公佈的數據顯示，二零二二年上半年國內生產總值同比增長2.5%，其中第二季度增長同比僅為0.4%。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

Under the circumstance of complex internal and external environment, the willingness for automobile consumption is insufficient. Thus, the development of Chinese automobile industry has been severely compromised. Moreover, the COVID-19 outbreak in Jilin and Shanghai has weakened the traffics in offline stores, which aggravates the situation. Meanwhile, the shortage of chips and the rising price of raw materials are fueling the challenges of the automobile industry. To cope with the difficulties, the government unveiled a slew of automobile consumption stimulus policies, stimulating market vitality and promoting automobile consumption by ways such as cutting automobile purchase tax by half, cash subsidies and consumer coupons, while maintaining the objective of “zero-COVID” and effectively controlling the Pandemic. In May, the automobile market began to revive and gradually came out of the doldrums, however, the total sales volume of the first half is still compromised. According to the data from China Association of Automobile Manufacturers, the production and sales volume of automobiles in China were 12.117 million units and 12.057 million units in the first half of 2022, representing a year-on-year decrease of 3.7% and 6.6%, respectively. New energy vehicles were poised for continued high growth against the industrial pressure, and the production and sales volume of new energy vehicles were 2.661 million units and 2.600 million units respectively in the first half of 2022, increased by approximately 1.2 times year on year, both. With the continuous improvement of technology level and industrial system of China’s new energy vehicle industry, the product competitiveness has been greatly enhanced, which is commonly sought after by consumers and recognized by the market, and the achievement of industrial transformation and upgrading has been further consolidated. Meanwhile, the continuous rise in oil price also contributed to the consumption trend of new energy vehicles since the beginning of this year. In the first half of 2022, the market penetration rate of new energy vehicles reached 21.6%, representing an increment of 8.2 percentage as compared to 2021. As the penetration rate continued to rise, new energy vehicles entered the new stage of market-oriented and scale development.

在錯綜複雜的內外部環境下，中國汽車行業受到嚴重的衝擊，居民汽車消費熱情不足，特別是三月以來吉林、上海等地爆發的疫情，消費者進店受限，影響加劇。同時，芯片短缺、原材料價格上漲，汽車產業的發展面臨挑戰。為應對困難，政府出台系列汽車消費刺激政策，以購置稅減半、現金補貼及消費券等方式激發市場活力，促進汽車消費，同時堅持動態清零的防疫目標，使疫情得到有效控制。五月，雖然汽車市場開始恢復並逐步走出低谷，但上半年整體銷量依舊承壓，根據中國汽車工業協會的數據，二零二二年上半年中國汽車產銷量分別為1,211.7萬輛和1,205.7萬輛，同比分別下降3.7%和6.6%。其中，新能源汽車頂住行業壓力保持了高增長態勢，上半年新能源汽車產銷量分別為266.1萬輛和260.0萬輛，同比均增長約1.2倍。隨著中國新能源汽車產業技術水平持續提升、產業體系日趨完善，產品競爭力大幅增強，備受廣大消費者追捧和市場認可，行業轉型升級的成效進一步鞏固。同時，今年以來，油價的持續上漲也助推了新能源汽車的消費趨勢。二零二二年上半年，新能源汽車的市場滲透率達21.6%，較去年全年相比提升8.2個百分點。隨著新能源汽車滲透率的不斷提升，新能源汽車進入了市場導向和規模化發展的新階段。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

The development of new energy vehicles is the only approach for China to evolve from a participant to the industry leader, is a strategic initiative to cope with climate change and promote green development, and is one of the effective way to implement China public target of “30-60” goals. In January 2022, the Circular on Financial Subsidy Policies for the Promotion and Application of New Energy Vehicles in Year 2022 (《關於2022年新能源汽車推廣應用財政補貼政策的通知》) and the subsidy plan jointly issued by the MOF and other three departments began to be implemented, which continued the steadily decline of subsidies and clarified that the subsidies will be phase out at the end of 2022, promoting a more orderly and healthy development of the new energy vehicle industry. In April 2022, the State Council issued the Opinions on Further Unleashing the Potential of Consumer Spending and Promoting the Sustained Recovery of Consumption (《關於進一步釋放消費潛力促進消費持續恢復的意見》), which proposed to boost the development of green consumption and promote the construction of charging piles (stations) and other supporting facilities, therefore accelerate the development of new energy vehicles industry. In May 2022, four ministries, including the Ministry of Industry and Information Technology, arranged 2022 sales activities of subsidized new energy vehicles in rural China to support the consumption of new energy vehicles and guide rural residents to travel in a green way; in the same month, the Ministry of Finance issued the Opinions on Financial Support for Carbon Peaking and Carbon Neutrality (《財政支持做好碳達峰碳中和工作的意見》), which maintains the collaborative promotion of carbon emission reduction, pollution reduction, green expansion and growth to help achieve the “dual-carbon” goal.

In terms of rechargeable batteries, in the first half of 2022, the consumer electronics market was affected by multiple factors such as resurged pandemic, international tensions and high inflation, which significantly reduced the demand for consumer electronics products and affected the demand for upstream batteries. As for the photovoltaic industry, in the first half of 2022, under the guidance of the “dual carbon” goal and the accelerated application of clean energy around the world, the global demand for the installed photovoltaic capacity continued to grow rapidly.

發展新能源汽車是我國從汽車大國邁向汽車強國的必由之路，是應對氣候變化、推動綠色發展的戰略舉措，是落實黨中央做好「二零三零年碳達峰，二零六零年碳中和」工作要求的有效途徑之一。二零二二年一月，財政部等四部門聯合發佈的《關於2022年新能源汽車推廣應用財政補貼政策的通知》及補貼方案開始執行，延續了補貼平緩退坡，同時明確了補貼於二零二二年底終止，推動新能源汽車行業更加有序健康發展。四月，國務院印發《關於進一步釋放消費潛力促進消費持續恢復的意見》，提出大力發展綠色消費，推進充電樁(站)等配套設施建設，支持新能源汽車加快發展；五月，工信部等四部門開展了二零二二年新能源汽車下鄉活動，支持新能源汽車消費，引導農村居民綠色出行；同月，財政部發佈《財政支持做好碳達峰碳中和工作的意見》，堅持降碳、減污、擴綠、增長協同推進，助力實現雙碳目標。

二次充電電池方面，二零二二年上半年，消費類電子市場受疫情反覆、國際局勢緊張、通脹高企等多重因素影響，消費類電子產品需求明顯降溫，其上游電池需求亦受影響。光伏方面，二零二二年上半年，在「雙碳」目標引領和全球清潔能源加速應用的背景下，全球光伏裝機需求繼續保持高速增長。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Handset Components and Assembly Business

In the first half of 2022, the impact of strain supply chain and logistics constraints on the mobile phone industry was higher than expected. At the same time, consumer demand was also suppressed by the economic downturn, and the global smart phones shipments showed a downward trend. According to the statistics from IDC, a market research institute, in the first half of 2022, the shipment of global smart phones decreased by 8.8% year on year to 600 million units, representing a decline for four consecutive quarters. According to the data released by the China Academy of Information and Communications Technology, in the first half of 2022, the shipment of domestic mobile phones reached 136 million units, representing a year-on-year decline of 21.7%; in particular, the shipment of 5G smart phones was 109 million units, representing a year-on-year decline of 14.5%. In terms of PC, the enthusiasm for PC consumption has receded due to the economic downturn and the phase out of COVID-19 restrictions, which leading to a normalized daily life routine without remote work or remote learning. According to the statistics from IDC, in the first half of 2022, the shipment of the global PC market declined by 10.2% to 152 million units, and that of the global tablet computers reached approximately 78.90 million units, a year-on-year decrease of 1.7%. Household appliances tend to be intelligent, green and healthy. Smart home devices are rapidly emerging as one of the high-profile new industries in China. According to the data from IDC, the shipment of smart home devices in China in the first half of 2022 was 47.78 million units, representing a year-on-year increase of 1.7%.

### 手機部件及組裝業務

二零二二年上半年，供應鏈緊張和物流受限對手機行業的影響高於預期，同時，消費需求亦受到經濟下行抑制，全球智能手機出貨量呈現下降態勢。根據市場研究機構IDC統計，二零二二年上半年，全球智能手機出貨量同比下降8.8%至6.0億部，連續四季度下滑。中國信息通信研究院發表的數據顯示，二零二二年上半年，國內手機市場整體出貨量累計1.36億部，同比下降21.7%，其中，5G手機出貨量1.09億部，同比下降14.5%。PC方面，隨著各國取消疫情限制，居民逐步恢復正常生活，遠程辦公和學習模式不再，疊加經濟下行，PC銷售熱潮逐漸退去。根據IDC的數據，二零二二年上半年，全球PC市場出貨量下降10.2%至1.52億台；全球平板電腦出貨量則為約7,890萬台，同比下降1.7%。家居行業智能化、綠色化、健康化發展趨勢日益凸顯，智能家居設備迅速崛起，成為國內備受矚目的新興產業之一。IDC的數據顯示，二零二二年上半年中國智能家居設備出貨量達4,778萬台，同比增長1.7%。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### BUSINESS REVIEW

BYD Company Limited (“BYD” or “the Company” together with its subsidiaries, “the Group”) is principally engaged in automobile business which mainly includes new energy vehicles, handset components and assembly business, rechargeable batteries and photovoltaic business. Meanwhile, with its technological superiority, the Group actively develops urban rail transportation and other business segments. In the first half of 2022, the Group recorded a revenue of approximately RMB150,607 million, representing a year-on-year increase of 65.71%, among which, the revenue from the automobiles and related products, and other products amounted to approximately RMB109,267 million, representing a year-on-year increase of 130.31%; the revenue from the handset components, assembly service and other products amounted to approximately RMB41,070 million, representing a year-on-year decrease of 4.78%. These business segments accounted for approximately 72.55% and 27.27% of the Group’s total revenue, respectively.

#### Automobiles and Batteries Business

As a pioneer and leader in the new energy vehicle industry, BYD unswervingly adheres to the development philosophy of “technology-focused and innovation-oriented”. With long-term technological innovation, strategic determination and continuous investment, the Group has taken the lead in the scale and rapid development of the new energy vehicle industry, realized the comprehensive development of the Group’s products, continuous improvement of brand influence and constant expansion of its leading advantages. According to data from the China Automobile Association, the Group’s market share of new energy vehicles reached 24.7% in the first half of 2022, representing an increment of 7.5 percentage as compared to 2021, leading the domestic new energy vehicle market, and returning to the No. 1 position in the global sales of new energy vehicles, and led the rise of Chinese independent brands.

### 業務回顧

比亞迪股份有限公司（「比亞迪」或「本公司」及其附屬公司統稱「本集團」）主要經營包括以新能源汽車為主的汽車業務，手機部件及組裝業務，二次充電電池及光伏業務，並積極利用自身技術優勢拓展城市軌道交通及其他業務。於二零二二年上半年，本集團實現收入約人民幣150,607百萬元，同比增長65.71%，其中汽車、汽車相關產品及其他產品業務的收入約人民幣109,267百萬元，同比增長130.31%；手機部件、組裝及其他產品業務的收入約人民幣41,070百萬元，同比下跌4.78%；佔本集團總收入的比例分別為72.55%和27.27%。

#### 汽車及電池業務

比亞迪作為全球新能源汽車行業先行者和領導者，始終踐行「技術為王、創新為本」的發展理念，並憑藉長期以來的技術創新、戰略定力及持續投入，在新能源汽車行業進入規模化快速發展中搶佔先機，實現了產品的全面爆發，品牌影響力不斷提升，領先優勢持續擴大。根據中汽協數據，二零二二年上半年，本集團新能源汽車市佔率達24.7%，較二零二一年增長超7.5個百分點，在國內新能源汽車市場銷量遙遙領先，並再次問鼎全球新能源汽車銷冠，引領中國自主品牌的崛起。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

In the field of new energy passenger vehicles, relied on the strong technology accumulation and technical innovation, during the Period, the Group's sales volume of new energy vehicles increased significantly by more than three times year-on-year, hitting a record high. According to the data from CPCA, in the first half of 2022, Group's models took six of the top ten places in China's new energy passenger vehicle sales list, with products in short supply, orders hitting new highs, market recognition increasing, and continuous consolidation of industry status. Meanwhile, in order to actively respond to the national call for "Dual-Carbon", the Group has announced the suspension of fuel-engine vehicle since March this year and focused on the development of new energy vehicles business, becoming the world's first automobile enterprise to suspend the production of fuel vehicles, continuously contributing to the high-quality development of the new energy vehicle industry.

During the Period, as one of the signature product of self-owned brand's high-end process, "Han", the Group's flagship model, has continued to be popular since its launch and has been widely recognized and well received by the market. In order to meet customers' diversified needs in different scenarios, the "Han" series continued to iterate and released several vehicle models to provide consumers with more diversified and high-quality choices, including "Han EV" with a endurance of over 700 kilometers, "Han DM-i" with a pure electric endurance of over 200 kilometers and "Han DM-p" with 3.7 seconds 0-100km/h acceleration ability, driving the sales of "Han" series of models to record highs, and further promoting its average price upward, continue to accelerate brand's high-end process.

The improvement of the brand is inseparable from the support of core technology. BYD insists on developing Battery Electric vehicles and Plug-in Hybrid Electric vehicles technology at the same time, to promote the comprehensive development of the new energy vehicle industry.

在新能源乘用車領域，本集團依託於強大的技術積澱和技術創新，期內，新能源汽車銷量實現了同比超三倍的大幅增長，創下歷史新高。根據乘聯會數據顯示，二零二二年上半年，本集團在中國新能源乘用車銷量排行榜前十車型中佔得六席，產品供不應求，訂單屢創新高，市場認可度不斷提升，行業地位持續鞏固。同時，為積極響應國家「雙碳」號召，本集團宣佈自今年三月起停止燃油車整車生產，聚焦新能源汽車業務發展，成為全球首家停產燃油車的車企，為新能源汽車行業進入高質量發展階段持續助力。

期內，本集團旗艦車型「漢」作為中國自主品牌高端化的旗幟之一，自上市以來持續熱銷，受到市場的廣泛認可及一致好評。為滿足消費者不同場景下的需求，「漢」系列持續迭代，發佈多款車型配置，為消費者提供更豐富的優質選擇，其中包括續航突破七百公里的「漢EV」、純電續航超兩百公里的「漢DM-i」和百公里加速3.7s的「漢DM-p」，驅動「漢」系列車型銷量屢創歷史新高，並進一步推動其價格中樞上行，為品牌向上持續助力。

品牌的成長離不開核心技術的支撐，比亞迪堅持以純電動和插電式混合動力「兩條腿，齊步走」的戰略，推進新能源汽車行業全面快速發展。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

In the field of battery electric vehicle, the Group strived to develop a new battery electric platform “e-Platform 3.0” and combining intelligence, efficiency, safety and esthetics four advantages into the products. Marketed models which designed based on “e-Platform 3.0”, were well received by the market. “Dolphin”, the first model equipped with “e-Platform 3.0” continued to sell well since its launch last year. The A-class SUV “Yuan plus” has also seen rapid sales growth since its launch in February this year. In addition, the battery electric coupe “BYD-Seal”, another important model of “e-Platform 3.0”, has gained high market attention at the unlisted stage and received over 20,000 orders on the day of pre-sale in May. With the start of the pre-order of “BYD-Seal”, the Group unveiled the “CTB” (Cell to Body) technology that allows a higher integration level of the “blade battery” and the vehicle body. The cell-to-body integrated design makes the vehicle’s torsional rigidity exceed 40,000 N·m/° and contributes to upgrading the safety standard for the whole vehicle further, so that the upper limit for the fuel-engined vehicles becomes the lower limit of the electric vehicles.

In the field of Plug-in Hybrid Electric vehicles, BYD’s “DM-i Super Hybrid” products, known as “fuel vehicle subverter”, which have similar price tags to the fuel vehicles at the same class. Featured by ultra-low fuel consumption, quiet, smooth and excellent power, these DM-i models have contributed to the sales volume growth of the Group’s Plug-in Hybrid Electric vehicles, started a trend in the industry development. According to the data provided by CPCA, these DM-i models represented more than 50% of the market share in the fields of Plug-in Hybrid Electric vehicles in the first half of 2022. During the Period, in addition to the ongoing hot sales of the “DM-i Super Hybrid” models launched before, namely “Qin PLUS DM-i”, “Song PLUS DM-i”, “Tang DM-i” and “Song Pro DM-i”, the Group launched “Song MAX DM-i”, “BYD Destroyer 05” and “Han DM-i”, further improving the matrix of “DM-i Super Hybrid” products and providing more options to consumers. In addition, the Group launched the “DM-p Hybrid” technology to further solve the contradiction between performance and efficiency. During the Period, the official launch of “Han DM-p” and the pre-sale of “Tang DM-p” commenced, which facilitated the comprehensive development of the Group’s Plug-in Hybrid vehicle models.

在純電動汽車領域，本集團傾力打造「e平台3.0」全新純電平台，把智能、高效、安全、美學四大優勢帶入產品，基於該平台設計推出的多款車型均受到市場矚目。首款搭載「e平台3.0」的「海豚」，去年上市至今持續熱銷，今年二月上市的A級潮跑SUV「元PLUS」銷量亦增勢迅猛。此外，全新純電轎跑「海豹」，作為「e平台3.0」又一重要車型，未上市階段就已獲得極高的市場關注度，五月預售當日即收獲超兩萬訂單。伴隨著「海豹」預售，本集團同步發佈「CTB」(Cell to Body)技術，「CTB」技術讓「刀片電池」與車身結合更為緊密，電池車身一體化設計使整車扭轉剛度突破40000N·m/°，助力整車安全再升級，讓燃油車的上限成為了電動車的下限。

插電式混合動力領域，被譽為「燃油車顛覆者」的「DM-i超級混動」產品實現了與同級別燃油車「購置同價」，憑藉超低油耗、靜謐平順、卓越動力的特點，推動本集團插電式混合動力車型銷量節節攀升，引領行業發展新風向。據乘聯會數據顯示，二零二二年上半年於插電式混合動力領域本集團市佔率高達50%以上。期內，除已上市的「DM-i超級混動」車型「秦PLUS DM-i」、「宋PLUS DM-i」、「唐DM-i」及「宋Pro DM-i」持續熱銷外，本集團為進一步完善產品矩陣，相繼推出「宋MAX DM-i」、「驅逐艦05」、「漢DM-i」，為消費者提供更豐富的購車選擇。此外，本集團推出「DM-p王者混動」技術，進一步解決性能與效能之間的矛盾，期內「漢DM-p」正式上市、「唐DM-p」開啟預售，助力本集團插電式混動車型全面發展。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

With the empowerment of the battery electric and plug-in hybrid power technology, the Group intended to further strengthening the brand construction, in May, the brand new “DENZA” was officially launched, targeting the user group which positioned as luxury and exquisite, with products covering MPVs, SUVs, sedans and urban sports cars, striving to meet the diversified needs of consumers in the new era. “DENZA D9”, as the first model under the new “DENZA” brand, has also officially launched pre-sale, and the pre-sale price range is RMB335,000 to RMB460,000, which helps the Group to expand the product price range and is another practice of the Group’s brand upward.

In terms of overseas markets, the Group successfully delivered the “Tang EV” model to Norway at the end of last year, making a significant step forward in the overseas market. In February this year, the “BYD-ATTO 3” model launched for pre-sale in Australia and gained wide attention. In addition, after entering the market of Colombia, Uruguay, Bahamas, Dominican Republic and Costa Rica, the “Han EV” model was officially launched in Brazil during the Period, further expanding the Group’s passenger vehicle business abroad. The Group also made significant progress to launch its plug-in hybrid vehicles in the overseas market during the Period. “Qin PLUS DM-i” and “Song PLUS DM-i” won their first bulk order exporting to Colombia. Relying on the comprehensive strength of “leading technology, quality and market”, the expansion of the Group’s new energy passenger vehicle business has accelerated.

In the first half of 2022, to meet the increasing market demand, the Group continued to optimize the layout of all aspects of new energy vehicles production and actively increase the production capacity. Although the delivery speed has been improved continuously, the backlogs still hit record highs and the delivery pressure remains. During the period, due to the short-term supply and demand mismatching, the price of raw materials fluctuates at a high level, which brings great pressure on the industry chain. To cope with the impact of increasing price, the Group made price adjustments to certain models in January and March this year respectively, which will help alleviate the cost pressure caused by the price increase.

在純電動及插電式混合動力技術賦能下，本集團為進一步完善品牌建設，五月，全新「騰勢」品牌正式發佈，定位豪華、精緻的用戶群體，產品覆蓋MPV、SUV、轎車及都市跑車等領域，致力於滿足新時代消費者的多元化需求。「騰勢D9」作為全新「騰勢」品牌的首款車型亦正式開啟預售，預售價格區間為33.5萬元－46.0萬元，助力本集團產品價格帶向上拓展，是本集團品牌向上的又一實踐。

海外市場方面，去年底本集團向挪威順利交付「唐EV」車型，邁出了海外市場的重要一步。今年二月，「BYD-ATTO 3」在澳大利亞市場開啟預售，獲得廣泛關注。此外，「漢EV」繼進入哥倫比亞、烏拉圭、巴哈馬、多米尼加共和國和哥斯達黎加後，於期內正式登陸巴西，助力本集團乘用車出海業務佈局進一步擴大。本集團插電式混合動力車型出海於期內亦有重大進展，「秦PLUS DM-i」和「宋PLUS DM-i」首次斬獲批量訂單，出海哥倫比亞。依託「科技領先、品質領先、市場領先」的全面實力，本集團新能源乘用車業務的海外佈局加速拓展。

二零二二年上半年，為滿足日益增長的市場需求，本集團持續優化新能源汽車生產各環節佈局並積極提升產能，交付速度不斷提升，但未交付訂單依舊屢創新高，交付壓力依舊。期內，部分上游原材料供需關係受短期錯配影響，價格仍然處於高位震盪，給產業鏈帶來較大壓力。本集團為應對上游原材料價格上漲的影響，於本年度一月及三月分別對部分車型進行價格調整，將有助於緩解上游原材料價格帶來的成本壓力。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

In the field of electric buses, leveraging on its strong technical strength, superior product quality and innovative operation model, the Group works with global partners to continuously improve the quality of urban public transportation services and continue to lead the transformation of the new energy bus industry. During the Period, the Group developed the passenger and public transportation market in Hefei, Jinan and Fuzhou helping China's new energy passenger vehicle industry to move steadily forward. Meanwhile, the electric buses business also maintained a rapid growth in the overseas market. The Group put over 1,000 BYD electric buses into operation in the UK and Colombia, and officially entered Indonesia, Mauritius and other countries to provide new options for green travel.

In the field of urban rail transportation, the Group launched the medium-capacity "SkyRail" and low-capacity "SkyShuttle" with proprietary intellectual property rights, providing effective solutions to traffic jams in cities all over the world. For "SkyRail" project, following the car body of Bahia SkyRail rolling off the production line last year, in March this year, the car body of "SkyRail" for São Paulo, Brazil officially rolled off as well, bringing a more efficient and intelligent urban transportation experience for Brazil. For "SkyShuttle" project, the two major projects in Dawangshan, Hunan and Pingshan, Shenzhen also made significant breakthroughs.

純電動大巴領域，本集團憑藉雄厚的技術實力、過硬的產品品質和創新的運營模式，攜手全球合作夥伴不斷提升城市公交服務質量，持續引領新能源客車產業變革。期內，本集團在國內開闢了合肥、濟南、撫州等地區的客運和公交市場，助力中國新能源客車產業穩步向前。同時，本集團純電動大巴業務在海外也保持快速增長，在英國和哥倫比亞超千輛比亞迪電動大巴已投入運營，並正式進入印度尼西亞、毛里求斯等國家，提供綠色出行新選擇。

城市軌道交通領域，本集團推出的具有完全自主知識產權的中運量「雲軌」和低運量「雲巴」，為全球城市治理交通擁堵提供有效方案。「雲軌」項目方面，繼上年度巴伊亞「雲軌」車體下線後，今年三月，巴西聖保羅「雲軌」車體正式下線，將為巴西帶來更高效、智能的城市交通體驗；「雲巴」項目方面，湖南大王山及深圳坪山的兩大「雲巴」項目亦取得突破性進展。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

Under the guidance of the market-oriented strategy, the Group made progress in external cooperation, industrial investment and capital operation. In terms of external cooperation, the Group has co-operated with NVIDIA, the world's leading artificial intelligence computing manufacturer, in intelligent driving technology to be strong alliance and complementary advantages, promoting the development of the intellectualization and informatization of the new energy vehicle industry. The Group announced the signing of a memorandum of understanding on strategic cooperation with UzAuto, a state-owned automobile group in Uzbekistan, to explore the development and promotion of new energy vehicles. The Group also signed a global strategic cooperation agreement with Shell to jointly promote energy transformation. Both parties will start cooperation in China and Europe first and plan to expand this cooperation to the whole world. In terms of industrial investment, as an effective link between the upstream and downstream of the industry and the Group, the empowerment from the industrial investment has shown. During the Period, the Group further deepened its efforts in the fields of electrification, intelligence of new energy vehicles, based on its own business and its profound understanding of the whole industrial chain and technological accumulation, to help the Group implement its strategic plan, ensure the stability and safety of key parts of the supply chain, enable each other with industrial chain partners, accelerate the building of industrial ecology and achieve win-win cooperation. In terms of capital operation, the listing of BYD Semiconductor processes steadily and has already submitted to the CSRC (China Securities Regulatory Commission) for registration, which is an important milestone in the Group's market-oriented strategic initiatives.

In terms of rechargeable batteries, the Group continued to carry out technology research and development, maintained its leading position in domestic technology and continued to expand its business steadily. In respect of the photovoltaic business, under the guidance of the "dual carbon" goal, the Group steadily operated its business and actively deployed new technologies to establish its comprehensive competitive advantages and prepare for the rapid development of the industry.

在市場化戰略指引下，本集團在對外合作、產業投資、資本運作等方面均有所進展。在對外合作方面，本集團與全球領先的人工智能計算製造商英偉達在智能駕駛技術方面達成合作，強強聯合、優勢互補，共同推動新能源汽車產業智能化、信息化發展；本集團還宣佈與烏茲別克斯坦國有汽車集團UzAuto簽署戰略合作諒解備忘錄，探討新能源汽車開發推廣；本集團亦與殼牌簽署全球戰略合作協議，共同推進能源轉型，雙方將首先在中國和歐洲開啟合作，並計劃將這一合作關係擴展到全球。產業投資方面，作為本集團與產業上下游的有效紐帶，產業投資所帶來的產業賦能效應已初見成效，期內本集團從自身業務出發，依託對全產業鏈的深刻理解及技術積累，進一步深化在新能源汽車電動化、智能化等相關領域的佈局，助力本集團戰略規劃實現落地，保障供應鏈重點環節穩定安全，與產業鏈夥伴相互賦能，加速打造產業生態，實現合作共贏；資本運作方面，比亞迪半導體上市進程穩步推進，目前已提交中國證監會註冊，是本公司市場化戰略佈局的重要里程碑。

二次充電電池方面，本集團持續進行技術研發，保持技術國內領先，業務繼續穩步拓展。光伏業務方面，在「雙碳」目標的引領下，本集團穩步經營業務，積極佈局新技術，以形成立體的競爭優勢，為行業的快速發展做好準備。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Handset Components and Assembly Business

As a global leader in terms of smart phones and other smart terminals, the Group provides world-renowned customers with new materials development, product design, research and development, manufacturing of parts and components, and complete machine, supply chain management, logistics and after-sales and other one-stop services. With a wide range of business, the Group engage in diversified market segments, such as smart phones, smart wearables, computers, Internet of Things, smart homes, game hardware, robots, drones, communication equipment, electronic atomizers, new energy vehicles (automotive intelligent systems), medical and health equipment, etc. Relying on the industry-leading R&D and manufacturing strength, accumulated advantages in rapid scale production, abundant customer resources and diversified product portfolio, the Group's business continued to develop steadily.

In the first half of 2022, the Group was actively adjusting its business strategy, continued its diversified market layout while striving to develop new channels for its business and inject new growth momentum into the Group's business. Despite the decline in industry prosperity in the smart phone and PC segments and the weakened demand in the high-end market of major Android customers, the Group still maintained a leading share in the overall shipment of core products for existing customers. Furthermore, the Group was actively developing new customers, especially the major overseas customers. The Group has made breakthroughs in the layout of assembly and structural components, further increasing the penetration rate, expanding the business scale, and driving market share up. In terms of the new-type intelligent products, based on the deep R&D, design and intellectual manufacturing capabilities, leveraging the Group's advantages in vertical integration of intelligent products and the active expansion of the product fields, the Group continuously provided customers with the most cost-effective and high-quality intelligent products, and drove the sustainable and rapid growth of its business. At the same time, benefiting from the prosperity of the new energy vehicle industry, the shipment volume of productions in new energy vehicles (automotive intelligent systems) segment increased, which became an emerging growth driver of the Group.

### 手機部件及組裝業務

本集團是全球領先的智能手機及其他智能終端的領導者，為全球著名客戶提供新材料開發、產品設計與研發、零組件及整機製造、供應鏈管理、物流及售後等一站式服務。本集團業務廣泛，涵蓋智能手機、智能穿戴、電腦、物聯網、智能家居、遊戲硬件、機器人、無人機、通信設備、電子霧化、新能源汽車（汽車智能系統）、醫療健康設備等多元化領域。依託於業界領先的研發及製造實力、高效規模化的生產經驗、豐富的客戶資源以及多元的產品組合，本集團業務穩步發展。

二零二二年上半年，本集團積極調整業務策略，延續多元化市場佈局的同時，致力開拓業務新渠道，為集團業務注入新增長動能。儘管智能手機及筆電板塊行業景氣度有所回落，安卓大客戶高端市場需求疲軟，但本集團在現有客戶核心產品的整體出貨量仍保持領先的份額，加上積極開拓新客戶，尤其於海外大客戶上，本集團在組裝及結構件佈局已經取得突破性進展，滲透率進一步提升，業務規模持續擴張，推動市場份額上升。新型智能產品板塊持續拓展，依託深厚的研發、設計和智造能力，發揮智能產品垂直整合優勢，積極佈局並擴大產品領域，本集團堅持為客戶提供最具成本效益的優質智能產品，推動業務實現持續性的高速增長。同時，受益於新能源汽車行業景氣，新能源汽車（汽車智能系統）產品出貨量提升，成為本集團新興成長動能。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### PROSPECT AND STRATEGY

Looking forward to the second half of 2022, as the world economy is under stagflation risk, major economies tend to adapt tighter fiscal and monetary policy, and global economic growth will be slow down. The domestic economic recovery process will also be challenged by the COVID-19, geopolitics and other unstable factors, but China economy still present the unchanged character of great resilience, vitality and long-term growth. With the efficient coordination of pandemic prevention and control, the strengthened keynote of keeping steady growth, and solid implementation of a package of pro-growth policies and the '14th Five-Year Plan', China's macro economy is expected to stabilize and rebound. New energy vehicle industry is the prevailing trend of China's automobile industrial development, and is the new engine to drive the domestic demand. In July, the Ministry of Industry and Information Technology and other relevant departments publicly solicited opinions on the Decision on Revising the Measures for the Parallel Administration of the Average Fuel Consumption and New Energy Vehicle Credits (Draft Amendment), which further optimised the dual-credit system and was of great significance to stabilise the industry development and strengthen the confidence in the development of new energy. In August, the executive meeting of the State Council decided to extend the policy of the exemption of purchase tax for new energy vehicles to the end of next year, further promoting the consumption of new energy vehicles. In the second half, supply chain will restore stability, efforts towards the supply and demand is expected to break through the new energy vehicle sales again.

### 前景及策略

展望二零二二年下半年，世界經濟滯脹風險上升，主要經濟體政策趨向收緊，全球經濟增長乏力。國內經濟恢復亦持續受到疫情、地緣政治等不穩定因素的挑戰，但中國經濟潛力足、韌性大，長期向好的基本特點沒有改變。隨着高效統籌疫情防務，穩增長的主基調全面確認和強化，一攬子政策以及「十四五規劃」的全面落實，中國宏觀經濟有望企穩回升。新能源汽車是中國產業發展的大勢所趨，也是拉動國民內需的新引擎。七月，工信部等相關部門就《關於修改〈乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法〉的決定（徵求意見稿）》向社會公開徵求意見，進一步優化了雙積分制度，對穩定行業發展、堅定發展新能源信心亦有重要意義。八月，國務院常務會議決定將免徵新能源汽車購置稅政策再延期至明年底，進一步促進新能源汽車消費。下半年，隨着供應鏈恢復穩定，供需兩側發力有望驅動新能源汽車銷量再突破。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Automobiles and Batteries Business

In the backdrop of profound changes in the global automobile industry, the Group will continue to adhere to its development strategy, strengthen the independency and controllability of its core technologies, and continue to launch more competitive products. The Group will expand production capacity of new energy vehicles and core components, thereby improve delivery capacity to actively meet market demand. The Group will strengthen its market sensitivity, focus on consumer demand, continuously improve service quality, upgrade brand image, maintain its leading position in the new energy vehicle industry, and help Chinese self-owned brands lead the global new energy vehicle wave.

### 汽車及電池業務

在全球汽車工業大變革的背景下，本集團將繼續堅定發展戰略，強化核心技術的自主可控，持續推出更多更具競爭力的產品；積極回應市場需求，擴張新能源汽車整車及核心零部件產能，進一步提升交付能力；加強市場敏銳度，以消費者需求為導向，不斷提升服務質量，打造品牌形象升級，保持在新能源汽車行業領先身位，助力中國自主品牌引領全球新能源汽車浪潮。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

In the field of new energy passenger vehicles, the Group will continue to deepen the research and development of core technologies for new energy vehicles, adhere to mutual development of Battery Electric and Plug-in Hybrid electric technology, and fully cover the market segment. In July, the sales volume of the Group's Battery Electric and Plug-in Hybrid models both increased rapidly, with a market share of nearly 29%. Sales volume skyrocketed with all series product and of different technical features widely recognized by the market. In terms of new models, the Group's new battery electric coupe 'BYD-Seal' was officially launched and attracted extensive attention from the market. During the pre-sale period, the Group received substantial orders, which is the symbol of product power and trust in BYD brand. In addition, the Group continue to fulfil product matrix to meet diversified consumer's need, with 'DENZA D9' and 'Tang DM-p' officially launched in August. In terms of product function iteration, since the launch of the "Han" series, a total of 17 OTA upgrades have been launched. On the second anniversary of the launch of the "Han" series, the OTA will push six major upgraded functions, namely "dTCS Distributed Gravity Control System", "HWA Expressway Driving Assistance Function", "DiTrainer Coaching Model", "NVH Active Voice", "Full-scenario Intelligent Voice" and "Intelligent Start-Stop". The continuous OTA upgrades will enable consumers to experience frequent updates, and enable the Group's product competitiveness to keep pace with the times. In terms of intelligence, Under the cooperation with NVIDIA, the Group expects to equip some of its new energy vehicles with the NVIDIA "DRIVE Hyperion" platform from 2023 onwards to enable the intelligent driving and intelligent parking. In terms of channel management, the Group will continue to promote brand building, expand sales network in an orderly manner, optimize after-sales service experience, and enhance brand influence in all aspects.

在新能源乘用車領域，本集團將繼續深化新能源汽車核心技術研發，堅持純電動及插電式混合動力技術雙軌並舉，全方位覆蓋市場。七月，本集團純電動及插電式混合動力車型銷量快速攀升，市佔率近29%，各技術路線均廣受市場認可，各產品迎來加速放量。新車型方面，本集團全新純電轎跑「海豹」正式上市，引得市場廣泛關注，於預售期間已收獲大量訂單，充分體現了車型產品力和消費者對本集團品牌的信任。此外，本集團「騰勢D9」及「唐DM-p」於八月正式上市，持續完善產品矩陣，滿足消費者多元化的用車需求。產品功能迭代方面，「漢」系列自上市以來，已累計推送十七次OTA升級，在兩週年之際，將通過OTA推送「dTCS分佈式牽引力控制系統」、「HWA高速駕駛輔助功能」、「DiTrainer教練模式」、「NVH主動聲」、「全場景智能語音」、「智能上下電」等六大升級功能，持續的OTA升級，讓消費者駕乘體驗常用常新，亦使本集團產品競爭力與時俱進。智能化方面，在與英偉達的合作中，本集團預計將從二零二三年起在部分新能源汽車上搭載英偉達「DRIVE Hyperion」平台，實現車輛智能駕駛和智能泊車功能。品牌渠道方面，本集團將持續推動品牌建設，有序擴張銷售網絡，優化售後服務體驗，全方面提升品牌影響力。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

In terms of overseas marketing, the Group has joined hands with a number of global excellent dealer partners to enter markets such as the Netherlands, Sweden, Germany, Thailand and Costa Rica under win-win cooperation. And it will provide local consumers with high-quality new energy vehicle products and services. In August, BYD's branch in Japan held a brand conference in Tokyo to announce its official entry into the Japanese passenger vehicle market, and unveiled three models, namely BYD-ATTO 3, BYD-SEAL and BYD-DOLPHIN, which will be launched in 2023 as plan. In addition, the Group announced its participation in the Paris Motor Show, one of the world's top five motor shows, in October this year. The Group will showcase its latest new energy passenger vehicles product range, demonstrating commitments to sustainability on global automobile industry.

In the field of battery electric buses, the Group will continue to empower low-carbon upgrades in global public transportation systems, advocate green mobility, and provide zero-emission public transportation solutions to many countries and regions with efficient and stable innovative technologies and high-quality new energy public transportation products. The Group will continue to work hard to promote the further establishment of the global green mobility system and the rapid and healthy development of a low-carbon society.

In the field of urban rail transit, the Group stands at the forefront of world rail transit innovation, gives full play to the advantages of integrated innovation, extends the electric vehicle industry chain to the field of rail transit, and focuses on promoting low-carbon and environmentally friendly urban rail transit products, namely "SkyRail" and "SkyShuttle", to help cities build low-carbon transportation and achieve sustainable development of green and intelligent transportation.

In terms of market-oriented layout, the Group will proceed to cultivate more market-competitive businesses to achieve market-oriented operation, so as to further unleash the development potential of each business segment and enhance the overall value of the Group. In addition, the Group will continue to make strategic investments in core areas at the upstream and downstream of the industry chain based on its own business characteristics, and enable each other with partners at upstream and downstream of the industry chain to push forward the Group's marketization process.

In terms of rechargeable batteries, the Group will actively promote the application of the innovative technologies, expand its customer base and continuous expand business scope. In terms of photovoltaics business, the Group will actively grasp the development trend of the industry, concentrate resources, focus on technology research and development, promote product transformation and upgrading, and meet the explosive growth opportunities of the industry with high-quality products.

海外市場方面，本集團秉承合作共贏的理念，攜手多個全球優質經銷商夥伴，進入荷蘭、瑞典、德國、泰國、哥斯達黎加等市場，將為當地消費者提供優質的新能源汽車產品及服務。八月，比亞迪股份有限公司日本分公司在東京召開品牌發佈會，宣佈正式進入日本乘用車市場，並亮相「BYD-ATTO 3」、「BYD-SEAL」、「BYD-DOLPHIN」三款車型，計劃將於二零二三年陸續發售。此外，本集團宣佈本年度十月參加全球五大車展之一的巴黎車展，攜新能源乘用車產品矩陣亮相歐洲，體現了本集團推動全球汽車行業可持續發展的決心。

純電動大巴領域，本集團將繼續助力全球公交系統的綠色升級，倡導綠色出行，以高效穩定的創新技術及高質量的新能源公共交通產品，為全球多個國家和地區提供零排放公共交通解決方案。本集團將繼續努力耕耘，推動全球綠色出行體系的進一步建設，促進低碳社會快速及健康發展。

城市軌道交通領域，本集團站在世界軌道交通創新最前沿，發揮集成創新優勢，將電動車產業鏈延伸到軌道交通領域，著力推廣低碳環保的城市軌道交通產品 - 「雲軌」及「雲巴」，助力城市打造低碳交通，實現綠色智能交通可持續發展。

在市場化佈局方面，本集團將着手培育更多具有市場競爭力的業務實現市場化運營，進一步釋放各業務的發展潛力，提升本集團整體價值。同時，本集團將結合自身業務特點，持續通過戰略投資在產業鏈上下游核心領域進行佈局，與產業鏈上下游合作夥伴相互賦能，助力本集團市場化進程。

二次充電電池方面，本集團將積極推進創新技術應用，擴大客戶基礎，繼續拓展業務範圍。光伏業務方面，本集團將積極把握行業發展脈絡，集中資源，著力技術研發，推動產品轉型升級，以優質的產品迎接行業爆發性增長機遇。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Handset Components and Assembly Business

The Group will keep abreast of market development and actively increase investment in research and development; strengthen core competitiveness through technological advantages; adhering to the strategy of developing major customers, strengthening core business cooperation, stimulating the potential of major customers and expanding market share. The Group will seize market opportunities to maintain long-term sustainable development, expand product range and empower the Group's long-term business development.

The continuous cross-industry integration of 5G and artificial intelligence technology will stimulate leap forward development of the market. The Group will continue to increase its investment in various fields and develop more high-quality new intelligent products to fully present the Group's technological strength. It is expected that smart home devices, drones and electronic atomization products will drive ongoing high growth of new intelligent products and have a broad development prospect. As the automotive industry is moving towards electrification and intelligence, relying on the rapid development of the automobiles business, the Group increased investment in research and development and technological innovation, and comprehensively deployed new categories such as smart cockpit, intelligent driving, intelligent networking, domain controller and on-board acoustic system, which brought strong new momentum for business development.

### 手機部件及組裝業務

本集團將緊貼市場發展形勢，積極加大研發投入，依託技術優勢，強化核心競爭力；堅持大客戶戰略，強化核心業務合作，激發大客戶潛力，擴大市場份額；把握市場機遇，保持長期可持續發展；拓寬產品領域，為本集團長遠業務發展注入新動能。

5G及人工智能技術不斷跨界融合，將刺激市場跨越式前進，本集團將持續加大對各領域的投入，開拓更多優質新型智能產品，充分展示本集團的科技實力，預期智能家居、無人機、電子霧化等產品將推動新型智能產品保持高速增長，發展前景廣闊。隨著汽車電動化和智能化的趨勢持續推進，依託於汽車業務的快速發展，本集團加大研發投入和技術創新，全面佈局了智能座艙、智能駕駛、智能網聯、域控制器、車載聲學系統等新品類，為業務發展帶來強勁的新動能。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### FINANCIAL REVIEW

#### Revenue and Profit attributable to Owners of the Parent Company

During the Period, revenue increased by 65.71% as compared to that of the first half of 2021, mainly attributable to the rapid growth in the new energy vehicle business. The profit attributable to shareholders of the Parent Company increased by 206.35% as compared to the same period of previous year, mainly attributable to the increase in the sales volume of new energy vehicles.

#### Segmental Information

The following set out comparisons of the Group's revenue by product categories for the six months ended 30 June 2022 and 2021:

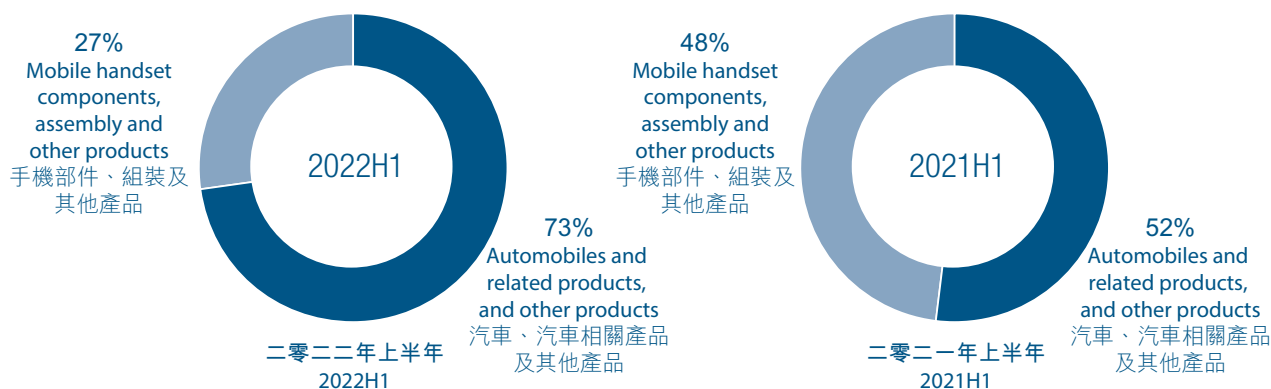
### 財務回顧

#### 營業額及母公司擁有人應佔溢利

期內，營業額較二零二一年上半年上升65.71%，主要是新能源汽車業務增加所致。母公司擁有人應佔溢利較去年同期上升206.35%，主要因為新能源汽車銷量增長所致。

#### 分部資料

以下為本集團於截至二零二二年及二零二一年六月三十日止六個月按產品類別分析的營業額比較：



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Gross Profit and Margin

The Group's gross profit for the Period increased by approximately 75.35% to approximately RMB20,342 million. The gross profit margin increased from approximately 12.76% for the first half of 2021 to approximately 13.51% for the Period. The increased in gross profit margin was mainly due to the increase in the new energy vehicle business.

### Liquidity and Financial Resources

During the Period, the Group recorded an operating cash inflow of approximately RMB43,185 million, as compared to an operating cash inflow of approximately RMB9,677 million in the first half of last year. The increase in cash inflow of the Group during the Period was mainly attributable to the increase in cash received from sales of goods and provision of services. Total borrowings as at 30 June 2022, including all bank loans, bonds payable and other secured loans, were approximately RMB29,634 million, as compared to approximately RMB33,729 million as at 31 December 2021. The maturity profile of bank loans, bonds payable and other secured loans spread over a period of five years, with approximately RMB19,113 million repayable within one year, approximately RMB10,521 million repayable within the second to fifth years. The Group holds sufficient cash to meet daily liquidity management and capital expenditure requirements, and controls internal operating cash flows.

For the six months ended 30 June 2022, the turnover days of receivables (including trade receivables, contract assets, financing receivables) were approximately 68 days as compared to approximately 118 days for the corresponding period in 2021. The change was mainly due to that the increase in the average balance of trade receivables was less than the increase in operating revenue for the same period. The inventory turnover days were approximately 71 days for the six months ended 30 June 2022 as compared to approximately 82 days for the corresponding period in 2021, which was mainly due to that the increase in selling cost was more than the increase in average inventory for the same period.

### 毛利及邊際利潤

本集團期內的毛利上升約75.35%至約人民幣20,342百萬元。毛利率由二零二一年上半年約12.76%上升至期內約13.51%。毛利率上升主要是新能源汽車業務增加所致。

### 流動資金及財務資源

期內，本集團錄得經營現金流入約人民幣43,185百萬元，而去年上半年則錄得經營現金流入約人民幣9,677百萬元，本集團期內現金流入增加主要是銷售商品、提供勞務收到的現金增加所致。於二零二二年六月三十日的總借貸包括全部銀行貸款、應付債券及其他抵押款，約為人民幣29,634百萬元，而二零二一年十二月三十一日為約人民幣33,729百萬元。銀行貸款、應付債券及其他抵押款的到期還款期限分佈在五年期間，分別須於一年期內償還約人民幣19,113百萬元，於第二至第五年期內償還約人民幣10,521百萬元。本集團持有足夠的現金以滿足日常流動資金管理及資本開支需求，並控制內部經營現金流量。

截至二零二二年六月三十日止六個月，應收類款項（含應收賬款，合同資產，應收款項融資）周轉期約68日，而截至二零二一年同期則約為118日，變化的主要因為應收賬款平均餘額的同期增幅比營業收入的同期增幅小所致。存貨周轉期截至二零二二年六月三十日止六個月約為71日，截至二零二一年同期則約為82日，變化的主要因為銷售成本的同期增幅比平均庫存的同期增幅大。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Capital Structure

The Group's financial division is responsible for the Group's financial risk management which operates according to policies implemented and approved by senior management. As at 30 June 2022, borrowings were mainly denominated in RMB, while its cash and cash equivalents were mainly held in RMB and USD. The Group maintained an appropriate mix of equity and debt to ensure an effective capital structure during the Period. As at 30 June 2022, the Group's outstanding borrowings comprised RMB loans and foreign currency loans, of which approximately 74% (31 December 2021 : 58%) bore fixed interest rates and the rest bore floating interest rates.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group's policy is to maintain the gearing ratio as low as possible. Net debt includes debt capital less monetary funds. Equity represents equity attributable to owners of the parent. Therefore, the Group's gearing ratio as at 30 June 2022 and 31 December 2021 was -14% and -15% respectively.

As at 30 June 2022, The Group's land and buildings with a net book value of RMB179,480 thousand (31 December 2021: RMB182,646 thousand) were pledged as collateral for long-term borrowings of RMB94,474 thousand (31 December 2021: RMB111,441 thousand), which included long-term borrowings due within one year of RMB6,778 thousand (31 December 2021: RMB21,304 thousand). In addition, as at 30 June 2022, a pledged bank deposit of RMB3,102,116 thousand (31 December 2021: RMB528,118 thousand) and a restricted bank deposit of RMB124,545 thousand (31 December 2021: RMB109,109 thousand) were pledged for bank acceptance bills, guarantee deposits and others.

### Exposure to Foreign Exchange Risk

Most of the Group's income and expenditure are settled in RMB and US dollar. During the Period, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Directors believe that the Group has sufficient foreign exchange to meet its own foreign exchange requirements and will adopt practical measures to prevent exposure to exchange rate risk.

### 資本架構

本集團財務處的職責是負責本集團的財務風險管理工作並根據高級管理層實行批核的政策運作。於二零二二年六月三十日，借貸主要以人民幣結算，而其現金及現金等價物則主要以人民幣及美元持有。本集團於期內維持適當的股本及債務組合，以確保具備有效的資本架構。於二零二二年六月三十日，本集團尚未償還貸款包括人民幣貸款及外幣貸款，該等尚未償還貸款中約74%（二零二一年十二月三十一日：58%）按固定利率計息，其餘則按浮動利率計息。

本集團透過使用資本負債比率（即負債淨額除以權益）監管其資本。本集團的政策為盡量維持低資本負債比率。負債淨額包括債務資本減去貨幣資金。權益為母公司擁有人應佔權益。故本集團於二零二二年六月三十日及二零二一年十二月三十一日的資本負債比率為-14%和-15%。

於二零二二年六月三十日，本集團以賬面淨值為人民幣179,480千元（二零二一年十二月三十一日：人民幣182,646千元）的土地及房屋建築物作為抵押取得長期借款人民幣94,474千元（二零二一年十二月三十一日：人民幣111,441千元），其中一年內到期的長期借款人民幣6,778千元（二零二一年十二月三十一日：人民幣21,304千元）。此外，於二零二二年六月三十日，就銀行承兌匯票、信用證保證金及其他而抵押的銀行存款人民幣3,102,116千元（二零二一年十二月三十一日：人民幣528,118千元）及限制性銀行存款人民幣124,545千元（二零二一年十二月三十一日：人民幣109,109千元）。

### 外匯風險

本集團大部分收入及開支均以人民幣及美元結算。期內，本集團並無因貨幣匯率的波動而令其營運或流動資金出現任何重大困難或影響。董事相信，本集團將有充足外幣應付其外匯需要，並將採取切實有效的方法防範外匯匯兌風險。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Employment, Training and Development

As at 30 June 2022, the Group had approximately 418.7 thousand employees. During the Period, total staff cost accounted for approximately 15.37% of the Group's turnover. Employees' remuneration was determined based on performance, qualifications and prevailing industry practices, with compensation policies being reviewed on a regular basis. Bonuses were also awarded to employees, based on their annual performance valuation. Incentives were offered to encourage personal motivation.

The Group also adopted equity incentive plans to provide incentives to attract and retain employees. The adoption of a share option scheme (the "Subsidiary Share Option Scheme") of BYD Semiconductor Company Limited (比亞迪半導體股份有限公司) (formerly known as BYD Semiconductor Co., Ltd, 比亞迪半導體有限公司) ("BYD Semiconductor") was approved pursuant to a resolution of the shareholders of the Company passed on 16 June 2021. For further details of the Subsidiary Share Option Scheme, please refer to the paragraph headed "Supplementary Information - Subsidiary Share Option Scheme" in this report.

Furthermore, the adoption of the 2022 Employee Share Ownership Plan (the "Employee Share Ownership Plan") was approved pursuant to a resolution passed by the shareholders of the Company on 27 May 2022. For further details of the Employee Share Ownership Plan, please refer to the paragraph headed "Supplementary Information - Employee Share Ownership Plan" in this report.

### PROPOSED SPIN-OFF OF BYD SEMICONDUCTOR

References are made to the announcements of the Company dated 30 December 2020, 16 June 2021, 30 June 2021, 25 October 2021 and 27 January 2022, as well as the circular of the Company dated 31 May 2021, in relation to, among others, the proposed spin-off and separate listing of a non wholly-owned subsidiary of the Company, BYD Semiconductor, hereinafter referred to as "BYD Semiconductor"), on the ChiNext Board of the Shenzhen Stock Exchange (the "SZSE").

### 僱用、培訓及發展

於二零二二年六月三十日，本集團僱用約41.87萬名員工。期內，員工成本總額佔本集團營業額約15.37%。本集團按僱員的表現、資歷及當時的行業慣例釐定給予僱員的報酬，而酬金政策會定期檢討。根據年度工作表現評核，僱員或會獲發花紅及獎金。發放獎勵乃作為個人推動力的鼓勵。

本集團亦採用股權激勵計劃提供激勵以吸引和留住員工。根據本公司股東於二零二一年六月十六日通過的決議案批准採納比亞迪半導體股份有限公司(前稱為比亞迪半導體有限公司)(「比亞迪半導體」)股權期權激勵計劃(「子公司股權期權計劃」)。有關子公司股權期權計劃的進一步詳情，請參閱本報告「補充資料－子公司股權期權計劃」一段。

根據本公司股東於二零二二年五月二十七日通過的決議案批准採納二零二二年員工持股計劃(「員工持股計劃」)。有關本公司購員工持股計劃的進一步詳情，請參閱本報告「補充資料－員工持股計劃」一段。

### 建議分拆比亞迪半導體

謹此提述本公司日期為二零二零年十二月三十日、二零二一年六月十六日、二零二一年六月三十日、二零二一年十月二十五日及二零二二年一月二十七日的公告及本公司日期為二零二一年五月三十一日的通函，內容有關(其中包括)建議分拆本公司的非全資子公司比亞迪半導體並於深圳證券交易所(「深交所」)創業板獨立上市。



## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

The Company held the 4th Meeting of the Seventh Session of the Board, the 11th Meeting of the Seventh Session of the Board and the First Extraordinary General Meeting of 2021 on 30 December 2020, 10 May 2021, and 16 June 2021, respectively, during which the Company considered and approved the matters related to the Spin-off (hereinafter referred to as the “Spin-off”). The Company subsequently submitted the application materials for the Spin-off to the SZSE and filed the application for the Spin-off and the waiver of the Company from providing assured entitlement to the Company’s shareholders to The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

On 29 June 2021, the Company received the *Notice Regarding Acceptance of the Application Documents for the Initial Public Offering and Listing of Shares of BYD Semiconductor Company Limited on the ChiNext Board issued by SZSE (Shen Zheng Shang Shen [2021] No. 283)* 《關於受理比亞迪半導體股份有限公司首次公開發行股票並在創業板上市申請文件的通知》(深證上審[2021]283號). In accordance with relevant regulations, the SZSE checked the application report and related application documents submitted by BYD Semiconductor for the initial public offering and listing of shares on the ChiNext Board, and determined that the documents are complete and acceptable.

On 22 October 2021, the Company received the approval in relation to the Spin-off and the waiver for assured entitlement from the Hong Kong Stock Exchange, confirming that the Company may conduct the Spin-off pursuant to Practice Note 15 of the Listing Rules and can be waived from providing assured entitlement of BYD Semiconductor’s shares to its existing shareholders.

According to the *Announcement of the Results of the 5th Consideration Meeting of the GEM Listing Committee in 2022* announced by the SZSE on 27 January 2022, the results of the review of the Listing Committee of SZSE in relation to the application of BYD Semiconductor to separately list on the ChiNext Board of SZSE are that BYD Semiconductor Company Limited (initial public offering) has met the issue conditions, the listing conditions and the information disclosure requirements (比亞迪半導體股份有限公司(首發)符合發行條件、上市條件和信息披露要求).

本公司分別於二零二零年十二月三十日、二零二一年五月十日及二零二一年六月十六日召開的第七屆董事會第四次會議、第七屆董事會第十一次會議和二零二一年第一次臨時股東大會審議通過了關於分拆的相關事項(以下簡稱「本次分拆」)，並於其後向深交所提交了本次分拆的申請材料，及向香港聯合交易所有限公司(以下簡稱「香港聯交所」)提出本次分拆及豁免公司向公司股東提供保證配額的申請。

二零二一年六月二十九日，本公司收到深交所發出的《關於受理比亞迪半導體股份有限公司首次公開發行股票並在創業板上市申請文件的通知》(深證上審[2021]283號)。深交所依據相關規定對比亞迪半導體報送的首次公開發行股票並在創業板上市的申請報告及相關申請文件進行了核對，認為文件齊備，決定予以受理。

二零二一年十月二十二日，本公司收到香港聯交所關於本次分拆的批覆及保證配額的豁免同意函，確認本公司可根據上市規則第15項應用指引進行本次分拆及可獲豁免向其現有股東提供比亞迪半導體股份之保證配額。

根據深交所二零二二年一月二十七日公佈的《創業板上市委二零二二年第5次審議會議結果公告》，深交所創業板上市委員會就比亞迪半導體擬於深交所創業板獨立上市的申請的審議結果為：比亞迪半導體股份有限公司(首發)符合發行條件、上市條件和信息披露要求。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

As it is expected that the Company's equity interests in BYD Semiconductor is expected to decrease upon the completion of Spin-off, the Spin-off would constitute a deemed disposal of the Company under Chapter 14 of the Listing Rules. It is currently expected that the highest applicable percentage ratio in respect of the Spin-off will be less than 5%. As such, the Spin-off does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and is not subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As of the date of this interim report, there are uncertainties for the Spin off, as it is subject to the approval of the CSRC for the issuance and registration procedures. The Company will comply with the applicable requirements under the Listing Rules and make further announcement when appropriate.

### SHARE CAPITAL

As of 30 June 2022, the share capital of the Company is as follows:

|              |           | Number of shares<br>in issue<br>已發行股份數目 | Approximate<br>percentage (%)<br>約佔百分比(%) |
|--------------|-----------|---|---|
| A Shares     | A股        | 1,813,142,855                           | 62.28                                     |
| H Shares     | H股        | 1,098,000,000                           | 37.72                                     |
| <b>Total</b> | <b>總數</b> | <b>2,911,142,855</b>                    | <b>100.00</b>                             |

### SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the reporting period, there was no significant investment held, material acquisition and disposal of subsidiaries, associates and joint ventures.

由於本公司於比亞迪半導體的股權預期於本次分拆完成後將會減少，故本次分拆將構成上市規則第十四章項下本公司之視作出售事項。目前預期本次分拆的最高適用百分比率均將低於5%。因此，本次分拆並不構成上市規則第十四章項下本公司的須予公佈交易，且毋須遵守上市規則第十四章項下的公告、申報及股東批准規定。

截至本報告日期，本次分拆尚需取得中國證監會同意發行註冊程序的決定，存在不確定性。本公司將遵守上市規則項下的適用規定，並於適當時候作進一步公告。

### 股本

於二零二二年六月三十日，本公司的股本如下：

### 所持重大投資及重大收購及出售附屬公司、聯營公司及合營公司

於本報告期內，概無所持重大投資及重大收購及出售附屬公司、聯營公司及合營公司。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CAPITAL COMMITMENT

Please refer to note 15 to the financial statements for details of capital commitments.

### CONTINGENT LIABILITIES

Please refer to note 14 to the financial statements for details of contingent liabilities.

### EVENTS AFTER THE BALANCE SHEET DATE

Please refer to note 18 to the financial statements for details of events after the reporting period.

### 資本承擔

有關資本承擔業務的詳情，請參閱財務報表附註15。

### 或有負債

有關或有負債的詳情，請參閱財務報表附註14。

### 資產負債表日後事項

有關報告期後事項的詳情，請參閱財務報表附註18。

# SUPPLEMENTARY INFORMATION

## 補充資料

### CORPORATE GOVERNANCE

#### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE “CODE”)

The board of directors of the Company (the “Board”) is committed to maintaining and ensuring high standards of corporate governance practises.

The Board emphasises on maintaining a quality Board with a balance of expertise, transparency and accountability in order to enhance shareholders’ value. In the opinion of the Board, the Company has complied with the applicable code provisions as set out in Appendix 14 to the Listing Rules during the Period, except for the following deviation:

##### Code Provision C.2.1

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wang Chuan-fu is the Chairman and Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management. The Board of the Company comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Group. The balance of power and authority is ensured by the operation of the Board. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Wang and believes that his appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business development of the Company.

##### Code Provision C.1.6

Code provision C.1.6 stipulates that independent non-executive directors and non-executive directors should attend general meetings. Some of the independent non-executive Directors and non-executive Directors did not attend the extraordinary general meeting held on 27 May 2022 and the annual general meeting held on 8 June 2022 due to inconvenience brought by the COVID-19 or important business engagements at the relevant time.

### 企業管治

#### 遵守企業管治守則（「守則」）

本公司董事會（「董事會」）致力維持並確保企業管治常規處於高水平。

董事會強調維持董事會的素質，各董事須具備不同的專長，透明度高而問責制度有效，務求提升股東價值。董事會認為，本公司於期內符合上市規則附錄十四所載的適用守則條列，除以下所述的偏離行為外：

##### 守則條文C.2.1

守則條文C.2.1規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

王傳福先生為本公司的主席兼行政總裁。董事會認為此架構不會影響董事會與管理層兩者之間的權利和職權的平衡。本公司董事會由極具經驗和才幹的成員組成，並定期開會，以商討影響本集團運作的事項。透過董事會的運作，足以確保權利和職權得到平衡。董事會相信此架構有助於建立穩健而一致的領導權，使本集團能夠迅速及有效地作出及實施各項決定。董事會對王先生充滿信心，相信委任他出任主席兼行政總裁之職，會有利於本公司的業務發展。

##### 守則條文C.1.6

守則條文第C.1.6條規定，獨立非執行董事及非執行董事應出席股東大會。鑒於部分獨立非執行董事及非執行董事在相關時間因疫情原因出行不便或有重要公務，故並非均出席於二零二二年五月二十七日舉行的臨時股東大會及於二零二二年六月八日舉行的股東週年大會。

# SUPPLEMENTARY INFORMATION

## 補充資料

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, each of the Directors has confirmed compliance with the required standard set out in the Model Code during the Period.

### DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

There is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the reporting period.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Reference is made to the announcement of the Company dated 22 April 2022 and the circular of the Company dated 5 May 2022 in relation to, among other things, the proposed repurchase of A shares of the Company and the proposed authorization to the Board and its authorized persons to handle all matters relating to the repurchase of A shares of the Company (the "Repurchase").

The Company convened the 21st Meeting of the Seventh Session of the Board and the 9th Meeting of the seventh session of the Supervisory Committee on 22 April 2022, the 2022 first extraordinary general meeting on 27 May 2022, and the 25th Meeting of the Seventh Session of the Board on 8 June 2022, at which the relevant resolutions in relation to the Repurchase were considered and approved, pursuant to which the Company was approved to use its own funds to repurchase the A Shares issued by the Company and listed on the SZSE through the securities account designated for share repurchase by way of centralised bidding or other methods as approved by the CSRC. The total amount of funds for the repurchase shall not exceed RMB1.85 billion (inclusive), and shall not be less than RMB1.8 billion (inclusive). The repurchase price shall not exceed RMB400 per share. The term of the repurchase shall not exceed 12 months from the date on which the repurchase plan is considered and approved at the general meeting of the Company. All the repurchased shares will be used for the implementation of the Employee Share Ownership Plan.

### 遵守上市公司董事進行證券交易的標準守則

本公司已採用上市規則附錄十所載的上市公司董事進行證券交易的標準守則(「標準守則」)作為董事進行證券交易的操守守則。經向全體董事作出特定查詢後，各董事確認在本期間內已遵守標準守則的規定標準。

### 根據上市規則第13.51B(1)條進行的披露

於本報告期內，概無資料須根據上市規則第13.51B(1)條予以披露。

### 買賣或贖回本公司上市證券

謹此提述本公司日期為二零二二年四月二十二日的公告及本公司日期為二零二二年五月五日的通函，內容有關(其中包括)建議回購本公司A股股份方案及建議授權董事會及其授權人士全權辦理回購本公司A股股份相關事項(以下簡稱「本次回購」)。

本公司分別於二零二二年四月二十二日召開了第七屆董事會第二十一次會議和第七屆監事會第九次會議，於二零二二年五月二十七日召開了二零二二年第一次臨時股東大會，並於二零二二年六月八日召開了七屆董事會第二十五次會議，審議通過了本次回購的相關議案，同意本公司使用自有資金通過回購專用證券帳戶以集中競價或中國證監會認可的其他方式回購本公司於深交所發行上市的A股股份，本次回購資金總額不超過人民幣18.5億元(含)，不低於人民幣18億元(含)，回購股份價格不超過人民幣400元/股，回購股份期限自公司股東大會審議通過回購方案之日起不超過12個月，回購的股份將全部用於實施員工持股計劃。

# SUPPLEMENTARY INFORMATION

## 補充資料

The Company announced the next day disclosure returns in relation to the progress of the repurchase on 1 June 2022, 2 June 2022, 10 June 2022 and 13 June 2022, respectively. During the aforesaid four trading days, the Company repurchased a total of 5,511,024 A Shares, representing 0.189% of the total issued share capital of the Company as at the date of this report. The highest and lowest trading prices were RMB358.58 per share and RMB293.37 per share, respectively. The total amount of funds for the repurchase was RMB1,809,702,398.72 (excluding transaction costs). As of 13 June 2022, the implementation of the repurchase plan has been completed.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

### THE BOARD'S DIVERSITY POLICY

The Board has adopted the Board Diversity Policy, which sets out the approach to the diversity of Board members. The Company recognises the importance of diversity to corporate governance and an effective Board. The Board Diversity Policy aims to set out the approach to achieve Board diversity, so as to ensure that the Board members possess appropriate skills, experience and diverse views necessary for the business of the Company. In determining the Board composition, the Board and Nomination Committee of the Company consider a range of diversity elements, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All appointments of the Board will be made based on merit and objective criteria while taking into full account the interest of the Board's diversity.

The selection of candidates will be based on a range of diversity elements and measurable objectives which will be reviewed regularly. Such measurable objectives shall include, but be not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and/or terms of service. The final decision will be made according to the strengths of the candidate and his/her contribution that would bring to the Board.

本公司分別於二零二二年六月一日、二零二二年六月二日、二零二二年六月十日及二零二二年六月十三日公佈內容有關本次回購進展的翌日披露報表。於前述四個交易日內，本公司合共回購A股股份5,511,024股，佔公司於本報告之日已發行總股本約0.189%，最高成交價為人民幣358.58元／股，最低成交價為人民幣293.37元／股，回購資金總額為人民幣1,809,702,398.72元（不含交易費用）。截至二零二二年六月十三日，本次回購方案已實施完畢。

除上文所披露者，於截至二零二二年六月三十日止六個月，本公司或其任何附屬公司概無其它買賣或贖回本公司任何上市證券。

### 董事會多元化政策

董事會已採用多元化政策，其中載有董事會多元化之方針。本公司認同董事會成員多元化對企業管治及董事會行之有效的重要性，董事會成員多元化政策旨在列載為達致董事會成員多元化而採取的方針，以確保董事會根據本公司業務所需具備適當的技能、經驗及多元化觀點。本公司董事會及提名委員會在設定董事會成員組合時，會從多方面考慮董事會成員多元化，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能及知識。董事會所有委任均以用人唯才為原則，並以客觀準則考慮人選，充分顧及董事會多元化的裨益。

甄選人選將基於一系列多元化觀點及將定期審閱的可計量目標。這些可計量目標包括但不限於性別、年齡、文化背景、教育背景、專業經驗、技能、知識及／或服務年期等。最終將按所選人選的優點及其將為董事會帶來的貢獻而作出決定。

## SUPPLEMENTARY INFORMATION

### 補充資料

#### CHANGE OF ACCOUNTING STANDARDS AND CESSATION OF APPOINTMENT OF INTERNATIONAL AUDITOR

Pursuant to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” issued by the Hong Kong Stock Exchange on 10 December 2010 and the related amendments to the Listing Rules, with effect from 15 December 2010, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements using Mainland accounting standards, and the Mainland accounting firms that have been approved (the “Approved Mainland Accounting Firms”) by the Ministry of Finance of the PRC and the China Securities Regulatory Commission are eligible to provide auditing services to issuers using Mainland auditing standards. In view of the above and the fact that financial statements of the Company prepared under the CASBE and those under the HKFRSs are basically consistent with another, at the 20th meeting of the seventh session of the Board held on 29 March 2022, the Board has resolved to prepare only one set of financial statements in accordance with the CASBE for each future financial reporting period commencing from the financial year of 2022. Such resolution was approved by way of ordinary resolution at the annual general meeting held on 8 June 2022. The Company believes that such adjustment is in compliance with the applicable laws, regulations, regulatory documents and the Articles of Association of the Company, and will not have a material impact on the operating results or financial position of the Company.

The financial statements of the Company have been truly and fairly reflected in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. According to the resolution, the financial statements for the Reporting Period were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant regulations (the “PRC Accounting Standards”).

#### 變更會計準則及不再委任國際核數師

根據香港聯交所於二零一零年十二月十日刊發，並於二零一零年十二月十五日起生效的《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》及上市規則的相關修訂，在香港上市的內地註冊成立的發行人獲准許採用中國企業會計準則編製其財務報表，而經中華人民共和國財政部及中國證券監督管理委員會核准的內地會計師事務所（「核准內地會計師事務所」）有資格採用中國企業會計準則向該等發行人提供審計服務。鑒於上述情況，以及按照中國企業會計準則編製的本公司財務報表與按照香港財務報告準則編製的財務報表基本一致，於二零二二年三月二十九日舉行的第七屆董事會第二十次會議上，董事會已決議自二零二二年的財務年度開始，於每個未來的財務報告期僅按照中國企業會計準則編製一套財務報表。有關決議已於二零二二年六月八日舉行的股東週年大會上以普通決議案方式獲得批准。本公司認為，該調整符合適用的法律、法規、規範文件及本公司的公司章程，且將不會對本公司的經營業績或財務狀況產生重大影響。

本公司的財務報表一直按照香港會計師公會頒佈的《香港財務報告準則》真實公允地反映，根據該決議，於報告期內的本財務報表乃按照中國財政部頒佈的《企業會計準則》及相關規定（「《中國會計準則》」）編製。

# SUPPLEMENTARY INFORMATION

## 補充資料

On 29 March 2022, the Board also resolved (1) terminate the appointment of Ernst & Young as the international auditor of the Company; and (2) appoint Ernst & Young Hua Ming (LLP), being the existing domestic auditor of the Company and one of the Approved Mainland Accounting Firms, as the sole external auditor of the Company (the “Proposed Cessation of Appointment of the International Auditor”) for the preparation of financial statements for the Company under CASBE. The relevant resolutions were approved by way of ordinary resolutions at the annual general meeting held on 8 June 2022. Ernst & Young has confirmed that there are no circumstances relating to the above-mentioned Cessation of Appointment of the International Auditor that need to be brought to the attention of the Shareholders. The Board and the audit committee of the Company confirm that there is no disagreement between the Company, the audit committee of the Company and Ernst & Young in relation to the above-mentioned Cessation of Appointment of the International Auditor. Each of the Board and the audit committee of the Company further confirmed that it is not aware of any matters regarding the Proposed Cessation of Appointment of the International Auditor that need to be brought to the attention of the Shareholders.

### AUDIT COMMITTEE

A meeting was convened by the Company's audit committee on 29 August 2022 to review the accounting policies and practices adopted by the Group and to discuss auditing, internal control, risk management and financial reporting matters (including reviewing the financial statements for the six months ended 30 June 2022) before recommending them to the Board for approval.

The audit committee has reviewed the results of the Group for the six months ended 30 June 2022.

於二零二二年三月二十九日，董事會亦決議(1)不再委聘安永會計師事務所為本公司國際核數師；及(2)委聘安永華明會計師事務所(特殊普通合夥)(為本公司現有國內核數師及核准內地會計師事務所之一)作為本公司唯一外部核數師(「建議不再委聘國際核數師」)，以便本公司根據中國企業會計準則編製財務報表。有關決議已於二零二二年六月八日舉行的股東週年大會上以普通決議案方式獲得批准。安永會計師事務所已確認概無有關上述不再委聘國際核數師的情況須提請股東垂註。董事會及本公司審核委員會確認，本公司、本公司審核委員會與安永會計師事務所概無有關上述不再委聘國際核數師的意見分歧。董事會及本公司審核委員會各自已進一步確認，並不知悉有關建議不再委聘國際核數師的任何事宜須提請股東垂註。

### 審核委員會

本公司審核委員會於二零二二年八月二十九日召開會議，審閱本集團採用的會計政策及慣例，並討論核數、內部監控、風險管理及財務申報事宜(包括截至二零二二年六月三十日止六個月的財務報表)，其後方向董事會建議批准有關事宜。

審核委員會已審閱本集團截至二零二二年六月三十日止六個月的業績。



## SUPPLEMENTARY INFORMATION

### 補充資料

#### INTERIM DIVIDEND

The Board does not recommend the distribution of interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

#### DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2022, the interests and short positions of each of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which he is taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange to be notified to the Company and the Hong Kong Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the supervisors) were as follows:

#### 中期股息

董事會不建議派付截至二零二二年六月三十日止六個月期間的中期股息(截至二零二一年六月三十日止六個月：無)。

#### 董事、監事及最高行政人員權益

於二零二二年六月三十日，本公司董事、監事及最高行政人員各自於本公司或任何相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及香港聯交所的權益及淡倉(包括根據證券及期貨條例有關條文持有或被視為擁有的權益)，或根據證券及期貨條例第352條須記錄於指定登記冊，或根據香港聯交所證券上市規則的上市公司董事進行證券交易的標準守則須知會本公司及香港聯交所的權益(就此目的而言，證券及期貨條例的相關條文將詮釋為適用於監事)如下：

# SUPPLEMENTARY INFORMATION

## 補充資料

### A shares of RMB1.00 each

### 每股面值人民幣1.00元的A股

| Name                     | 姓名      | Number of<br>A shares<br>A股數目                      | Approximate<br>percentage of<br>shareholding<br>in total issued<br>A shares (%) | Approximate<br>percentage of<br>shareholding<br>in total<br>issued share<br>capital (%) |
|--------------------------|---------|--|---|---|
|                          |         |  | 持股量佔已發行<br>A股總數的<br>概約百分比(%)  | 持股量佔已發行<br>股本總額的<br>概約百分比(%)  |
| Wang Chuan-fu (Director) | 王傳福(董事) | 513,623,850 (L)<br><i>(Note 1)</i><br><i>(附註1)</i> | 28.33%  | 17.64%  |
| Lv Xiang-yang (Director) | 呂向陽(董事) | 393,228,922 (L)<br><i>(Note 2)</i><br><i>(附註2)</i> | 21.69%  | 13.51%  |
| Xia Zuo-quan (Director)  | 夏佐全(董事) | 82,635,607 (L)                                     | 4.56%   | 2.84%   |

(L) – Long Position

(L) – 好倉

Notes:

附註：

- |   |  |
|---|--|
| <p>1. The 513,623,850 A shares did not include the 3,727,700 A shares held by Mr. Wang in No.1 Assets Management Plan through E Fund BYD.</p>   | <p>1. 在該513,623,850股A股之中，不包含王先生通過易方達資產比亞迪增持1號資產管理計劃持有的3,727,700股A股股份。</p>  |
| <p>2. Of the 393,228,922 A shares, 239,228,620 A shares were held by Mr. Lv in his personal capacity and 154,000,302 A shares were held by Youngy Investment Holding Group Co., Ltd. (融捷投資控股集團有限公司) (“Youngy Investment”). Youngy Investment was in turn held by Mr. Lv and his spouse as to 89.5% and 10.5% of equity interests, respectively. Mr. Lv was therefore deemed to be interested in the 154,000,302 A shares under the SFO.</p> | <p>2. 在該393,228,922股A股之中，239,228,620股A股由呂先生以個人身份持有及154,000,302股A股由融捷投資控股集團有限公司(「融捷投資」)持有。融捷投資則由呂先生及其配偶分別持有89.5%及10.5%股權，因此根據證券及期貨條例，呂先生被視為於該154,000,302股A股中擁有權益。</p> |

# SUPPLEMENTARY INFORMATION

## 補充資料

### H shares of RMB1.00 each

### 每股人民幣1.00元的H股

| Name                     | 姓名      | Number of<br>H shares<br>H股數目 | Approximate<br>percentage of<br>shareholding<br>in total issued<br>H shares (%) | Approximate<br>percentage of<br>shareholding<br>in total<br>issued share<br>capital (%) |
|--------------------------|---------|-------------------------------|---|---|
|                          |         |                               | 持股量佔已發行<br>H股總數的<br>概約百分比(%)  | 持股量佔已發行<br>股本總額的<br>概約百分比(%)  |
| Wang Chuan-fu (Director) | 王傳福(董事) | 1,000,000 (L)                 | 0.09%   | 0.03%   |
| Xia Zuo-quan (Director)  | 夏佐全(董事) | 500,000 (L)                   | 0.05%   | 0.02%   |
|                          |         | (Note)<br>(附註)                |   |   |

(L) – Long Position

(L) – 好倉

Note:

附註：

Of the 500,000 H shares, 195,000 H shares were held by Mr. Xia as a beneficial owner and 305,000 H shares were held by Sign Investments Limited, which was wholly-owned by Mr. Xia.

於500,000股H股之中，夏先生以實益擁有人身份持有195,000股H股，而由夏先生全資擁有的Sign Investments Limited則持有305,000股H股。

Saved as disclosed above, as at 30 June 2022, none of the Directors, supervisors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or (b) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

除上述披露者外，於二零二二年六月三十日，概無本公司董事、監事或最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中擁有權益或淡倉而須(a)記錄於本公司根據證券及期貨條例第352條存置的登記冊內；或(b)根據上市公司董事進行證券交易的標準守則須知會本公司及香港聯交所。

# SUPPLEMENTARY INFORMATION

## 補充資料

### SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 30 June 2022, to the knowledge of the Directors of the Company, the following persons (other than the Directors, supervisors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were required to be entered in the register kept by the Company pursuant to Section 336 of the SFO:

#### 1. A shares of RMB1.00 each

| Name                     | 名稱        | Number of<br>A shares<br>A股數目 | Approximate<br>percentage of<br>shareholding<br>in total issued<br>A shares (%) | Approximate<br>percentage of<br>shareholding<br>in total<br>issued share<br>capital (%) |
|--------------------------|-----------|-------------------------------|---|---|
|                          |           |                               | 持股量佔已發行<br>A股總數的<br>概約百分比(%)  | 持股量佔已發行<br>股本總額的<br>概約百分比(%)  |
| Youngy Investment (Note) | 融捷投資 (附註) | 154,000,302 (L)               | 8.49%   | 5.29%   |

(L) – Long Position

Note:

Youngy Investment is owned by Mr. Lv Xiang-yang, a non-executive Director of the Company, as to 89.5%. Mr. Lv is therefore deemed to be interested in the 154,000,302 A shares held by Youngy Investment under the SFO.

### 擁有須予知會權益的股東

於二零二二年六月三十日，就本公司董事所知，以下人士（不包括本公司董事、監事及最高行政人員）於本公司股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部須向本公司及香港聯交所披露或根據證券及期貨條例第336條載入本公司存置的登記冊的權益或淡倉：

#### 1、每股面值人民幣1.00元的A股

|                          | Number of<br>A shares<br>A股數目 | Approximate<br>percentage of<br>shareholding<br>in total issued<br>A shares (%) | Approximate<br>percentage of<br>shareholding<br>in total<br>issued share<br>capital (%) |
|--------------------------|-------------------------------|---|---|
|                          |                               | 持股量佔已發行<br>A股總數的<br>概約百分比(%)  | 持股量佔已發行<br>股本總額的<br>概約百分比(%)  |
| Youngy Investment (Note) | 154,000,302 (L)               | 8.49%   | 5.29%   |

(L) – 好倉

附註：

融捷投資由本公司非執行董事呂向陽先生擁有89.5%權益。因此，根據證券及期貨條例，呂先生被視為於融捷投資持有的154,000,302股A股中擁有權益。

# SUPPLEMENTARY INFORMATION

## 補充資料

### 2. H shares of RMB1.00 each

### 2、每股面值人民幣1.00元的H股

| Name                               | 名稱                              | Number of H shares<br>H股數目 | Approximate percentage of shareholding in total issued H shares (%) | Approximate percentage of shareholding in total issued share capital (%) |
|------------------------------------|---------------------------------|----------------------------|---|--|
|                                    |                                 |                            | 持股量佔已發行H股總數的概約百分比(%)  | 持股量佔已發行股本總額的概約百分比(%)   |
| Berkshire Hathaway Inc. (Note 1)   | Berkshire Hathaway Inc. (附註1)   | 225,000,000 (L)            | 20.49%  | 7.73%  |
| Berkshire Hathaway Energy (Note 1) | Berkshire Hathaway Energy (附註1) | 225,000,000 (L)            | 20.49%  | 7.73%  |
| Western Capital Group LLC (Note 1) | Western Capital Group LLC (附註1) | 225,000,000 (L)            | 20.49%  | 7.73%  |
| BlackRock, Inc. (Note 2)           | BlackRock, Inc. (附註2)           | 54,957,313 (L)             | 5.01%   | 1.89%  |
|                                    |                                 | 106,500 (S)                | 0.01%   | <0.01%   |

(L) – Long Position

(L) – 好倉

Notes:

附註：

- Berkshire Hathaway Inc. and Berkshire Hathaway Energy Company (formerly known as MidAmerican Energy Holdings Company) were deemed to be interested in 225,000,000 H Shares (L) through 225,000,000 H Shares directly held by their indirectly controlled corporations and wholly-owned corporation, Western Capital Group LLC, respectively.
- The interests of BlackRock, Inc. were held through its various controlled corporations, and of which 267,500 long positions were cash settled unlisted derivatives, and 106,500 short positions were cash settled unlisted derivatives.

- Berkshire Hathaway Inc. 及 Berkshire Hathaway Energy Company (原名為 MidAmerican Energy Holdings Company) 分別被視為透過其間接控制公司及全資持有公司 Western Capital Group LLC 所直接持有的 225,000,000 股 H 股，於 225,000,000 股 H 股 (L) 之中擁有權益。
- BlackRock, Inc. 的權益乃通過其各控制公司持有，其中 267,500 股好倉為現金結算非上市衍生工具，及 106,500 股淡倉為現金結算非上市衍生工具。

The total issued share capital of the Company as at 30 June 2022 was RMB2,911,142,855, divided into 1,813,142,855 A shares of RMB1.00 each and 1,098,000,000 H shares of RMB1.00 each, all fully paid up.

於二零二二年六月三十日，本公司已發行股本總額為人民幣2,911,142,855元，分為1,813,142,855股每股面值人民幣1.00元的A股及1,098,000,000股每股面值人民幣1.00元的H股，全部為實收資本。

# SUPPLEMENTARY INFORMATION

## 補充資料

### SUBSIDIARY SHARE OPTION SCHEME

References are made to the announcement dated 11 May 2021 and circular (the “Circular”) dated 31 May 2021 of the Company, in relation to, among others, the proposed adoption of the 2020 Share Option Incentive Scheme of BYD Semiconductor Co., Ltd (the “Subsidiary Share Option Scheme”). The adoption of the Subsidiary Share Option Scheme was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 16 June 2021.

The purpose of the Subsidiary Share Option Scheme is to, among others, further establish and improve the incentive mechanism of BYD Semiconductor, retain and motivate talents, and allow all parties to focus on the long-term development of BYD Semiconductor and jointly promote its sustainable development.

There are 36 participants in the Subsidiary Share Option Scheme, including directors (excluding independent non-executive directors), senior management and key personnel (excluding supervisors) of BYD Semiconductor. The Subsidiary Share Option Scheme is tailored to be a one-off incentive arrangement for the aforesaid 36 participants only. None of the 36 incentive participants of the Subsidiary Share Option Scheme is a connected person at the Company level. For details of the identity and positions of the aforesaid participants, please refer to the Circular.

### 子公司股權期權計劃

茲提述本公司日期為二零二一年五月十一日的公告及日期為二零二一年五月三十一日的通函（「該通函」），內容有關（其中包括）建議採納比亞迪半導體有限公司2020年股權期權激勵計劃（「子公司股權期權計劃」）。本公司股東於本公司於二零二一年六月十六日舉行的臨時股東大會上批准採納子公司股權期權計劃。

子公司股權期權計劃旨在（其中包括）進一步建立及完善比亞迪半導體的激勵機制、挽留及激勵人才以及允許全體參與方聚焦比亞迪半導體的長期發展並共同促進其可持續發展。

子公司股權期權計劃有36名參與者，包括比亞迪半導體董事（不包括獨立非執行董事）、高級管理層及關鍵人員（不包括監事）。子公司股權期權計劃乃僅為上述36名參與者量身定制的一次性激勵安排。概無子公司股權期權計劃的36名激勵參與者乃本公司層面的關連人士。有關上述參與者的身份及職位，請參閱該通函。

## SUPPLEMENTARY INFORMATION

### 補充資料

The number of shares of BYD Semiconductor in respect of which the share options involved is 33,088,235 (representing 7.353% of the registered share capital of BYD Semiconductor as at the date of this report), and the cumulative total number of shares of BYD Semiconductor involved under the Subsidiary Share Option Scheme and all other schemes of BYD Semiconductor shall not exceed 10% of the total share capital of BYD Semiconductor in issue on 16 June 2021, the date of approval of the Subsidiary Share Option Scheme by the shareholders of the Company. As at the date of this report, an aggregate of 33,088,235 share options, representing all the share options which could be granted under the Subsidiary Share Option Scheme, were granted to 36 employees of BYD Semiconductor pursuant to the terms and conditions of the Subsidiary Share Option Scheme at the exercise price of RMB4.54 per share (subject to a further adjustment in accordance with terms and conditions of the Subsidiary Share Option Scheme). Save for 203,824 share options which had been lapsed and cancelled as a result of the resignation of an employee subsequent to the conditional approval of the Subsidiary Share Option Scheme, no share option was exercised, cancelled and/or lapsed during the six months ended 30 June 2022. As at 30 June 2022, there was no outstanding share option under the Subsidiary Share Option Scheme.

The validity period of the Subsidiary Share Option Scheme shall commence from the grant date of the share options and end on the date on which all the share options granted to the incentive participants have been exercised or cancelled, which shall not be longer than ten years. The share options granted under the Subsidiary Share Option Scheme shall be exercised in three tranches, and the corresponding vesting periods shall be 24 months, 36 months and 48 months respectively from the grant date. In the first, second, and third exercise periods, 30%, 30%, and 40% of the share options are entitled to be exercised under the prerequisite of meeting performance conditions. The share options will not be exercisable when participants fail to fulfil BYD Semiconductor's performance as the conditions of exercise or those currently not exercised after the end of the exercise period shall become null and void and be repurchased without consideration and cancelled by BYD Semiconductor. For further details of the exercise period, performance appraisal objectives (as conditions of the exercise of the share options) and further details of the Subsidiary Share Option Scheme, please refer to the Circular and note 13 to the financial statements in this report.

涉及股權期權的比亞迪半導體股份數目為33,088,235股(於本報告日期佔比亞迪半導註冊股本的7.353%)。子公司股權期權計劃項下涉及的比亞迪半導體累計股份總數及比亞迪半導體所有其他計劃不應超過比亞迪半導體於二零二一年六月十六日(本公司股東批准子公司股權期權計劃之日)已發行股本總額的10%。於本報告日期,根據子公司股權期權計劃的條款及條件按發行價每股人民幣4.54元(須根據子公司股權期權計劃的條款及條件進一步調整)授予比亞迪半導體36名僱員合共33,088,235份股權期權(即子公司股權期權計劃項下可授予的所有股權期權)。除由於有條件批准子公司股權期權計劃後僱員辭任導致的203,824份股權期權已失效及註銷外,截至二零二二年六月三十日止六個月,概無股權期權獲行使、註銷及/失效。於二零二二年六月三十日,子公司股權期權計劃項下尚未行使股權期權。

子公司股權期權計劃的有效期將自股權期權授予日期開始,並於所有已行使或註銷的股權期權授予激勵參與者當日結束,不應超過十年。根據子公司股權期權計劃授予的股權期權應分三批行使,相應歸屬期應自授予日期起分別為24個月、36個月及48個月。於第一、第二及第三個行使期,於滿足業績條件的前提下,30%、30%及40%的股權期權有權行使權力。當參與者未能履行比亞迪半導體作為行使條件的業績時,或於行使期末後當前未行使的股權期權將失效,並由比亞迪半導體無償回購及註銷。有關行使期、作為股權期權行使條件的績效考核目標的詳情及子公司股權期權計劃的進一步詳情,請參閱該通函及本報告的財務報表附註13。

# SUPPLEMENTARY INFORMATION

## 補充資料

### EMPLOYEE SHARE OWNERSHIP PLAN

Reference is made to the announcement dated 22 April 2022 and the circular dated 5 May 2022 (the “Circular”) of the Company in relation to, among others, the proposed adoption of the Employee Share Ownership Plan (Draft). The adoption was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 27 May 2022.

The Employee Share Ownership Plan is beneficial for the Company to establish and improve the benefit sharing mechanism, enhance the cohesion of employees and the competitiveness of the Company, realizing its long-term sustainable development. Participants include employee representative supervisors, senior management of the Company, middle level management and core backbone employees of BYD Group. The total number of participants of the Employee Share Ownership Plan shall not exceed 12,000 persons. The Employee Share Ownership Plan will transfer the shares of the Company to be repurchased through non-trading transfer and other methods permitted by laws and regulations. The transfer price is RMB0 per Share, and the participants do not need to make payments.

On 14 July 2022, the Company received the Confirmation of Securities Transfer Registration issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The 5,511,024 shares held by the designated securities repurchase account of the Company have been transferred to the designated securities account for the Employee Share Ownership Plan in the form of non-trading transfer, and the number of shares transferred accounted for approximately 0.189% of the total share capital of the Company as at the date of this report. For details of the repurchase of A Shares of the Company, please refer to the section headed “Purchase, Sale or Redemption of the Company’s Listed Securities” in this report.

### 員工持股計劃

茲提述本公司日期為二零二二年四月二十二日的公告及日期為二零二二年五月五日的通函(該通函)，內容有關(其中包括)建議採納員工持股計劃(草案)。本公司股東於本公司於二零二二年五月二十七日舉行的臨時股東大會上批准採納。

員工持股計劃，有利於本公司建立和完善利益共享機制，提高員工凝聚力和本公司競爭力，實現企業的長遠可持續發展。參與對象包括本公司的職工代表監事、高級管理人員以及比亞迪集團的中層管理人員、核心骨幹員工，參與本員工持股計劃的總人數不超過12,000人。本次員工持股計劃將通過非交易過戶等法律法規允許的方式受讓公司擬回購的公司股票，受讓價格為0元/股，參與對象無需出資。

本公司於二零二二年七月十四日收到中國證券登記結算有限責任公司深圳分公司出具的《證券過戶登記確認書》，公司回購專用證券賬戶所持有的5,511,024股公司股票已以非交易過戶形式過戶至本次員工持股計劃專用證券賬戶，於本報告日期，過戶股份數量約佔公司總股本的比例為0.189%。回購本公司A股股份具體內容詳見本報告「買賣或贖回本公司上市證券」一節。



# Consolidated Balance Sheet

## 合併資產負債表

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

|   |             | Notes<br>附註 | 30 June<br>2022<br>二零二二年<br>六月三十日<br>(Unaudited)<br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|---|-------------|-------------|--|---|
| <b>Assets</b>                             | <b>資產</b>   |             |  |   |
| Current assets                            | 流動資產        |             |  |   |
| Monetary funds                            | 貨幣資金        |             | 44,686,176   | 50,457,097  |
| Financial assets held for trading         | 交易性金融資產     |             | 1,431,944  | 5,606,052   |
| Trade receivables                         | 應收賬款        | 9           | 37,163,395   | 36,251,280  |
| Receivables financing                     | 應收款項融資      |             | 10,970,135   | 8,743,126   |
| Prepayments                               | 預付款項        |             | 2,312,220  | 2,036,577   |
| Other receivables                         | 其他應收款       |             | 1,453,231  | 1,410,751   |
| Inventories                               | 存貨          |             | 57,235,044   | 43,354,782  |
| Contract assets                           | 合同資產        |             | 7,545,726  | 8,493,382   |
| Long-term receivables due within one year | 一年內到期的長期應收款 |             | 848,024  | 1,231,667   |
| Other current assets                      | 其他流動資產      |             | 18,922,687   | 8,525,475   |
| Total current assets                      | 流動資產合計      |             | <b>182,568,582</b>   | 166,110,189   |
| Non-current assets                        | 非流動資產       |             |  |   |
| Long-term receivables                     | 長期應收款       |             | 1,108,320  | 1,170,058   |
| Long-term equity investments              | 長期股權投資      |             | 8,426,666  | 7,905,001   |
| Other equity instrument investments       | 其他權益工具投資    |             | 3,122,478  | 2,913,836   |
| Other non-current financial assets        | 其他非流動金融資產   |             | 1,650,227  | 233,972   |
| Investment properties                     | 投資性房地產      |             | 86,252   | 87,500  |
| Fixed assets                              | 固定資產        |             | 69,924,659   | 61,221,365  |
| Construction in progress                  | 在建工程        |             | 34,255,612   | 20,277,309  |
| Right-of-use assets                       | 使用權資產       |             | 1,724,320  | 1,573,232   |
| Intangible assets                         | 無形資產        |             | 17,730,192   | 17,104,942  |
| Development expenditures                  | 開發支出        |             | 2,763,547  | 2,605,031   |
| Goodwill                                  | 商譽          |             | 65,914   | 65,914  |
| Long-term deferred expenditures           | 長期待攤費用      |             | 163,148  | 77,432  |
| Deferred tax assets                       | 遞延所得稅資產     |             | 2,532,034  | 1,913,316   |
| Other non-current assets                  | 其他非流動資產     |             | 19,820,930   | 12,521,050  |
| Total non-current assets                  | 非流動資產合計     |             | <b>163,374,299</b>   | 129,669,958   |
| Total assets                              | 資產總計        |             | <b>345,942,881</b>   | 295,780,147   |

The accompanying notes form an integral part of these financial statements.

後附財務報表附註為本財務報表的組成。

# Consolidated Balance Sheet

## 合併資產負債表

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

|   |                |             | 30 June<br>2022<br>二零二二年<br>六月三十日<br>(Unaudited)<br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|---|----------------|-------------|--|---|
|   |                | Notes<br>附註 |  |   |
| <b>Liabilities</b>                          | <b>負債</b>      |             |  |   |
| Current liabilities                         | 流動負債           |             |  |   |
| Short-term borrowings                       | 短期借款           |             | 10,178,867   | 10,204,358  |
| Financial liabilities held for trading      | 交易性金融負債        |             | 60,254   | -   |
| Bills payables                              | 應付票據           | 10          | 2,946,956  | 7,331,459   |
| Trade payables                              | 應付賬款           | 11          | 93,087,986   | 73,160,167  |
| Payments received in advance                | 預收款項           |             | -  | 1,300   |
| Contract liabilities                        | 合同負債           |             | 25,394,950   | 14,932,576  |
| Employee benefits payables                  | 應付職工薪酬         |             | 6,692,859  | 5,848,870   |
| Tax payables                                | 應交稅費           |             | 1,897,318  | 1,779,018   |
| Other payables                              | 其他應付款          |             | 62,672,101   | 41,348,102  |
| Provision                                   | 預計負債           |             | 3,608,651  | 2,355,564   |
| Non-current liabilities due within one year | 一年內到期的非流動負債    |             | 9,345,604  | 12,983,416  |
| Other current liabilities                   | 其他流動負債         |             | 2,044,456  | 1,359,114   |
| <b>Total current liabilities</b>            | <b>流動負債合計</b>  |             | <b>217,930,002</b>   | 171,303,944   |
| Non-current liabilities                     | 非流動負債          |             |  |   |
| Long-term borrowings                        | 長期借款           |             | 10,521,153   | 8,743,519   |
| Bond payables                               | 應付債券           |             | -  | 2,046,439   |
| Lease liabilities                           | 租賃負債           |             | 1,527,654  | 1,415,291   |
| Deferred tax liabilities                    | 遞延所得稅負債        |             | 804,417  | 609,566   |
| Other non-current liabilities               | 其他非流動負債        |             | 8,919,389  | 7,417,179   |
| <b>Total non-current liabilities</b>        | <b>非流動負債合計</b> |             | <b>21,772,613</b>  | 20,231,994  |
| <b>Total liabilities</b>                    | <b>負債合計</b>    |             | <b>239,702,615</b>   | 191,535,938   |

The accompanying notes form an integral part of these financial statements.

後附財務報表附註為本財務報表的組成。

# Consolidated Balance Sheet

## 合併資產負債表

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

|   |              | Notes<br>附註 | 30 June<br>2022<br>二零二二年<br>六月三十日<br>(Unaudited)<br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|---|--------------|-------------|--|---|
| <b>Shareholders' equity</b>                                   | <b>股東權益</b>  |             |  |   |
| Shareholders' equity  | 股東權益         |             |  |   |
| Share capital   | 股本           | 12          | 2,911,143  | 2,911,143   |
| Capital reserve   | 資本公積         |             | 60,885,736   | 60,807,219  |
| Less: Treasury shares   | 減：庫存股        |             | 1,809,920  | -   |
| Other comprehensive loss                                      | 其他綜合虧損       |             | (148,365)  | (124,055)   |
| Special reserve   | 專項儲備         |             | 15,843   | 10,369  |
| Surplus reserve   | 盈餘公積         |             | 5,009,088  | 5,009,088   |
| Undistributed profit  | 未分配利潤        |             | 29,745,516   | 26,455,907  |
| Total Shareholders' equity attributable to the parent company | 歸屬於母公司股東權益合計 |             | 96,609,041   | 95,069,671  |
| Non-controlling interests                                     | 少數股東權益       |             | 9,631,225  | 9,174,538   |
| Total Shareholders' equity                                    | 股東權益合計       |             | 106,240,266  | 104,244,209   |
| Total liabilities and shareholders' equity                    | 負債和股東權益總計    |             | 345,942,881  | 295,780,147   |

The accompanying notes form an integral part of these financial statements. 後附財務報表附註為本財務報表的組成。

The financial statement was signed by the following persons: 財務報表由以下人士簽署：

Legal representative:

**Wang Chuan-fu**

法定代表人：

王傳福

Chief Financial Officer:

**Zhou Ya-lin**

主管會計工作負責人：

周亞琳

Head of Accounting Department:

**Liu Hui**

會計機構負責人：

劉惠

# Consolidated Income Statement

## 合併利潤表

For the six months ended 30 June 2022  
截至二零二二年六月三十日止六個月期間  
RMB'000 人民幣千元

|   |              |                                 | <b>For the<br/>six months<br/>ended<br/>30 June<br/>2022<br/>截至<br/>二零二二年<br/>六月三十日<br/>六個月期間<br/>(Unaudited)<br/>(未經審計)</b> | For the<br>six months<br>ended<br>30 June<br>2021<br>截至<br>二零二一年<br>六月三十日<br>六個月期間<br>(Unaudited)<br>(未經審計) |
|---|--------------|---------------------------------|--|---|
|   | <i>Notes</i> |                                 |  |   |
|   | <i>附註</i>    |                                 |  |   |
| <b>I. Operating revenue</b>   |              | <b>一、營業收入</b>                   | <b>150,607,252</b>   | 90,885,400  |
| Less: Operating costs   |              | 減：營業成本                          | <b>130,265,478</b>   | 79,284,918  |
| Tax and surcharge   |              | 稅金及附加                           | <b>2,380,322</b>   | 1,041,834   |
| Selling expenses  |              | 銷售費用                            | <b>4,722,663</b>   | 2,652,212   |
| Administrative expenses   |              | 管理費用                            | <b>3,670,510</b>   | 2,407,019   |
| Research and development expenses   |              | 研發費用                            | <b>5,424,256</b>   | 2,995,687   |
| Finance expenses  |              | 財務費用                            | <b>(898,445)</b>   | 955,784   |
| Including: Interest expenses  |              | 其中：利息費用                         | <b>652,684</b>   | 1,019,726   |
| Interest income   |              | 利息收入                            | <b>844,379</b>   | 257,158   |
| Add: Other income   |              | 加：其他收益                          | <b>649,549</b>   | 964,288   |
| Investment loss   |              | 投資損失                            | <b>(369,664)</b>   | (48,447)  |
| Including: Investment gains/(losses)<br>in associates and joint<br>ventures   |              | 其中：對聯營企業和合營<br>企業的投資收<br>益/(損失) | <b>(404,634)</b>   | (78,358)  |
| Loss on derecognition<br>of financial assets<br>measured at amortised<br>cost |              | 以攤餘成本計量的<br>金融資產終止確<br>認損失      | <b>(11,267)</b>  | (82,285)  |
| (Losses)/gains from changes in fair<br>value                                  |              | 公允價值變動(損失)/<br>收益               | <b>(16,041)</b>  | 28,360  |
| Impairment loss on credit   |              | 信用減值損失                          | <b>(228,157)</b>   | (58,254)  |
| Impairment loss on asset  |              | 資產減值損失                          | <b>(431,992)</b>   | (213,591)   |
| Losses from disposal of assets  |              | 資產處置損失                          | <b>(24,047)</b>  | (4,062)   |
| <b>II. Operating profit</b>   |              | <b>二、營業利潤</b>                   | <b>4,622,116</b>   | 2,216,240   |
| Add: Non-operating income   |              | 加：營業外收入                         | <b>211,760</b>   | 144,787   |
| Less: Non-operating expenses  |              | 減：營業外支出                         | <b>192,395</b>   | 156,912   |
| <b>III. Total profit</b>  |              | <b>三、利潤總額</b>                   | <b>4,641,481</b>   | 2,204,115   |
| Less: Income tax expenses   |              | 減：所得稅費用                         | <b>708,345</b>   | 393,344   |
| <b>IV. Net profit</b>   |              | <b>四、淨利潤</b>                    | <b>3,933,136</b>   | 1,810,771   |

The accompanying notes form an integral part of these financial statements. 後附財務報表附註為本財務報表的組成。

# Consolidated Income Statement

## 合併利潤表

For the six months ended 30 June 2022  
截至二零二二年六月三十日止六個月期間  
RMB'000 人民幣千元

|  |                        | Notes<br>附註 | <b>For the<br/>six months<br/>ended<br/>30 June<br/>2022<br/>截至<br/>二零二二年<br/>六月三十日<br/>六個月期間<br/>(Unaudited)<br/>(未經審計)</b> | For the<br>six months<br>ended<br>30 June<br>2021<br>截至<br>二零二一年<br>六月三十日<br>六個月期間<br>(Unaudited)<br>(未經審計) |
|--|------------------------|-------------|--|---|
| <b>V. Classified by continuity of operation</b>                                  | <b>五、按經營持續性分類</b>      |             |  |   |
| Net profit from continuing operations  | 持續經營淨利潤                |             | <b>3,933,136</b>   | 1,810,771   |
| <b>VI. Classified by ownership</b>   | <b>六、按所有權歸屬分類</b>      |             |  |   |
| Net profit attributable to Shareholders of the parent company                    | 歸屬於母公司所有者的淨利潤          |             | <b>3,595,279</b>   | 1,173,571   |
| Non-controlling interests  | 少數股東損益                 |             | <b>337,857</b>   | 637,200   |
| <b>VII. Earnings per share (RMB/share)</b>                                       | <b>七、每股收益(元/股)</b>     |             |  |   |
| Basic earnings per share   | 基本每股收益                 | 8           | <b>1.24</b>  | 0.41  |
| Diluted earnings per share   | 稀釋每股收益                 | 8           | <b>1.24</b>  | 0.41  |
| <b>VIII. Other comprehensive losses</b>  | <b>八、其他綜合虧損</b>        |             |  |   |
| <b>Other comprehensive losses that cannot be reclassified to profit or loss</b>  | <b>不能重分類進損益的其他綜合虧損</b> |             | <b>(27,754)</b>  | (182,394)   |
| Changes in fair value of other equity instrument investments                     | 其他權益工具投資公允價值變動         |             | <b>94,158</b>  | (183,571)   |
| Income tax impact  | 所得稅影響                  |             | <b>(17,589)</b>  | -   |
| <b>Other comprehensive losses that will be reclassified to profit or loss</b>    | <b>將重分類進損益的其他綜合虧損</b>  |             |  |   |
| Exchange difference on foreign currency translation                              | 外幣報表折算差額               |             | <b>(91,727)</b>  | 9,508   |
| Changes in fair value of receivables financing                                   | 應收款項融資公允價值變動           |             | <b>(10,850)</b>  | (10,801)  |
| Provision for credit impairment of receivables financing                         | 應收款項融資信用減值準備           |             | <b>1,698</b>   | 3,310   |
| Other comprehensive losses attributable to non-controlling interests, net of tax | 歸屬於少數股東的其他綜合虧損的稅後淨額    |             | <b>(3,444)</b>   | (840)   |

The accompanying notes form an integral part of these financial statements. 後附財務報表附註為本財務報表的組成。

# Consolidated Income Statement

## 合併利潤表

For the six months ended 30 June 2022  
截至二零二二年六月三十日止六個月期間  
RMB'000 人民幣千元

|   |                 | <b>For the<br/>six months<br/>ended<br/>30 June<br/>2022<br/>截至<br/>二零二二年<br/>六月三十日<br/>六個月期間<br/>(Unaudited)<br/>(未經審計)</b> | For the<br>six months<br>ended<br>30 June<br>2021<br>截至<br>二零二一年<br>六月三十日<br>六個月期間<br>(Unaudited)<br>(未經審計) |
|---|-----------------|--|---|
|   |                 | <i>Notes<br/>附註</i>  |   |
| <b>IX. Total comprehensive income</b>   | <b>九、綜合收益總額</b> | <b>3,905,382</b>   | 1,628,377   |
| Among which:  | 其中：             |  |   |
| Total comprehensive income attributable to shareholders of the parent company | 歸屬於母公司股東的綜合收益總額 | <b>3,570,969</b>   | 992,017   |
| Total comprehensive income attributable to non-controlling interests          | 歸屬於少數股東的綜合收益總額  | <b>334,413</b>   | 636,360   |

The accompanying notes form an integral part of these financial statements.

後附財務報表附註為本財務報表的組成。

# Consolidated Statement of Changes in Owners' Equity

## 合併股東權益變動表

For the six months ended 30 June 2022  
截至二零二二年六月三十日止六個月期間  
RMB'000 人民幣千元

截至二零二二年六月三十日止六個月期間（未經審計）

|  | Shareholders' equity attributable to the parent company<br>歸屬於母公司股東權益 |                         |                          |  |                         |                         |                               | Non- Shareholders' equity<br>股東權益<br>合計 |                 |                                     |
|--|---|-------------------------|--------------------------|--|-------------------------|-------------------------|-------------------------------|---|-----------------|-------------------------------------|
|  | Share capital<br>股本   | Capital reserve<br>資本公積 | Treasury shares<br>減：庫存股 | Less: Other comprehensive loss<br>其他綜合虧損 | Special reserve<br>專項儲備 | Surplus reserve<br>盈餘公積 | Undistributed profit<br>未分配利潤 |   | Sub-total<br>小計 | Non- Shareholders' equity<br>少數股東權益 |
| I. Balance at beginning of current period                        | 2,911,143   | 60,807,219              | -                        | (124,055)                                | 10,369                  | 5,009,088               | 28,455,907                    | 95,069,671                              | 9,174,538       | 104,244,209                         |
| II. Amount of change in current period                           |   |                         |                          |  |                         |                         |                               |   |                 |                                     |
| (一) Total comprehensive income                                   | -   | -                       | -                        | (24,310)                                 | -                       | -                       | 3,595,279                     | 3,570,969                               | 334,413         | 3,905,382                           |
| (II) Capital contribution and reduction by Shareholders          | -   | -                       | -                        | -  | -                       | -                       | -                             | -                                       | 178,625         | 178,625                             |
| 1 Capital contributed by shareholders                            | -   | -                       | -                        | -  | -                       | -                       | -                             | -                                       | -               | -                                   |
| 2 Capital contributed by holders of other equity instruments     | -   | -                       | -                        | -  | -                       | -                       | -                             | -                                       | -               | -                                   |
| 3 Amount of share-based payment included in shareholders' equity | -   | 36,918                  | -                        | -  | -                       | -                       | -                             | 36,918                                  | 14,144          | 51,062                              |
| 4 Others   | -   | 11,399                  | 1,809,920                | -  | -                       | -                       | -                             | (1,798,521)                             | 115,817         | (1,682,704)                         |
| (III) Profit distribution  | -   | -                       | -                        | -  | -                       | -                       | -                             | -                                       | -               | -                                   |
| 1 Appropriation to surplus reserve                               | -   | -                       | -                        | -  | -                       | -                       | -                             | -                                       | -               | -                                   |
| 2 Distribution to Shareholders                                   | -   | -                       | -                        | -  | -                       | -                       | (305,670)                     | (305,670)                               | (79,464)        | (385,134)                           |
| 3 Distribution to holders of other equity instruments            | -   | -                       | -                        | -  | -                       | -                       | -                             | -                                       | -               | -                                   |
| (IV) Special reserve   | -   | -                       | -                        | -  | -                       | -                       | -                             | -                                       | -               | -                                   |
| Appropriation for the year                                       | -   | -                       | -                        | -  | 5,474                   | -                       | -                             | 5,474                                   | -               | 5,474                               |
| (V) Others   | -   | -                       | -                        | -  | -                       | -                       | -                             | -                                       | -               | -                                   |
| Repurchase rights of minority shareholders of subsidiaries       | -   | 30,200                  | -                        | -  | -                       | -                       | -                             | 30,200                                  | (106,848)       | (76,648)                            |
| III. Closing balances for the Period                             | 2,911,143   | 60,885,736              | 1,809,920                | (148,365)                                | 15,843                  | 5,009,088               | 29,745,516                    | 96,609,041                              | 9,631,225       | 106,240,266                         |

後附財務報表附註為本財務報表的組成。

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Changes in Owners' Equity

## 合併股東權益變動表

For the six months ended 30 June 2022  
截至二零二二年六月三十日止六個月期間  
RMB'000 人民幣千元

截至二零二一年六月三十日止六個月期間(未經審計)

For the six months ended 30 June 2021 (Unaudited)

|       |  | Shareholders' equity attributable to the parent company<br>歸屬於母公司股東權益 |                          |                 |                          |                 |                 |                      |             |                           |                            |
|-------|--|---|--------------------------|-----------------|--------------------------|-----------------|-----------------|----------------------|-------------|---------------------------|----------------------------|
|       |  | Share capital   | Other equity instruments | Capital reserve | Other comprehensive loss | Special reserve | Surplus reserve | Undistributed profit | Sub-total   | Non-controlling interests | Total Shareholders' equity |
|       |  | 股本  | 其他權益工具                   | 資本公積            | 其他綜合虧損                   | 專項儲備            | 盈餘公積            | 未分配利潤                | 小計          | 少數股東權益                    | 股東權益合計                     |
| I.    | Balance at beginning of the Period                             | 2,728,143   | 1,094,592                | 24,698,663      | (566,066)                | 4,086           | 4,448,300       | 24,456,556           | 56,874,274  | 7,579,638                 | 64,453,912                 |
| II.   | Amount of change of the Period                                 |   |                          |                 |                          |                 |                 |                      |             |                           |                            |
| (I)   | Total comprehensive income                                     | -   | -                        | -               | (181,554)                | -               | -               | 1,173,571            | 992,017     | 636,360                   | 1,628,377                  |
| (II)  | Capital contribution and reduction by Shareholders             | 133,000   | -                        | 24,801,972      | -                        | -               | -               | -                    | 24,934,972  | 30,303                    | 24,965,275                 |
| 1     | Capital contribution by Shareholders                           | -   | -                        | -               | -                        | -               | -               | -                    | -           | -                         | -                          |
| 2     | Capital contribution by holders of other equity instruments    | -   | -                        | -               | -                        | -               | -               | -                    | -           | -                         | -                          |
|       | Capital reduction by holders of other equity instruments       | -   | (1,094,592)              | (5,406)         | -                        | -               | -               | -                    | (1,100,000) | -                         | (1,100,000)                |
| 3     | Amount of share-based payment included in shareholders' equity | -   | -                        | 41,729          | -                        | -               | -               | -                    | 41,729      | 15,987                    | 57,716                     |
| 4     | Others   | -   | -                        | 22,644          | -                        | -               | -               | -                    | 22,644      | (4,185)                   | 18,459                     |
| (III) | Profit distribution  | -   | -                        | -               | -                        | -               | -               | -                    | -           | -                         | -                          |
| 1     | Appropriation to surplus reserve                               | -   | -                        | -               | -                        | -               | -               | -                    | -           | -                         | -                          |
| 2     | Distribution to shareholders                                   | -   | -                        | -               | -                        | -               | (423,449)       | (423,449)            | (423,449)   | (185,931)                 | (609,380)                  |
| 3     | Distribution to holders of other equity instruments            | -   | -                        | -               | -                        | -               | (61,600)        | (61,600)             | (61,600)    | -                         | (61,600)                   |
| (IV)  | Special reserve  | -   | -                        | -               | -                        | -               | -               | -                    | -           | -                         | -                          |
|       | Appropriation for the year                                     | -   | -                        | -               | -                        | 5,125           | -               | -                    | 5,125       | -                         | 5,125                      |
| (V)   | Others   | -   | -                        | -               | -                        | -               | -               | -                    | -           | -                         | -                          |
|       | Repurchase rights of minority shareholders of subsidiaries     | -   | -                        | (30,670)        | -                        | -               | -               | -                    | (30,670)    | (42,059)                  | (72,729)                   |
| III.  | Closing balances for the Period                                | 2,861,143   | -                        | 49,528,930      | (737,620)                | 9,211           | 4,448,300       | 25,145,078           | 81,255,042  | 8,030,113                 | 89,285,155                 |

The accompanying notes form an integral part of these financial statements.

後附財務報表附註為本財務報表的組成部分。



# Consolidated Cash Flow Statement

## 合併現金流量表

For the six months ended 30 June 2022  
截至二零二二年六月三十日止六個月期間  
RMB'000 人民幣千元

|   |                       | <b>For the<br/>six months<br/>ended<br/>30 June<br/>2022<br/>截至<br/>二零二二年<br/>六月三十日<br/>六個月期間<br/>(Unaudited)<br/>(未經審計)</b> | For the<br>six months<br>ended<br>30 June<br>2021<br>截至<br>二零二一年<br>六月三十日<br>六個月期間<br>(Unaudited)<br>(未經審計) |
|---|-----------------------|--|---|
|   | <i>Note<br/>附註</i>    |  |   |
| <b>I. Cash flows from operating activities:</b>             | <b>一、經營活動產生的現金流量：</b> |  |   |
| Cash received from sales of goods and provision of services | 銷售商品、提供服務收到的現金        | <b>152,837,481</b>   | 71,626,773  |
| Tax rebates received  | 收到的稅費返還               | <b>4,698,994</b>   | 1,889,355   |
| Cash received from other activities relating to operations  | 收到其他與經營活動有關的現金        | <b>2,756,183</b>   | 3,001,209   |
| Sub-total of cash inflows from operating activities         | 經營活動現金流入小計            | <b>160,292,658</b>   | 76,517,337  |
| Cash paid for goods and services                            | 購買商品、接受服務支付的現金        | <b>86,459,497</b>  | 47,970,468  |
| Cash paid to and on behalf of employees                     | 支付給職工以及為職工支付的現金       | <b>21,597,732</b>  | 12,609,241  |
| Cash paid for various types of taxes                        | 支付的各項稅費               | <b>5,947,505</b>   | 3,435,370   |
| Cash paid for other activities relating to operations       | 支付其他與經營活動有關的現金        | <b>3,102,757</b>   | 2,825,413   |
| Sub-total of cash outflows from operating activities        | 經營活動現金流出小計            | <b>117,107,491</b>   | 66,840,492  |
| Net cash flow from operating activities                     | 經營活動產生的現金流量淨額         | <b>43,185,167</b>  | 9,676,845   |

The accompanying notes form an integral part of these financial statements.

後附財務報表附註為本財務報表的組成部分。

# Consolidated Cash Flow Statement

## 合併現金流量表

For the six months ended 30 June 2022  
截至二零二二年六月三十日止六個月期間  
RMB'000 人民幣千元

|   |                           | For the<br>six months<br>ended<br>30 June<br>2022<br>截至<br>二零二二年<br>六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計) | For the<br>six months<br>ended<br>30 June<br>2021<br>截至<br>二零二一年<br>六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計) |
|---|---------------------------|--|--|
|   | Note<br>附註                |  |  |
| <b>II. Cash flow from investing activities:</b>   | <b>二、投資活動產生的現金流量：</b>     |  |  |
| Cash received from disposal of investments  | 收回投資收到的現金                 | 13,779   | –  |
| Cash received from gains in investment  | 取得投資收益收到的現金               | 45,062   | 121,428  |
| Net cash received from disposals of subsidiaries and other operating entities                         | 處置子公司及其他營業單位收到的現金淨額       | –  | 931  |
| Net cash received from disposals of fixed assets, intangible assets and other long-term assets        | 處置固定資產、無形資產和其他長期資產收回的現金淨額 | 182,747  | 119,832  |
| Cash received from other activities relating to investments   | 收到其他與投資活動有關的現金            | 7,602,965  | 7,769,956  |
| Sub-total of cash inflows from investing activities   | 投資活動現金流入小計                | 7,844,553  | 8,012,147  |
| Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets | 購建固定資產、無形資產和其他長期資產支付的現金   | 36,128,310   | 10,407,215   |
| Cash paid for investments   | 投資支付的現金                   | 2,463,808  | 686,428  |
| Cash paid for other activities relating to investments  | 支付其他與投資活動有關的現金            | 12,060,000   | 9,837,332  |
| Sub-total of cash outflows from investing activities  | 投資活動現金流出小計                | 50,652,118   | 20,930,975   |
| Net cash flows used in investing activities   | 投資活動產生的現金流量淨額             | (42,807,565)   | (12,918,828)   |
| <b>III. Cash flows from financing activities:</b>   | <b>三、籌資活動產生的現金流量：</b>     |  |  |
| Cash received from capital injection  | 吸收投資收到的現金                 | 276,625  | 25,061,668   |
| Cash received from borrowings   | 取得借款收到的現金                 | 19,435,013   | 19,414,712   |
| Cash received from other financing activities   | 收到的其他與籌資活動有關的現金           | –  | –  |

The accompanying notes form an integral part of these financial statements.

後附財務報表附註為本財務報表的組成部分。

# Consolidated Cash Flow Statement

## 合併現金流量表

For the six months ended 30 June 2022  
截至二零二二年六月三十日止六個月期間  
RMB'000 人民幣千元

|   |                            | <b>For the<br/>six months<br/>ended<br/>30 June<br/>2022<br/>截至<br/>二零二二年<br/>六月三十日<br/>六個月期間<br/>(Unaudited)<br/>(未經審計)</b> | For the<br>six months<br>ended<br>30 June<br>2021<br>截至<br>二零二一年<br>六月三十日<br>六個月期間<br>(Unaudited)<br>(未經審計) |
|---|----------------------------|--|---|
|   | <i>Note</i><br><i>附註</i>   |  |   |
| Sub-total of cash inflows from financing activities                             | 籌資活動現金流入小計                 | <b>19,711,638</b>  | 44,476,380  |
| Cash paid for repayment of debts  | 償還債務支付的現金                  | <b>23,418,888</b>  | 31,074,093  |
| Cash payments for distribution of dividends, profits or interest expenses       | 分配股利、利潤或償付利息支付的現金          | <b>736,927</b>   | 1,254,811   |
| Including: Interest paid for other equity instruments                           | 其中：支付的其他權益工具利息             | —  | 61,600  |
| Cash paid for redemption of perpetual bonds                                     | 贖回永續債支付的現金                 | —  | 1,100,000   |
| Cash paid relating to other financing activities                                | 支付其他與籌資活動有關的現金             | <b>4,558,149</b>   | 407,953   |
| Sub-total of cash outflows from financing activities                            | 籌資活動現金流出小計                 | <b>28,713,964</b>  | 33,836,857  |
| Net cash flows (used in)/from financing activities                              | 籌資活動(使用)/產生的現金流量淨額         | <b>(9,002,326)</b>   | 10,639,523  |
| <b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b> | <b>四、匯率變動對現金及現金等價物的影響</b>  | <b>141,750</b>   | 16,261  |
| <b>V. Net (decrease)/increase in cash and cash equivalents</b>                  | <b>五、現金及現金等價物淨(減少)/增加額</b> | <b>(8,482,974)</b>   | 7,413,801   |
| Add: cash and cash equivalents at the beginning of the Period                   | 加：期初現金及現金等價物餘額             | <b>49,819,860</b>  | 13,738,498  |
| <b>VI. Cash and cash equivalents at the end of the Period</b>                   | <b>六、期末現金及現金等價物餘額</b>      | <b>41,336,886</b>  | 21,152,299  |

The accompanying notes form an integral part of these financial statements.

後附財務報表附註為本財務報表的組成部分。

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 1. CORPORATE INFORMATION

BYD Company Limited (the “Company”) is a joint stock limited company registered in the People’s Republic of China (the “PRC”). The Company’s H shares have been listed on The Stock Exchange of Hong Kong Limited since 31 July 2002. The registered office of the Company is located at Yan An Road, Kuichong, Dapeng District, Shenzhen, Guangdong Province, the PRC.

### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the “Accounting Standards for Business Enterprises- Basic Standard” issued by the Ministry of Finance and the specific accounting standards, application guidelines, interpretations and other relevant regulations issued and revised thereafter (collectively known as the “ASBE”).

The financial statements are prepared on going concern basis. As at 30 June 2022, the Group had net current liabilities of RMB35,361,420 thousand. In view of such circumstances, the management of the Company has given consideration to the future liquidity and financial resources available to the Group, which mainly include the net cash flows generated from the Group’s operating activities and sufficient financial credit facilities, in assessing whether the Group will have sufficient financial resources to continue as a going concern. Therefore, the management of the Company is of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

### 1. 公司資料

比亞迪股份有限公司(「本公司」)是在中華人民共和國(「中國」)登記的股份有限公司。本公司的H股自二零零二年七月三十一日起在香港聯合交易所有限公司上市。本公司的註冊辦事處位於中國廣東省深圳市大鵬新區葵涌鎮延安路。

### 2. 編製基礎

本財務報表按照財政部頒佈的《企業會計準則－基本準則》以及其後頒佈及修訂的具體會計準則、應用指南、解釋以及其他相關規定(統稱「企業會計準則」)編製。

本財務報表以持續經營為基礎列報。截至二零二二年六月三十日，本集團淨流動負債為人民幣35,361,420千元，鑑於這種情況，本公司管理層在評估本集團是否具備足夠財務資源以持續經營時，已考慮本集團的未來流動資金狀況以及可動用的財務資源，主要包括本集團經營活動產生的現金流量淨額和擁有充足的金融信貸額度，不會因營運資金的短缺而面臨有關持續經營方面的問題，因此，本公司管理層認為以持續經營為基礎編製本財務報表是適當的。

# Notes to Financial Statements

## 財務報表附註

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### 3. CHANGES IN ACCOUNTING POLICIES

The Group, as a lessee, has accounted for all lease-related rent concessions in previous years in accordance with the simplified method under the “Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic”. According to the Notice on the Relevant Issues Concerning the Application of the Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic issued in May 2022, the Company continued to adopt a simplified method for rent concessions similar to leases.

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” published by the Hong Kong Stock Exchange on 10 December 2010 and effective from 15 December 2010 and the relevant amendments to the Listing Rules, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with the China Accounting Standards for Business Enterprises, and Mainland audit firms approved by the Ministry of Finance of the People’s Republic of China and the China Securities Regulatory Commission (the “Approved Mainland Audit Firms”) are eligible to provide auditing services to these issuers using the China Accounting Standards for Business Enterprises. In view of the above and given that the financial statements of the Company prepared in accordance with the CASBE are basically the same as the financial statements prepared in accordance with the HKFRS, at the 20th meeting of the seventh session of the Board held on 29 March 2022, the Board has resolved to prepare only one set of financial statements in accordance with the CASBE for each future financial reporting period commencing from the financial year of 2022. The relevant resolutions were approved by way of ordinary resolutions at the annual general meeting held on 8 June 2022. The Company believes that such adjustment is in compliance with the applicable laws, regulations, regulatory documents and the Articles of Association of the Company, and will not have a material impact on the operating results or financial position of the Company.

### 3. 會計政策變更

本集團作為承租人，於以前年度對所有租賃相關的，符合《新冠肺炎疫情相關租金減讓會計處理規定》條件的租金減讓，按照簡化方法進行會計處理。本期根據二零二二年五月發佈的《關於適用〈新冠肺炎疫情相關租金減讓會計處理規定〉相關問題的通知》，繼續對類似租賃符合條件的租金減讓採用簡化方法。

根據香港聯交所於二零一零年十二月十日刊發，並於二零一零年十二月十五日起生效的《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》及上市規則的相關修訂，在香港上市的內地註冊成立的發行人獲准許採用中國企業會計準則編製其財務報表，而經中華人民共和國財政部及中國證券監督管理委員會核准的內地會計師事務所（「核准內地會計師事務所」）有資格採用中國企業會計準則向該等發行人提供審計服務。鑑於上述情況，以及按照中國企業會計準則編製的本公司財務報表與按照香港財務報告準則編製的財務報表基本一致，於二零二二年三月二十九日舉行的第七屆董事會第二十次會議上，董事會已決議自二零二二年的財務年度開始，於每個未來的財務報告期僅按照中國企業會計準則編製一套財務報表。有關決議已於二零二二年六月八日舉行的股東週年大會上以普通決議案方式獲得批准。本公司認為，該調整符合適用的法律、法規、規範文件及本公司的公司章程，且將不會對本公司的經營業績或財務狀況產生重大影響。

# Notes to Financial Statements

## 財務報表附註

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### 3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

On 29 March 2022, the Board also resolved to (1) cease to appoint Ernst & Young as the international auditor of the Company; and (2) the appointment of Ernst & Young Hua Ming LLP (being the Company's existing domestic auditor and one of the approved domestic accounting firms) as the Company's sole external auditor (the "Proposed Cessation of Appointment of International Auditor") for the preparation of the Company's financial statements in accordance with CASBE. The relevant resolutions were approved by way of ordinary resolutions at the annual general meeting held on 8 June 2022. Ernst & Young has confirmed that there are no circumstances in connection with the proposed cessation of appointment of international auditor that need to be brought to the attention of the Shareholders. The Board and the audit committee of the Company confirmed that there is no disagreement between the Company, the audit committee of the Company and Ernst & Young regarding the proposed cessation of appointment of international auditor. Each of the Board and the audit committee of the Company has further confirmed that it is not aware of any matter in relation to the proposed cessation of appointment of international auditor that needs to be brought to the attention of the Shareholders.

### 4. SEGMENT REPORTING

#### Operating segment

For management purposes, the Group is organised into business units based on their products and services. Due to the growth of the electric vehicle business, the increase in correlation between the main business of rechargeable batteries and the electric vehicle business during the Period, the management decided to consolidate the rechargeable batteries and photovoltaic segment with the automobile, automobile-related products and other products segment for the Period. The segment information for the same period of last year was restated on the basis of the current Period. The Group currently has two reportable segments as follows:

- a) the mobile handset components, assembly service and other products segment comprises the manufacture and sale of mobile handset components such as housings, electronic components, the provision of assembly services and medical protection products income.

### 3. 會計政策變更(續)

於二零二二年三月二十九日，董事會亦決議(1)不再委聘安永會計師事務所為本公司國際核數師；及(2)委聘安永華明會計師事務所(特殊普通合夥)(為本公司現有國內核數師及核准內地會計師事務所之一)作為本公司唯一外部核數師(「建議不再委聘國際核數師」)，以便本公司根據中國企業會計準則編製財務報表。有關決議已於二零二二年六月八日舉行的股東週年大會上以普通決議案方式獲得批准。安永會計師事務所已確認概無有關建議不再委聘國際核數師的情況須提請股東垂注。董事會及本公司審核委員會確認，本公司、本公司審核委員會與安永會計師事務所概無有關建議不再委聘國際核數師的意見分歧。董事會及本公司審核委員會各自已進一步確認，並不知悉有關建議不再委聘國際核數師的任何事宜須提請股東垂注。

### 4. 分部報告

#### 經營分部

出於管理目的，本集團根據產品和服務劃分業務單元。電動汽車業務的增長，本期二次充電電池主要業務和電動汽車業務關聯度增加，管理層決定本期將二次充電電池及光伏分部與汽車、汽車相關產品及其他產品分部合併列示，上年同期的報告分部信息按本期口徑進行重述。本集團目前有二個報告分部，分別如下：

- a) 手機部件、組裝及其他產品分部包括製造和銷售外殼等手機及電子產品部件並提供整機組裝服務，防疫物資產品收入。

# Notes to Financial Statements

## 財務報表附註

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### 4. SEGMENT REPORTING (CONTINUED)

#### Operating segment (continued)

- b) the automobiles and related products and other products segment comprises the manufacture and sale of automobiles and auto-related molds and components and automobile leasing and after sales services, automobile power batteries, lithium-ion batteries, photovoltaic products and iron battery products, rail transport related business and medical protection products income.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit. The adjusted profit before tax is measured consistently with the Group's profit before tax except that gains or losses arising from changes in fair value, finance costs (excluding interest expenses on lease liabilities and exchange gains or losses), non-operating income, other income, losses on disposal of assets, non-operating expenses, investment income (excluding investment income from associates and joint ventures), income from sales of properties and the corresponding costs, as well as administrative expenses incurred by the Company as the Group's head quarter are excluded from such measurement.

Segment assets exclude deferred tax assets, goodwill, financial assets held for trading, other equity instrument investments, other non-current financial assets, investment properties and assets occupied by the Company as the Group's head quarter as these assets are managed on a group basis.

Segment liabilities exclude deferred income tax liabilities, tax payable, other current liabilities, other non-current liabilities, short-term borrowings, long-term borrowings, bonds payable, interest payable and dividends payable in other payables, financial liabilities held for trading and liabilities assumed by the Company as the Group's headquarter as these liabilities are managed on a group basis.

### 4. 分部報告(續)

#### 經營分部(續)

- b) 汽車、汽車相關產品及其他產品分部包括製造和銷售汽車、汽車相關的模具及零部件、汽車租賃和汽車的售後服務、汽車動力電池、鋰離子電池、光伏產品以及鐵電池產品、軌道交通及其相關業務及防疫物資產品收入。

管理層出於配置資源和評價業績的決策目的，對各業務單元的經營成果分開進行管理。分部業績以報告的分部利潤為基礎進行評價。該指標系對利潤總額進行調整後的指標，除不包括公允價值變動損益、財務費用（除租賃負債利息支出和匯兌損益）、營業外收入、其他收益、資產處置損失、營業外支出、投資收益（除對聯營企業和合營企業的投資收益外）、銷售房產收入和對應的成本以及本公司作為集團總部發生的管理費用之外，該指標與本集團利潤總額是一致的。

分部資產不包括遞延所得稅資產、商譽、交易性金融資產、其他權益工具投資、其他非流動金融資產、投資性房地產和本公司作為集團總部佔用的資產，原因在於這些資產均由本集團統一管理。

分部負債不包括遞延所得稅負債、應交稅費、其他流動負債、其他非流動負債、短期借款、長期借款、應付債券、其他應付款中的應付利息和應付股利、交易性金融負債和本公司作為集團總部而負擔的負債，原因在於這些負債均由本集團統一管理。

# Notes to Financial Statements

## 財務報表附註

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### 4. SEGMENT REPORTING (CONTINUED)

#### Operating segment (continued)

Transfer pricing in operating segments is determined with reference to the agreed price among operating segments.

### 4. 分部報告(續)

#### 經營分部(續)

經營分部間的轉移定價，按照經營分部間的協議價格制定。

| For the six months ended 30 June 2022<br>(unaudited)          | 截至二零二二年六月三十日<br>止六個月期間(未經審計)   | Mobile<br>handset<br>components,<br>assembly<br>service and<br>other products<br>手機部件、<br>組裝及<br>其他產品 | Automobiles<br>and related<br>products and<br>other products<br>汽車、<br>汽車相關產品<br>及其他產品 | Adjustments<br>and<br>eliminations<br>調整和抵銷 | Total<br>合計        |
|---|--------------------------------|---|--|---|--------------------|
| Revenue from external trading                                 | 對外交易收入                         | 41,069,650  | 109,267,418  | 270,184                                     | 150,607,252        |
| Revenue from inter-segment trading                            | 分部間交易收入                        | 2,915,152   | 1,865,967  | (4,781,119)                                 | -                  |
| <b>Total</b>  | <b>合計</b>                      | <b>43,984,802</b>   | <b>111,133,385</b>   | <b>(4,510,935)</b>                          | <b>150,607,252</b> |
| Capital expenditure   | 資本性支出                          | 2,275,406   | 37,751,788   | -   | 40,027,194         |
| Total profit/(losses)   | 利潤/(虧損)總額                      | 674,802   | 3,856,265  | 110,414                                     | 4,641,481          |
| Income tax expense  | 所得稅費用                          | 56,114  | 569,730  | 82,501                                      | 708,345            |
| Depreciation and amortization                                 | 折舊和攤銷                          | 1,554,151   | 7,601,059  | -   | 9,155,210          |
| Share of losses of joint ventures and associates              | 對合營聯營企業的投資損失                   | -   | 404,634  | -   | 404,634            |
| <b>As at 30 June 2022<br/>(Unaudited)</b>                     | <b>截至二零二二年六月三十日<br/>(未經審計)</b> |   |  |   |                    |
| Total assets  | 資產總額                           | 42,792,478  | 282,791,738  | 20,358,665                                  | 345,942,881        |
| Long-term equity investments in joint ventures and associates | 對合營和聯營企業的長期股權投資                | -   | 8,426,666  | -   | 8,426,666          |
| Total liabilities   | 負債總額                           | 19,696,589  | 186,465,086  | 33,540,940                                  | 239,702,615        |



# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
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### 4. SEGMENT REPORTING (CONTINUED)

#### Operating segment (continued)

|   |                                 | Mobile handset components, assembly service and other products<br>手機部件、組裝及其他產品 | Automobiles and related products and other products<br>汽車、汽車相關產品及其他產品 | Adjustments and eliminations<br>調整和抵銷 | Total<br>合計       |
|---|---------------------------------|--|---|---------------------------------------|-------------------|
| <b>For the six months ended 30 June 2021 (unaudited)</b>      | <b>截至二零二一年六月三十日止六個月期間(未經審計)</b> |  |   |                                       |                   |
| Revenue from external trading                                 | 對外交易收入                          | 43,132,455   | 47,443,742  | 309,203                               | 90,885,400        |
| Revenue from inter-segment trading                            | 分部間交易收入                         | 1,318,815  | 1,438,584   | (2,757,399)                           | -                 |
| <b>Total</b>  | <b>合計</b>                       | <b>44,451,270</b>  | <b>48,882,326</b>   | <b>(2,448,196)</b>                    | <b>90,885,400</b> |
| Capital expenditure   | 資本性支出                           | 2,589,672  | 8,542,858   | -                                     | 11,132,530        |
| Total profit/(losses)   | 利潤/(虧損)總額                       | 1,245,187  | 1,718,703   | (759,775)                             | 2,204,115         |
| Income tax expense  | 所得稅費用                           | 111,419  | 282,350   | (425)                                 | 393,344           |
| Depreciation and amortization                                 | 折舊和攤銷                           | 1,292,294  | 5,103,691   | -                                     | 6,395,985         |
| Share of losses of joint ventures and associates              | 對合營聯營企業的投資損失                    | -  | 78,358  | -                                     | 78,358            |
| <b>As at 31 December 2021 (audited)</b>                       | <b>截至二零二一年十二月三十一日(經審計)</b>      |  |   |                                       |                   |
| Total assets  | 資產總額                            | 43,371,219   | 238,336,286   | 14,072,642                            | 295,780,147       |
| Long-term equity investments in joint ventures and associates | 對合營和聯營企業的長期股權投資                 | -  | 7,905,001   | -                                     | 7,905,001         |
| Total liabilities   | 負債總額                            | 18,884,526   | 134,684,981   | 37,966,431                            | 191,535,938       |

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
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### 4. SEGMENT REPORTING (CONTINUED)

#### Other information

*Geographical information*

Operating revenue

### 4. 分部報告(續)

其他信息

地區信息

營業收入

|   |             | <b>For the<br/>six months<br/>ended<br/>30 June 2022</b><br>截至<br>二零二二年<br>六月三十日<br>六個月期間<br><b>(Unaudited)</b><br>(未經審計) | For the<br>six months<br>ended<br>30 June 2021         |
|---|-------------|---|--|
|   |             |   | 截至<br>二零二一年<br>六月三十日<br>六個月期間<br>(Unaudited)<br>(未經審計) |
| PRC (including Hong Kong, Macau and Taiwan) | 中國(包括港澳台地區) | <b>117,224,189</b>  | 61,455,046   |
| Overseas                                    | 境外          | <b>33,383,063</b>   | 29,430,354   |
|   |             | <b>150,607,252</b>  | 90,885,400   |

Revenue from external transactions is attributed to the location of customers.

對外交易收入歸屬於客戶所處區域。

Total non-current assets

非流動資產總額

|   |             | <b>30 June<br/>2022</b><br>二零二二年<br>六月三十日<br><b>(Unaudited)</b><br>(未經審計) | 31 December<br>2021                    |
|---|-------------|---|--|
|   |             |   | 二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
| PRC (including Hong Kong, Macau and Taiwan) | 中國(包括港澳台地區) | <b>152,289,849</b>  | 121,102,905                            |
| Overseas                                    | 境外          | <b>2,605,477</b>  | 2,269,957                              |
|   |             | <b>154,895,326</b>  | 123,372,862                            |

Non-current assets exclude goodwill, other equity instrument investments, other non-current financial assets, long-term receivables and deferred income tax assets attributed to the region where the assets are located.

非流動資產歸屬於該資產所處區域，不包括商譽、其他權益工具投資、其他非流動金融資產、長期應收款和遞延所得稅資產。

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
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### 4. SEGMENT REPORTING (CONTINUED)

#### Other information (continued)

##### Information about major customers

For the six months ended 30 June 2022, operating revenue of RMB17,888,497 thousand (for the six months ended 30 June 2021: RMB16,274,008 thousand) was derived from sales by the handset components, assembly services and other products segment to a single customer.

### 5. REVENUE AND COST OF OPERATING

|                                   |        | For the six months ended<br>30 June 2022<br>截至二零二二年六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計) |                    | For the six months ended<br>30 June 2021<br>截至二零二一年六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計) |            |
|-----------------------------------|--------|---|--------------------|---|------------|
|                                   |        | REVENUE<br>收入   | COST<br>成本         | REVENUE<br>收入   | COST<br>成本 |
| Revenue from principal operations | 主營業務收入 | 146,774,501   | 127,333,625        | 87,780,769  | 77,344,502 |
| Other operating revenue           | 其他業務收入 | 3,832,751   | 2,931,853          | 3,104,631   | 1,940,416  |
|                                   |        | <b>150,607,252</b>  | <b>130,265,478</b> | 90,885,400  | 79,284,918 |

Operating Revenue is as follows:

營業收入列示如下：

|   |           | For the<br>six months<br>ended<br>30 June 2022<br>截至<br>二零二二年<br>六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計) | For the<br>six months<br>ended<br>30 June 2021<br>截至<br>二零二一年<br>六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計) |
|---|-----------|---|---|
| Sale of goods and construction services | 銷售商品及建造服務 | 150,395,902   | 90,204,744  |
| Rendering of services                   | 提供服務      | 211,350   | 680,656   |
|   |           | <b>150,607,252</b>  | 90,885,400  |

### 4. 分部報告(續)

#### 其他信息(續)

##### 主要客戶信息

截至二零二二年六月三十日止六個月期間，營業收入人民幣17,888,497千元(截至二零二一年六月三十日止六個月期間：人民幣16,274,008千元)來自手機部件、組裝及其他產品等分部對某一單個客戶的收入。

### 5. 營業收入及成本

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### 5. REVENUE AND COST OF OPERATING (CONTINUED) 5. 營業收入及成本(續)

Disaggregation of revenue from contracts with customers is as follows:

與客戶之間合同產生的營業收入分解情況如下：

| January to June 2022 (Unaudited)<br>Reportable segments | 二零二二年一至六月(未經審計)<br>報告分部 | Mobile handset components, assembly service and other products*<br>手機部件、組裝及其他產品* | Automobiles and related products, and other products*<br>汽車、汽車相關產品及其他產品* | Others<br>其他 | Total<br>合計 |
|---|-------------------------|--|--|--------------|-------------|
| Principal place of operation                            | 主要經營地區                  |  |  |              |             |
| PRC (including Hong Kong, Macau and Taiwan)             | 中國(包括港澳台地區)             | 15,062,768   | 101,891,237  | 270,184      | 117,224,189 |
| Overseas  | 境外                      | 26,006,882   | 7,376,181  | -            | 33,383,063  |
|   |                         | 41,069,650   | 109,267,418  | 270,184      | 150,607,252 |
| Major product types                                     | 主要產品類型                  |  |  |              |             |
| Sales of goods and construction services                | 銷售商品及建造服務               | 41,003,536   | 109,122,959  | 269,407      | 150,395,902 |
| Rendering of services                                   | 提供服務                    | 66,114   | 144,459  | 777          | 211,350     |
|   |                         | 41,069,650   | 109,267,418  | 270,184      | 150,607,252 |
| Timing of revenue recognition                           | 收入確認時間                  |  |  |              |             |
| Goods transferred at a point in time                    | 在某一點點確認收入               | 41,003,536   | 108,532,875  | 268,788      | 149,805,199 |
| Service transferred over time                           | 在某一段內確認收入               | 66,114   | 734,543  | 1,396        | 802,053     |
|   |                         | 41,069,650   | 109,267,418  | 270,184      | 150,607,252 |

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### 5. REVENUE AND COST OF OPERATING (CONTINUED) 5. 營業收入及成本(續)

Disaggregation of revenue from contracts with customers is as follows (continued):

與客戶之間合同產生的營業收入分解情況如下(續):

| January to June 2021 (Unaudited)<br>Reportable segments | 二零二一年一至六月(未經審計)<br>報告分部 | Mobile handset components, assembly service and other products*<br>手機部件、組裝及其他產品* | Automobiles and related products, and other products*<br>汽車、汽車相關產品及其他產品* | Others<br>其他 | Total<br>合計 |
|---|-------------------------|--|--|--------------|-------------|
| Principal place of operation                            | 主要經營地區                  |  |  |              |             |
| PRC (including Hong Kong, Macau and Taiwan)             | 中國(包括港澳台地區)             | 22,292,252   | 38,853,591   | 309,203      | 61,455,046  |
| Overseas  | 境外                      | 20,840,203   | 8,590,151  | -            | 29,430,354  |
|   |                         | 43,132,455   | 47,443,742   | 309,203      | 90,885,400  |
| Major product types                                     | 主要產品類型                  |  |  |              |             |
| Sales of goods and construction services                | 銷售商品及建造服務               | 43,021,944   | 46,873,876   | 308,924      | 90,204,744  |
| Rendering of services                                   | 提供服務                    | 110,511  | 569,866  | 279          | 680,656     |
|   |                         | 43,132,455   | 47,443,742   | 309,203      | 90,885,400  |
| Timing of revenue recognition                           | 收入確認時間                  |  |  |              |             |
| Goods transferred at a point in time                    | 在某一點點確認收入               | 43,021,944   | 46,319,000   | 308,924      | 89,649,868  |
| Service transferred over time                           | 在某一時段內確認收入              | 110,511  | 1,124,742  | 279          | 1,235,532   |
|   |                         | 43,132,455   | 47,443,742   | 309,203      | 90,885,400  |

\* Sales of medical protection products are included in the sales of mobile handset components, assembly service and other products and automobiles and related products and other products.

\* 手機部件、組裝及其他產品和汽車、汽車相關產品及其他產品的收入金額包括防疫物資產品。

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### 5. REVENUE AND COST OF OPERATING (CONTINUED)

#### Sales of goods

Performing obligations is satisfied when delivering goods to customers. Some contract customers are entitled to rebates, which require estimation of variable consideration and consideration of constraint on the amount of variable consideration.

#### Construction services

The performance obligation is satisfied over time as services are rendered and are billed based on construction progress. The customers usually retain a certain percentage of the retention money, which is usually paid after the expiration of the warranty period.

#### Rendering of services

The performance obligation is satisfied over time as services are rendered and the settlement of the contract price is subject to the agreement in the contract.

### 6. INCOME TAX EXPENSES

### 5. 營業收入及成本(續)

#### 銷售商品

向客戶交付商品時履行履約義務。部分合同客戶有權享受返利，因此需要估計可變對價並考慮可變對價金額的限制。

#### 建造服務

在提供服務的時間內履行履約義務，合同價款通常隨工程進度支付。通常客戶保留一定比例的質保金，質保金通常在質保期滿後支付。

#### 提供服務

在提供服務的時間內履行履約義務，合同價款結算以合同約定為準。

### 6. 所得稅費用

|                              |         | For the<br>six months<br>ended<br>30 June 2022<br>截至<br>二零二二年<br>六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計) | For the<br>six months<br>ended<br>30 June 2021<br>截至<br>二零二一年<br>六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計) |
|------------------------------|---------|---|---|
| Current income tax expenses  | 當期所得稅費用 | 1,149,820   | 290,311   |
| Deferred income tax expenses | 遞延所得稅費用 | (441,475)   | 103,033   |
|                              |         | <b>708,345</b>  | 393,344   |

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### 6. INCOME TAX EXPENSES (CONTINUED)

The relationship between income tax and total profit is as follows:

### 6. 所得稅費用(續)

所得稅費用與利潤總額的關係列示如下：

|  |                    | <b>For the<br/>six months<br/>ended<br/>30 June 2022<br/>截至<br/>二零二二年<br/>六月三十日止<br/>六個月期間<br/>(Unaudited)<br/>(未經審計)</b> | For the<br>six months<br>ended<br>30 June 2021<br>截至<br>二零二一年<br>六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計) |
|--|--------------------|---|---|
| Total profit   | 利潤總額               | <b>4,641,481</b>  | 2,204,115   |
| Income tax at the statutory tax rate (Note 1)  | 按法定稅率計算的所得稅(註1)    | <b>1,160,370</b>  | 551,029   |
| Effect of different tax rates applicable to certain subsidiaries                                   | 某些子公司適用不同稅率的影響     | <b>(422,542)</b>  | (223,945)   |
| Profit or loss attributable to joint ventures and associates                                       | 歸屬於合營企業和聯營企業的損益    | <b>24,056</b>   | 20,156  |
| Non-deductible expenses  | 不可抵扣的費用            | <b>(34,461)</b>   | 13,411  |
| Tax losses and temporary differences not recognised  | 未確認的稅務虧損及暫時性差異     | <b>988,442</b>  | 545,868   |
| Deductible tax losses utilised from previous years   | 利用以前年度可抵扣虧損        | <b>(397,667)</b>  | (174,815)   |
| Effect of changes in tax rate on the balance of deferred income tax at the beginning of the Period | 稅率變動時對期初遞延所得稅餘額的影響 | <b>2,598</b>  | -   |
| Super-deduction of research and development expenses   | 研發費加計扣除            | <b>(612,451)</b>  | (338,360)   |
| Income tax charge at the Group's effective tax rate  | 按本集團實際稅率計算的所得稅費用   | <b>708,345</b>  | 393,344   |

Note 1: The Group's income tax has been provided at the statutory rate based on the estimated taxable profits arising in the PRC.

註1：本集團所得稅按在中國境內取得的估計應納稅所得額及法定稅率計提。

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### 7. DIVIDENDS

### 7. 股息

|   |   | <b>For the<br/>six months<br/>ended<br/>30 June 2022<br/>截至<br/>二零二二年<br/>六月三十日止<br/>六個月期間<br/>Unaudited<br/>(未經審計)</b> | For the<br>six months<br>ended<br>30 June 2021<br>截至<br>二零二一年<br>六月三十日止<br>六個月期間<br>Unaudited<br>(未經審計) |
|---|---|---|---|
| Final dividend declared – RMB0.105<br>(2021: RMB0.148) per ordinary share | 已宣派末期 – 每股普通股<br>人民幣0.105元<br>(二零二一年：人民幣0.148元) | <b>305,670</b>  | 423,449   |

### 8. EARNINGS PER SHARE FOR ORDINARY SHAREHOLDERS OF THE COMPANY

### 8. 本公司普通股股東每股收益

|   |                | <b>For the<br/>six months<br/>ended<br/>30 June 2022<br/>截至<br/>二零二二年<br/>六月三十日止<br/>六個月期間<br/>(Unaudited)<br/>(未經審計)<br/>RMB/share<br/>人民幣元／股</b> | For the<br>six months<br>ended<br>30 June 2021<br>截至<br>二零二一年<br>六月三十日止<br>六個月期間<br>(Unaudited)<br>(未經審計)<br>RMB/share<br>人民幣元／股 |
|---|----------------|--|--|
| Basic earnings per share<br>Continuing operations   | 基本每股收益<br>持續經營 | <b>1.24</b>  | 0.41   |
| Diluted earnings per share<br>Continuing operations | 稀釋每股收益<br>持續經營 | <b>1.24</b>  | 0.41   |

Basic earnings per share is calculated by dividing the net profit for the Period attributable to ordinary shareholders of the Company, less distribution to holders of other equity instruments by the weighted average number of ordinary shares outstanding. The number of newly issued ordinary shares shall be calculated and determined from the date of consideration receivable (generally the date of share issuance) according to the specific terms of the issuance contract.

基本每股收益按照屬於本公司普通股股東的當期淨利潤，減去對其他權益工具持有者的分配，除以發行在外的普通股的加權平均數計算。新發行普通股股數，根據發行合同的具體條款，從應收對價之日（一般為股票發行日）起計算確定。



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### 8. EARNINGS PER SHARE FOR ORDINARY SHAREHOLDERS OF THE COMPANY (CONTINUED)

The calculations of basic and diluted earnings per share are based on:

### 8. 本公司普通股股東每股收益(續)

基本與稀釋每股收益的具體計算如下：

|  |                      | <b>For the<br/>six months<br/>ended<br/>30 June 2022<br/>截至<br/>二零二二年<br/>六月三十日<br/>止六個月期間<br/>(Unaudited)<br/>(未經審計)</b> | For the<br>six months<br>ended<br>30 June 2021<br>截至<br>二零二一年<br>六月三十日<br>止六個月期間<br>(Unaudited)<br>(未經審計) |
|--|----------------------|---|---|
| <b>Revenue</b>   | <b>收益</b>            |   |   |
| Net profit for the Period attributable to ordinary shareholders of the Company | 歸屬於本公司普通股股東的當期淨利潤    | <b>3,595,279</b>  | 1,173,571   |
| Less: Interest paid to other equity instrument holders for the Period          | 減去：支付其他權益工具持有者的本期利息  | —   | 19,274  |
| Net profit for the Period for calculating basic earnings per share             | 用以計算基本每股收益的當期淨利潤     | <b>3,595,279</b>  | 1,154,297   |
| <b>Shares</b>  | <b>股份</b>            |   |   |
| Weighted average number of ordinary shares in issue (thousands)                | 本公司發行在外普通股的加權平均數(千股) | <b>2,910,225</b>  | 2,838,976   |
| Basic/diluted earnings per share   | 基本／稀釋每股收益            | <b>1.24</b>   | 0.41  |

The Company has no dilutive potential ordinary shares.

本公司無稀釋性潛在普通股。

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### 9. TRADE RECEIVABLES

The credit terms offered to the major customers of the Group are generally 30 to 360 days. Trade receivables are non-interest-bearing.

The ageing analysis of trade receivables is as follows:

|  |            | <b>30 June<br/>2022</b><br>二零二二年<br>六月三十日<br><b>(Unaudited)</b><br>(未經審計) | December 31<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|--|------------|---|---|
| Within 1 year                                      | 1年以內       | <b>25,617,352</b>   | 21,583,182  |
| 1 to 2 years                                       | 1年至2年      | <b>6,889,584</b>  | 8,459,056   |
| 2 to 3 years                                       | 2年至3年      | <b>4,086,186</b>  | 5,184,146   |
| Over 3 years                                       | 3年以上       | <b>2,910,035</b>  | 3,179,295   |
| Total  | 合計         | <b>39,503,157</b>   | 38,405,679  |
| Less: Provision for bad debts of trade receivables | 減：應收賬款壞賬準備 | <b>2,339,762</b>  | 2,154,399   |
|  |            | <b>37,163,395</b>   | 36,251,280  |

The subsidies of new energy automobiles sales are included in the above trade receivables.

### 9. 應收賬款

本集團提供給主要客戶的信用期通常為30天至360天。應收賬款並不計息。

應收賬款的賬齡分析如下：

上述應收賬款含應收新能源汽車補貼款。

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### 9. TRADE RECEIVABLES (CONTINUED)

### 9. 應收賬款(續)

|   |                       | 30 June 2022 (Unaudited)<br>二零二二年六月三十日(未經審計) |                |                     |                             |
|---|-----------------------|--|----------------|---------------------|-----------------------------|
|   |                       | Book balance                                 | Percentage (%) | Amount of bad debts | Percentage of provision (%) |
|   |                       | 賬面餘額   | 比例(%)          | 壞賬金額                | 計提比例(%)                     |
| Individually assessed expected credit losses provision for bad debts                      | 單項評估預期信用損失計提壞賬準備      | 1,016,030                                    | 2.57           | 990,193             | 97.46                       |
| Provision for bad debts based on expected credit losses assessed by credit risk portfolio | 按信用風險組合評估預期信用損失計提壞賬準備 | 38,487,127                                   | 97.43          | 1,349,569           | 3.51                        |
|   |                       | <b>39,503,157</b>                            | <b>100.00</b>  | <b>2,339,762</b>    |                             |

|   |                       | 31 December 2021 (audited)<br>二零二一年十二月三十一日(經審計) |                |                     |                             |
|---|-----------------------|---|----------------|---------------------|-----------------------------|
|   |                       | Book balance                                    | Percentage (%) | Amount of bad debts | Percentage of provision (%) |
|   |                       | 賬面餘額  | 比例(%)          | 壞賬金額                | 計提比例(%)                     |
| Individually assessed expected credit losses provision for bad debts                      | 單項評估預期信用損失計提壞賬準備      | 959,403   | 2.50           | 958,328             | 99.89                       |
| Provision for bad debts based on expected credit losses assessed by credit risk portfolio | 按信用風險組合評估預期信用損失計提壞賬準備 | 37,446,276                                      | 97.50          | 1,196,071           | 3.19                        |
|   |                       | 38,405,679                                      | 100.00         | 2,154,399           |                             |

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### 9. TRADE RECEIVABLES (CONTINUED)

The Group's trade receivables with provision for bad debts based on credit risk portfolio are as follows:

#### New energy business

|                           |           | 30 June 2022 (Unaudited)<br>二零二二年六月三十日 (未經審計)             |   |   |
|---------------------------|-----------|---|---|---|
|                           |           | Book  |   |   |
|                           |           | balance of<br>estimated<br>default<br>估計發生<br>違約的<br>賬面餘額 | Expected<br>credit loss<br>rate (%)<br>預期信用<br>損失率(%) | Credit loss<br>throughout<br>the lifetime<br>整個存續<br>期間信用損失 |
| Within 1 year (inclusive) | 1年以內(含1年) | 14,127,301  | 2.08  | 293,286   |
| 1-2 years (inclusive)     | 1-2年(含2年) | 6,694,249   | 2.81  | 188,241   |
| 2-3 years (inclusive)     | 2-3年(含3年) | 3,999,715   | 3.44  | 137,765   |
| 3-4 years (inclusive)     | 3-4年(含4年) | 1,048,160   | 9.08  | 95,201  |
| 4-5 years (inclusive)     | 4-5年(含5年) | 680,042   | 33.78   | 229,730   |
| Over 5 years              | 5年以上      | 64,793  | 100.00  | 64,793  |
|                           |           | <b>26,614,260</b>   |   | <b>1,009,016</b>  |

Note: New energy business includes new energy subsidies

#### Non-new energy business

|                          |           | 30 June 2022 (Unaudited)<br>二零二二年六月三十日 (未經審計)             |   |   |
|--------------------------|-----------|---|---|---|
|                          |           | Book  |   |   |
|                          |           | balance of<br>estimated<br>default<br>估計發生<br>違約的<br>賬面餘額 | Expected<br>credit loss<br>rate (%)<br>預期信用<br>損失率(%) | Credit loss<br>throughout<br>the lifetime<br>整個存續<br>期間信用損失 |
| Within 1 year(inclusive) | 1年以內(含1年) | 11,493,068  | 0.55  | 63,004  |
| Over 1 year              | 1年以上      | 379,799   | 73.08   | 277,549   |
|                          |           | <b>11,872,867</b>   |   | <b>340,553</b>  |

### 9. 應收賬款(續)

本集團按信用風險組合計提壞賬準備的應收賬款情況如下：

#### 新能源業務

|                           |           | 30 June 2022 (Unaudited)<br>二零二二年六月三十日 (未經審計)             |   |   |
|---------------------------|-----------|---|---|---|
|                           |           | Book  |   |   |
|                           |           | balance of<br>estimated<br>default<br>估計發生<br>違約的<br>賬面餘額 | Expected<br>credit loss<br>rate (%)<br>預期信用<br>損失率(%) | Credit loss<br>throughout<br>the lifetime<br>整個存續<br>期間信用損失 |
| Within 1 year (inclusive) | 1年以內(含1年) | 14,127,301  | 2.08  | 293,286   |
| 1-2 years (inclusive)     | 1-2年(含2年) | 6,694,249   | 2.81  | 188,241   |
| 2-3 years (inclusive)     | 2-3年(含3年) | 3,999,715   | 3.44  | 137,765   |
| 3-4 years (inclusive)     | 3-4年(含4年) | 1,048,160   | 9.08  | 95,201  |
| 4-5 years (inclusive)     | 4-5年(含5年) | 680,042   | 33.78   | 229,730   |
| Over 5 years              | 5年以上      | 64,793  | 100.00  | 64,793  |
|                           |           | <b>26,614,260</b>   |   | <b>1,009,016</b>  |

註： 新能源業務含新能源補貼款

#### 非新能源業務

|                          |           | 30 June 2022 (Unaudited)<br>二零二二年六月三十日 (未經審計)             |   |   |
|--------------------------|-----------|---|---|---|
|                          |           | Book  |   |   |
|                          |           | balance of<br>estimated<br>default<br>估計發生<br>違約的<br>賬面餘額 | Expected<br>credit loss<br>rate (%)<br>預期信用<br>損失率(%) | Credit loss<br>throughout<br>the lifetime<br>整個存續<br>期間信用損失 |
| Within 1 year(inclusive) | 1年以內(含1年) | 11,493,068  | 0.55  | 63,004  |
| Over 1 year              | 1年以上      | 379,799   | 73.08   | 277,549   |
|                          |           | <b>11,872,867</b>   |   | <b>340,553</b>  |

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### 9. TRADE RECEIVABLES (CONTINUED)

As at 30 June 2022, the individual provision made for bad debts of trade receivables is as follows:

### 9. 應收賬款(續)

於二零二二年六月三十日，單項計提壞賬準備的應收賬款情況如下：

|            |     | Book balance | Provision for bad debts | Expected credit loss rate (%) | Reason                                 |
|------------|-----|--------------|-------------------------|-------------------------------|--|
|            |     | 賬面餘額         | 壞賬準備                    | 預期信用損失率%                      | 計提理由                                   |
| Customer 1 | 客戶一 | 156,202      | 156,202                 | 100.00                        | Expected to be unrecoverable<br>預計無法收回 |
| Customer 2 | 客戶二 | 110,377      | 110,377                 | 100.00                        | Expected to be unrecoverable<br>預計無法收回 |
| Customer 3 | 客戶三 | 84,616       | 84,616                  | 100.00                        | Expected to be unrecoverable<br>預計無法收回 |
| Customer 4 | 客戶四 | 74,601       | 74,601                  | 100.00                        | Expected to be unrecoverable<br>預計無法收回 |
| Customer 5 | 客戶五 | 45,675       | 45,675                  | 100.00                        | Customer has gone bankrupt<br>客戶已破產    |
| Other      | 其他  | 544,559      | 518,722                 | 95.26                         |  |
| Total      | 合計  | 1,016,030    | 990,193                 |                               |  |

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二零二二年六月三十日  
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### 9. TRADE RECEIVABLES (CONTINUED)

As at 31 December 2021, the individual provision made for bad debts of trade receivables is as follows:

### 9. 應收賬款(續)

於二零二一年十二月三十一日，單項計提壞賬準備的應收賬款情況如下：

|              |           | Book<br>balance | Provision for<br>bad debts | Expected<br>credit loss<br>rate (%) | Reason                                 |
|--------------|-----------|-----------------|----------------------------|-------------------------------------|--|
|              |           | 賬面餘額            | 壞賬準備                       | 預期信用<br>損失率%                        | 計提理由                                   |
| Customer 1   | 客戶一       | 156,202         | 156,202                    | 100.00                              | Expected to be unrecoverable<br>預計無法收回 |
| Customer 2   | 客戶二       | 110,377         | 110,377                    | 100.00                              | Expected to be unrecoverable<br>預計無法收回 |
| Customer 3   | 客戶三       | 84,616          | 84,616                     | 100.00                              | Expected to be unrecoverable<br>預計無法收回 |
| Customer 4   | 客戶四       | 74,601          | 74,601                     | 100.00                              | Expected to be unrecoverable<br>預計無法收回 |
| Customer 5   | 客戶五       | 43,371          | 43,371                     | 100.00                              | Customer has gone bankrupt<br>客戶已破產    |
| Other        | 其他        | 490,236         | 489,161                    | 99.78                               |  |
| <b>Total</b> | <b>合計</b> | <b>959,403</b>  | <b>958,328</b>             |                                     |  |

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### 9. TRADE RECEIVABLES (CONTINUED)

The movements of provision for bad debts are as follows:

|                               |                           | Balance at<br>beginning<br>of the<br>Period/year<br>期/年<br>初餘額 | Charge<br>for the<br>Period/year<br>本期/年<br>計提 | Reversal<br>for the<br>Period/year<br>本期/年<br>轉回 | Write-off<br>during the<br>Period/year<br>本期/年<br>轉銷 | Exchange<br>differences<br>on<br>translation<br>of foreign<br>operations<br>外幣報表<br>折算差額 | Balance<br>at the end<br>of the<br>Period/year<br>期/年<br>末餘額 |
|-------------------------------|---------------------------|--|--|--|--|--|--|
| 30 June 2022<br>(Unaudited)   | 二零二二年六月三十日<br>(未經審計)      | 2,154,399  | 369,154  | (183,780)  | (824)  | 813  | 2,339,762  |
| 31 December 2021<br>(Audited) | 二零二一年<br>十二月三十一日<br>(經審計) | 2,022,239  | 659,617  | (194,928)  | (322,937)  | (9,592)  | 2,154,399  |

There was no significant change in the balance of provision for bad debts of trade receivables during the Period. (2021: There was no significant change in the balance of provision for bad debts of trade receivables during the year.)

For the Period ended 30 June 2022, there was no significant reversal or recovery of trade receivables.

In 2021, there was no significant reversal or recovery of trade receivables.

### 9. 應收賬款(續)

應收賬款壞賬準備的變動如下：

本期應收賬款壞賬準備餘額無重大變動。(二零二一年：本年應收賬款壞賬準備餘額無重大變動。)

於截至二零二二年六月三十日期間，無重大應收賬款轉回或收回情況。

於二零二一年度，無重大應收賬款轉回或收回情況。

# Notes to Financial Statements

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### 9. TRADE RECEIVABLES (CONTINUED)

In the ordinary course of business, the Group transfers part of its trade receivables to financial institutions on a non-recourse basis for short-term financing needs, and enters into non-recourse trade receivables factoring agreements (hereinafter referred to as "trade receivables factoring") with financial institutions. Under certain trade receivables factoring agreements, the Group is not required to bear the risk of default and delay in repayment of the debtors after the transfer of trade receivables and all the risks and rewards of ownership of the transferred trade receivables. The condition of derecognition of financial assets is met. The Group derecognises the trade receivables under such factoring agreements at their carrying amounts. As at 30 June 2022, the carrying amount of trade receivables transferred under the relevant factoring agreements was RMB10,799,944 thousand (31 December 2021: RMB20,227,834 thousand), and the loss related to derecognition was RMB11,267 thousand (31 December 2021: RMB88,765 thousand), which was recorded in investment loss.

As at 30 June 2022, the top five trade receivables amounts are as follows:

### 9. 應收賬款(續)

本集團在日常業務中因短期融資需求將部分應收賬款以無追索權方式轉讓予金融機構，與金融機構訂立無追索權的應收賬款保理協議(以下簡稱「應收賬款保理」)。在若干應收賬款保理協議下，本集團不需要承擔應收賬款轉讓後的債務人違約風險和延遲還款風險以及已轉移應收賬款所有權之所有的風險和報酬，符合金融資產終止確認條件，本集團對該保理協議下的應收賬款按照賬面價值終止確認。於二零二二年六月三十日相關保理協議下已轉讓的應收賬款賬面價值為人民幣10,799,944千元(二零二一年十二月三十一日：人民幣20,227,834千元)，與終止確認相關的損失為人民幣11,267千元(二零二一年十二月三十一日：人民幣88,765千元)，計入投資損失。

於二零二二年六月三十日，應收賬款金額前五名如下：

|   |             | Amount    | Provision for bad debts | Percentage of total trade receivables (%) |
|---|-------------|-----------|-------------------------|---|
|   |             | 金額        | 壞賬準備金額                  | 佔應收賬款總額的比例(%)                             |
| The largest customer in balance of trade receivables        | 應收賬款餘額第一大客戶 | 1,045,351 | 2,195                   | 2.65                                      |
| The second largest customer in balance of trade receivables | 應收賬款餘額第二大客戶 | 984,781   | 5,219                   | 2.49                                      |
| The third largest customer in balance of trade receivables  | 應收賬款餘額第三大客戶 | 951,196   | 2,827                   | 2.41                                      |
| The fourth largest customer in balance of trade receivables | 應收賬款餘額第四大客戶 | 898,450   | 163,544                 | 2.27                                      |
| The fifth largest customer in balance of trade receivables  | 應收賬款餘額第五大客戶 | 739,736   | 1,554                   | 1.87                                      |
|   |             | 4,619,514 | 175,339                 | 11.69                                     |



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### 9. TRADE RECEIVABLES (CONTINUED)

As at 31 December 2021, the top five trade receivables amounts are as follows:

|   |             | Amount    | Provision for bad debts | Percentage of total trade receivables (%) |
|---|-------------|-----------|-------------------------|---|
|   |             | 金額        | 壞賬準備金額                  | 佔應收賬款總額的比例(%)                             |
| The largest customer in balance of trade receivables        | 應收賬款餘額第一大客戶 | 1,681,861 | 3,018                   | 4.38                                      |
| The second largest customer in balance of trade receivables | 應收賬款餘額第二大客戶 | 1,004,093 | 90,244                  | 2.61                                      |
| The third largest customer in balance of trade receivables  | 應收賬款餘額第三大客戶 | 909,654   | 1,946                   | 2.37                                      |
| The fourth largest customer in balance of trade receivables | 應收賬款餘額第四大客戶 | 774,734   | 36,556                  | 2.02                                      |
| The fifth largest customer in balance of trade receivables  | 應收賬款餘額第五大客戶 | 652,613   | 18,863                  | 1.70                                      |
|   |             | 5,022,955 | 150,627                 | 13.08                                     |

### 10. BILLS PAYABLES

Commercial acceptance bills 商業承兌匯票  
Bank acceptance bills 銀行承兌匯票

### 9. 應收賬款(續)

於二零二一年十二月三十一日，應收賬款金額前五名如下：

### 10. 應付票據

|                             |        | 30 June 2022<br>二零二二年六月三十日<br>(Unaudited)<br>(未經審計) | 31 December 2021<br>二零二一年十二月三十一日<br>(Audited)<br>(經審計) |
|-----------------------------|--------|---|--|
| Commercial acceptance bills | 商業承兌匯票 | 1,219,770   | 609,650  |
| Bank acceptance bills       | 銀行承兌匯票 | 1,727,186   | 6,721,809  |
|                             |        | 2,946,956   | 7,331,459  |

As at 30 June 2022, the outstanding balance of notes payable due was RMB17,783 thousand (31 December 2021: RMB20,330 thousand).

於二零二二年六月三十日，到期未付的應付票據餘額為人民幣17,783千元(二零二一年十二月三十一日：人民幣20,330千元)。

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### 11. TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

|                 |       | <b>30 June<br/>2022</b><br>二零二二年<br>六月三十日<br><b>(Unaudited)</b><br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|-----------------|-------|---|---|
| Within one year | 1年以內  | <b>92,335,136</b>   | 72,474,615  |
| 1 to 2 years    | 1年至2年 | <b>305,197</b>  | 269,207   |
| 2 to 3 years    | 2年至3年 | <b>296,071</b>  | 212,844   |
| Over 3 years    | 3年以上  | <b>151,582</b>  | 203,501   |
|                 |       | <b>93,087,986</b>   | 73,160,167  |

The trade payables are non-interest-bearing and are normally settled within six months.

As at 30 June 2022 and 31 December 2021, the Group had no significant trade payables aged over one year.

### 12. SHARE CAPITAL

The registered and paid-in capital of the Company is analysed as follows:

|                                |         | <b>30 June<br/>2022</b><br>二零二二年<br>六月三十日<br><b>(Unaudited)</b><br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|--------------------------------|---------|---|---|
| Registered and paid-in capital | 註冊及實收股本 | <b>2,911,143</b>  | 2,911,143   |
| Nominal value per share        | 每股面值    | <b>1 yuan</b><br>1元   | 1 yuan<br>1元  |

### 11. 應付賬款

應付賬款的賬齡分析如下：

|                 | <b>30 June<br/>2022</b><br>二零二二年<br>六月三十日<br><b>(Unaudited)</b><br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|-----------------|---|---|
| Within one year | <b>92,335,136</b>   | 72,474,615  |
| 1 to 2 years    | <b>305,197</b>  | 269,207   |
| 2 to 3 years    | <b>296,071</b>  | 212,844   |
| Over 3 years    | <b>151,582</b>  | 203,501   |
|                 | <b>93,087,986</b>   | 73,160,167  |

應付賬款不計息，並通常在六個月內清償。

於二零二二年六月三十日及二零二一年十二月三十一日，本集團無賬齡超過1年的重要應付賬款。

### 12. 股本

本公司註冊及實收股本分析如下：

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二零二二年六月三十日  
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### 12. SHARE CAPITAL (CONTINUED)

The class and structure of shares are as follows:

#### 30 June 2022 (Unaudited)

|   |           | Number of shares increased<br>(decreased) in the year<br>本年增(減)股數 |                                 |              |  |
|---|-----------|---|---------------------------------|--------------|--|
|   |           | Number<br>of shares<br>at the<br>beginning<br>of the year<br>年初股數 | Non-public<br>offering<br>非公開發行 | Others<br>其他 | Number<br>of shares<br>at the end<br>of the year<br>年末股數 |
| Restricted shares                       | 有限售條件股份   |   |                                 |              |  |
| Shares held by domestic natural persons | 境內自然人持股   | 658,084,620   | –                               | (9,706,369)  | 648,378,251  |
| Total restricted shares                 | 有限售條件股份合計 | 658,084,620   | –                               | (9,706,369)  | 648,378,251  |
| Non-restricted shares                   | 無限售條件股份   |   |                                 |              |  |
| RMB ordinary shares                     | 人民幣普通股    | 1,155,058,235   | –                               | 9,706,369    | 1,164,764,604  |
| Foreign shares listed overseas          | 境外上市的外資股  | 1,098,000,000   | –                               | –            | 1,098,000,000  |
| Total non-restricted shares             | 無限售條件股份合計 | 2,253,058,235   | –                               | 9,706,369    | 2,262,764,604  |
| Total number of shares                  | 股份總數      | 2,911,142,855   | –                               | –            | 2,911,142,855  |

### 12. 股本(續)

股份種類及其結構如下：

二零二二年六月三十日(未經審計)

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### 12. SHARE CAPITAL (CONTINUED)

31 December 2021 (Audited)

### 12. 股本(續)

二零二一年十二月三十一日(經審計)

|   |                  | Number<br>of shares<br>at the<br>beginning<br>of the year<br>年初股數 | Number of shares increased<br>(decreased) in the year<br>本年增(減)股數 |                    | Number<br>of shares<br>at the end<br>of the year<br>年末股數 |
|---|------------------|---|---|--------------------|--|
|   |                  |   | Non-public<br>offering<br>非公開發行                                   | Others<br>其他       |  |
| Restricted shares                       | 有限售條件股份          |   |   |                    |  |
| Shares held by domestic natural persons | 境內自然人持股          | 667,149,897   | -   | (9,065,277)        | 658,084,620  |
| <b>Total restricted shares</b>          | <b>有限售條件股份合計</b> | <b>667,149,897</b>  | <b>-</b>  | <b>(9,065,277)</b> | <b>658,084,620</b>                                       |
| Non-restricted shares                   | 無限售條件股份          |   |   |                    |  |
| RMB ordinary shares                     | 人民幣普通股           | 1,145,992,958   | -   | 9,065,277          | 1,155,058,235  |
| Foreign shares listed overseas          | 境外上市的外資股         | 915,000,000   | 183,000,000   | -                  | 1,098,000,000  |
| <b>Total non-restricted shares</b>      | <b>無限售條件股份合計</b> | <b>2,060,992,958</b>  | <b>183,000,000</b>  | <b>9,065,277</b>   | <b>2,253,058,235</b>                                     |
| <b>Total number of shares</b>           | <b>股份總數</b>      | <b>2,728,142,855</b>  | <b>183,000,000</b>  | <b>-</b>           | <b>2,911,142,855</b>                                     |

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二零二二年六月三十日  
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### 13. SHARE-BASED PAYMENTS

#### 1. Overview

Equity-settled share-based payments are as follows:

|  |                       | <b>30 June<br/>2022</b><br>二零二二年<br>六月三十日<br>(Unaudited)<br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|--|-----------------------|--|---|
| Accumulated balance of equity-settled share-based payments credited to capital reserve | 以權益結算的股份支付計入資本公積的累計餘額 | <b>241,749</b>   | 190,687   |
| Total expenses recognised for equity-settled share-based payments in the Period/year   | 本期／年以權益結算的股份支付確認的費用總額 | <b>51,062</b>  | 116,389   |

#### 2. Share-based payment plan

On 10 May 2021 and 16 June 2021, the Company convened the 11th meeting of the seventh session of the Board and the extraordinary general meeting, respectively, at which the Resolution on the Proposed Implementation of the Equity Incentive Scheme of BYD Semiconductor Company Limited was considered and approved, and the adoption of the 2020 Share Option Incentive Scheme of BYD Semiconductor Company Limited (the "Subsidiary Share Option Scheme") was approved. The Subsidiary Share Option Scheme granted 33,088,200 share options to 36 incentive participants including directors (excluding independent non-executive directors), senior management and core personnel (excluding supervisors) of BYD Semiconductor, representing 7.353% of the then registered capital of BYD Semiconductor.

### 13. 股份支付

#### 1. 概況

以權益結算的股份支付如下：

|  |                       | <b>30 June<br/>2022</b><br>二零二二年<br>六月三十日<br>(Unaudited)<br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|--|-----------------------|--|---|
| Accumulated balance of equity-settled share-based payments credited to capital reserve | 以權益結算的股份支付計入資本公積的累計餘額 | <b>241,749</b>   | 190,687   |
| Total expenses recognised for equity-settled share-based payments in the Period/year   | 本期／年以權益結算的股份支付確認的費用總額 | <b>51,062</b>  | 116,389   |

#### 2. 股份支付計劃

二零二一年五月十日及二零二一年六月十六日，本公司分別召開第七屆董事會第十一次會議及臨時股東大會，審議通過了《關於比亞迪半導體股份有限公司擬實施股權激勵計劃的議案》，批准採納比亞迪半導體股份有限公司二零二零年股權期權激勵計劃（「子公司股權期權計劃」）。子公司股權期權計劃向包括比亞迪半導體的董事（不包括獨立非執行董事）、高級管理人員、核心骨幹人員（但不包括監事）在內的36個激勵對象授予3308.82萬份股權期權，佔比亞迪半導體當時註冊資本的比例為7.353%。

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### 13. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Share-based payment plan (continued)

The Share Options granted under the Subsidiary Share Option Scheme shall be exercised in three tranches, and the corresponding vesting periods shall be 24 months, 36 months and 48 months from the Date of Grant, respectively. The share options granted shall commence from the date of grant and shall be exercised in tranches during the following three exercise periods. For the first, second and third exercise periods, 30%, 30% and 40% of the share options are exercisable subject to the satisfaction of performance conditions. The exercise price is RMB5 per share. Options which fail to obtain the right to exercise due to failure to meet the performance conditions or those which have not been exercised in the current period after the end of the exercise period shall become null and void and be repurchased without consideration and cancelled by BYD Semiconductor.

Performance indicators for the exercise of share options include:

- (1) Revenue from operations;
- (2) Net profit.

### 13. 股份支付(續)

#### 2. 股份支付計劃(續)

本次子公司股權期權計劃授予的股權期權分三次行權，對應的等待期分別為自授予日起24個月、36個月、48個月。授予的股權期權於授予日開始，在之後的三個行權期分次行權。第一、第二和第三個行權期分別有30%、30%、40%的期權在滿足業績條件前提下獲得可行權的權利。行權價格為5元人民幣/股，未滿足業績條件而未能獲得行權權利的期權或者行權期結束後當期未行權的股權期權將立刻作廢，由比亞迪半導體無償收回並統一註銷。

股權期權行權的業績指標包括：

- (1) 營業收入；
- (2) 淨利潤。

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### 13. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Share-based payment plan (continued)

Specific conditions for each exercise period of the Share Options granted:

| Exercise period<br>行權期  | Exercise proportion<br>行權比例 | Exercise time<br>行權時間   | Exercise conditions<br>行權條件  |
|---|-----------------------------|-------------------------|--|
| First exercise period<br>("Phase I")<br><br>第一個行權期<br>〔第一期〕   | 30%                         | 2022.5.12-<br>2023.5.11 | The growth rate of revenue and net profit for the accounting year prior to the exercise date of the first exercise period shall not be less than 20% as compared with the previous year<br><br>第一個行權期可行權日前一會計年度的營業收入和淨利潤較上一年度的增長率不低於20%            |
| Second exercise period<br>("Phase II")<br><br>第二個行權期<br>〔第二期〕 | 30%                         | 2023.5.12-<br>2024.5.11 | The growth rate of operating revenue and net profit for the accounting year prior to the exercise date of the second exercise period shall not be less than 20% as compared with the previous year<br><br>第二個行權期可行權日前一會計年度的營業收入和淨利潤較上一年度的增長率不低於20% |
| Third exercise period<br>("Phase III")<br><br>第三個行權期<br>〔第三期〕 | 40%                         | 2024.5.12-<br>2025.5.12 | The growth rate of operating revenue and net profit for the accounting year prior to the exercise date of the third exercise period shall not be less than 20% as compared with the previous year<br><br>第三個行權期可行權日前一會計年度的營業收入和淨利潤較上一年度的增長率不低於20%  |

### 13. 股份支付(續)

#### 2. 股份支付計劃(續)

授予的股權期權各行權期可行權的具體條件：

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### 13. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Share-based payment plan (continued)

The appraised value of the equity-settled share options granted was RMB337,098 thousand. Among them, the Group recognised a share option expense of RMB51,062 thousand in the Period (January to June 2021: RMB57,716). The appraised value of the Share Options on the Date of Grant is estimated using the binomial model, taking into account the terms and conditions upon which the Share Options were granted. The following table lists the input variables to the model used:

| Exercise period         | 行權期   | (Phase I)<br>第一期 | (Phase II)<br>第二期 | (Phase III)<br>第三期 |
|-------------------------|-------|------------------|-------------------|--------------------|
| Expected volatility     | 預計波動率 | 52.80%           | 51.99%            | 57.88%             |
| Risk-free interest rate | 無風險利率 | 1.60%            | 1.81%             | 2.02%              |

Expected volatility is an assumption based on the future trend reflected by historical volatility, and hence may not be the actual result. No other feature of the options granted was incorporated into the measurement of fair value.

### 13. 股份支付(續)

#### 2. 股份支付計劃(續)

授予的以權益結算的股權期權的評估價值為人民幣337,098千元。其中本集團於本期確認的股權期權費用為人民幣51,062千元(二零二一年一至六月：人民幣57,716元)。股權期權於授予日的評估價值，採用二項式模型，結合授予股權期權的條款和條件，作出估計。下表列示了所用模型的輸入變量：

預計波動率是基於歷史波動率能反映出未來趨勢的假設，但並不一定是實際的結果。公允價值未考慮所授予股權期權的其他特徵。



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### 13. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Share-based payment plan (continued)

Pursuant to the Subsidiary Share Option Scheme, if the Company is converted into a joint stock company, the number and exercise price of the share options will be adjusted according to the proportion of the number of shares after the conversion. On 3 December 2020, the first session of the board of directors of BYD Semiconductor passed the Resolution in relation to the Company's Adjustment on the 2020 Share Option Incentive Scheme and the Implementation, Assessment and Management Measures of the Share Option Incentive Scheme (《關於調整公司二零二零年股權期權激勵計劃和股權期權激勵計劃實施考核管理辦法的議案》), which adjusted the First Share Option Incentive Scheme implemented by BYD Semiconductor Co., Ltd. The resolution changed the number of share options granted to employees from "30,019,760" to "33,088,235" and the exercise price of the share options from "RMB5.00/per yuan" to "RMB4.54/per share" according to the movement in the percentage of shares converted based on the BYD Semiconductor conversion into a joint stock company.

### 13. 股份支付(續)

#### 2. 股份支付計劃(續)

子公司股權期權計劃約定如公司改制為股份公司，將根據股份制改制後的股數比例對期權數量及行權價格進行調整。二零二零年十二月三日，比亞迪半導體第一屆董事會決議通過了《關於調整公司二零二零年股權期權激勵計劃和股權期權激勵計劃實施考核管理辦法的議案》，該議案對比亞迪半導體有限公司實施的首次股權激勵計劃進行了調整。該議案根據比亞迪半導體股份制改制的股數變動比例，將授予員工的股權期權數量由「30,019,760份」變更為「33,088,235股」，並將期權的行權價格由「5.00元／每1元出資」變更為「4.54元／每股」。

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### 14. CONTINGENT LIABILITIES

#### Contingent liabilities arising from pending litigation or arbitration and its financial impact

##### *Action against Foxconn*

On 11 June 2007, a Hong Kong High Court (the “Court”) action (the “June 2007 Action”) was commenced by a subsidiary of Foxconn International Holdings Limited and a company jointly controlled by its ultimate holding company (the “Plaintiffs”) against the Company and certain subsidiaries of the Group (the “Defendants”) for using confidential information alleged to have been obtained improperly from the Plaintiffs. The Plaintiffs discontinued the June 2007 Action on 5 October 2007 without any liability to the Defendants. On the same day, the Plaintiffs initiated a new set of legal proceedings in the Hong Kong High Court (the “October 2007 Action”). The Defendants named in the October 2007 Action are the same as the Defendants in the June 2007 Action, and the claims made by the Plaintiffs in the October 2007 Action are based on the same facts and grounds in the June 2007 Action. The remedies sought by the Plaintiffs in the October 2007 Action include an injunction restraining the Defendants from using the alleged confidential information, an order for the disgorgement of profit made by the Defendants through the use of the confidential information, damages based on the loss suffered by the Plaintiffs and exemplary damages. The total damages sought by the Plaintiffs in the October 2007 Action have not been quantified. On 2 October 2009, the Defendants instituted a counter-action against Foxconn International Holdings Limited and certain of its subsidiaries for their intervention, by means of illegal measures, in the operations involving the Company and certain of its subsidiaries, collusion, written and verbal defamation, and the economic loss as a result of the said activities since 2006.

As at the reporting date, the case remains in the process of legal proceedings. With the assistance of the legal adviser responsible for the case on behalf of the Company, the Board is of the view that the estimate ultimate outcome and amount to settle the obligation, if any, of the litigation cannot be made reliably up to date.

### 14. 或有負債

#### 未決訴訟或仲裁形成的或有負債及其財務影響

##### *富士康訴訟案件*

於二零零七年六月十一日，富士康國際控股有限公司旗下一間下屬子公司及一間與其同受最終控股公司控制的公司（「原告」）向香港高等法院（「法院」）展開訴訟（「二零零七年六月訴訟」），指控本公司及本集團若干下屬子公司（「被告」）使用指稱自原告處非法獲得的機密資料。原告已於二零零七年十月五日停止二零零七年六月訴訟，針對被告的二零零七年六月訴訟被全面撤銷，同時該訴訟未判令被告承擔任何責任。同日，原告向香港高等法院提起新一輪的法律程序（「二零零七年十月訴訟」）。二零零七年十月訴訟的被告與二零零七年六月訴訟的被告相同，且原告在二零零七年十月訴訟中提出的申索均基於二零零七年六月訴訟中的相同事實及理由。原告在二零零七年十月訴訟中提出的補救方法包括強令禁止被告使用有關機密資料、強令被告交出因使用機密資料所獲得的利潤以及賠償原告遭受的損失及支付懲罰性賠償金。原告在二零零七年十月訴訟中主張的賠償金總金額尚未確定。二零零九年十月二日，被告對富士康國際控股有限公司及其某些附屬子公司提起反訴，對該等公司自二零零六年以來利用不合法手段干涉本公司及控股子公司的經營、共謀行為、書面及口頭誹謗，導致經濟損失的行為提出訴訟請求。

截至本報告日，該案件仍在訴訟程序中。在代表本公司負責該案件的法律顧問協助下，董事會認為，該訴訟的最終結果及賠償義務（如有）不能可靠的估計。

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### 14. CONTINGENT LIABILITIES (CONTINUED)

The contingent liabilities arising from the guarantee provided by the Group and its financial impact are as follows:

|  |                     | <b>30 June<br/>2022</b><br>二零二二年<br>六月三十日<br><b>(unaudited)</b><br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(audited)<br>(經審計) |
|--|---------------------|---|---|
| Guarantees that the Company can provide to banks for financing granted to subsidiaries | 就授予子公司的融資能夠向銀行提供的擔保 | <b>106,288,723</b>  | 104,692,731   |
|  |                     | <b>106,288,723</b>  | 104,692,731   |

As at 30 June 2022, the actual guarantees provided by the Company for its subsidiaries and related parties were RMB31,821,132 thousand and RMB8,073,224 thousand (31 December 2021: RMB26,780,940 thousand and RMB3,706,128 thousand).

### 14. 或有負債(續)

本集團提供擔保形成的或有負債及其財務影響列示如下：

於二零二二年六月三十日，本公司為其子公司及關聯方實際提供的擔保為人民幣31,821,132千元及人民幣8,073,224千元(二零二一年十二月三十一日：人民幣26,780,940千元及人民幣3,706,128千元)。

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### 14. CONTINGENT LIABILITIES (CONTINUED)

The Group entered into cooperation contracts and documents with certain customers (including end customers) and third parties or related financial institutions. According to the arrangements of the relevant cooperation contracts and documents, the Company undertakes repurchase obligations to these financial institutions. If a customer defaults or specific conditions stipulated in the contract occur, the Company inherits all the creditor's rights and related interests, and has the right to take relief measures such as recovery and sale of new energy vehicles to repay the remaining debts owed by the customer to the financing institution, and reserves the right to claim the remaining creditor's rights. Management believes that the recovered assets can be sold, and the proceeds of the sale will basically cover the remaining arrears to the financing institutions. As at 30 June 2022, the Group's maximum exposure to these obligations was RMB4,766,512 thousand (31 December 2021: RMB6,409,637 thousand), and there was no customer default or specific conditions as stipulated in the contracts which the Company was required to make any payment.

The Group recognised a loss allowance of RMB14,035 thousand (2021: RMB14,035 thousand) for financial guarantee contracts based on expected credit losses.

### 15. COMMITMENTS

|                                  |         |
|----------------------------------|---------|
| Contracted, but not provided for | 已簽約但未撥備 |
| Capital commitments              | 資本承諾    |
| Investment commitments           | 投資承諾    |

### 14. 或有負債(續)

本集團與某些客戶(含終端客戶)及第三方或關聯融資機構簽訂合作合同及文件,根據相關合作合同及文件的安排,本公司向該等融資機構承擔回購義務,若客戶違約或發生合同約定的特定條件,本公司繼承全部債權以及相關權益,並有權自行採取收回並變賣新能源汽車等救濟措施,以償付客戶對融資機構的剩餘欠款,並保留任何對剩餘欠款債權餘額進行追索的權利。管理層認為,收回的資產能夠變賣,而變賣收入基本能夠支付對融資機構的剩餘欠款。截至二零二二年六月三十日,本集團對該等義務的最大敞口為人民幣4,766,512千元(二零二一年十二月三十一日:人民幣6,409,637千元),且未發生因客戶違約或合同約定的特定條件而令本公司需予以支付任何款項的情況。

本集團以預期信用損失為基礎,對財務擔保合同進行減值處理並確認損失準備人民幣14,035千元(二零二一年:人民幣14,035千元)。

### 15. 承諾事項

|                                  |         | 30 June<br>2022<br>二零二二年<br>六月三十日<br>(unaudited)<br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(audited)<br>(經審計) |
|----------------------------------|---------|--|---|
| Contracted, but not provided for | 已簽約但未撥備 |  |   |
| Capital commitments              | 資本承諾    | 34,866,912   | 21,094,499  |
| Investment commitments           | 投資承諾    | 876,542  | 892,582   |
|                                  |         | <b>35,743,454</b>  | 21,987,081  |

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### 16. RELATED PARTIES TRANSACTIONS

#### (1) Related party transactions of goods and services

Sales of goods and rendering of services to related parties

### 16. 關聯交易

#### (1) 關聯方商品及勞務交易

向關聯方銷售商品及提供勞務

|   |   | January-June<br>2022<br>二零二二年一至六月<br>(Unaudited)<br>(未經審計) | January-June<br>2021<br>二零二一年一至六月<br>(Unaudited)<br>(未經審計) |
|---|---|--|--|
|   | Details of transactions<br>關聯交易內容                     |  |  |
| Shenzhen DENZA New Energy Automotive Co., Ltd.<br>深圳騰勢新能源汽車有限公司                                     | Sales of goods and rendering of services<br>出售商品和提供勞務 | 240,971  | 580,114  |
| Tianjin BYD Automobile Co., Ltd.<br>天津比亞迪汽車有限公司   | Sales of goods and rendering of services<br>出售商品和提供勞務 | 191  | 2,195  |
| Shenzhen BYD Electric Vehicle Investment Co., Ltd. and its Subsidiaries<br>深圳比亞迪電動汽車投資有限公司及其子公司     | Sales of goods and rendering of services<br>出售商品和提供勞務 | 10,510   | 5,820  |
| Shenzhen BYD International Financial Lease Co., Ltd.<br>深圳比亞迪國際融資租賃有限公司                             | Rendering of services<br>提供勞務                         | 13   | 33   |
| BYD Auto Finance Co., Ltd.<br>比亞迪汽車金融有限公司   | Sales of goods and rendering of services<br>出售商品和提供勞務 | 206,856  | 60,666   |
| Hangzhou BYD Xihu New Energy Auto Co., Ltd.<br>杭州西湖比亞迪新能源汽車有限公司                                     | Sales of goods and rendering of services<br>出售商品和提供勞務 | 439  | 12,766   |
| Guangzhou Guang Qi BYD New Energy Bus Co., Ltd.<br>廣州廣汽比亞迪新能源客車有限公司                                 | Sales of goods and rendering of services<br>出售商品和提供勞務 | 2,723  | 329,253  |
| Shenzhen Didi New Energy Vehicle Technology Co., Ltd. and its Subsidiaries<br>深圳市迪滴新能源汽車科技有限公司及其子公司 | Sales of goods and rendering of services<br>出售商品和提供勞務 | 4,599  | 49,090   |
| Shenzhen Energy Sales & Service Co., Ltd. and its Subsidiaries<br>深電能科技集團有限公司及其子公司                  | Sales of goods and rendering of services<br>出售商品和提供勞務 | 1,814  | 5,981  |
| Xi'an Infrastructure Yadi Automobile Service Co., Ltd.<br>西安城投亞迪汽車服務有限責任公司                          | Sales of goods and rendering of services<br>出售商品和提供勞務 | 17   | 18   |
| Shenzhen Faurecia Automotive Parts Co., Ltd. and its subsidiaries<br>深圳佛吉亞汽車部件有限公司及其子公司             | Sales of goods and rendering of services<br>出售商品和提供勞務 | 155,944  | 101,224  |
| Shenzhen UBTECH Robotics Co., Ltd.<br>深圳市優必選科技股份有限公司  | Sales of goods and rendering of services<br>出售商品和提供勞務 | 240  | 308  |

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### 16. RELATED PARTIES TRANSACTIONS (CONTINUED)

#### (1) Related party transactions of goods and services (continued)

Sales of goods and rendering of services to related parties (continued)

#### (1) 關聯方商品及勞務交易 (續)

向關聯方銷售商品及提供勞務 (續)

|  |   | January-June<br>2022<br>二零二二年一至六月<br>(Unaudited)<br>(未經審計) | January-June<br>2021<br>二零二一年一至六月<br>(Unaudited)<br>(未經審計) |
|--|---|--|--|
|  | Details of transactions<br>關聯交易內容                     |  |  |
| Beijing Hualin Loading Co., Ltd.<br>北京華林特裝車有限公司                              | Sales of goods<br>出售商品                                | 367  | 15,580   |
| Yinchuan Sky Rail Operation Co., Ltd.<br>銀川雲軌運營有限公司                          | Sales of goods and rendering of services<br>出售商品和提供勞務 | -  | 6,449  |
| Tianjin Hongdi Financial Lease Co., Ltd.<br>天津宏迪融資租賃有限公司                     | Sales of goods and rendering of services<br>出售商品和提供勞務 | 39   | 35,422   |
| Meihao Travel (Hangzhou) Automotive Technology Co., Ltd.<br>美好出行(杭州)汽車科技有限公司 | Sales of goods and rendering of services<br>出售商品和提供勞務 | 26,246   | 1,591,222  |
| BYD TOYOTA EV Technology Co., Ltd.<br>比亞迪豐田電動車科技有限公司                         | Sales of goods and rendering of services<br>出售商品和提供勞務 | 1,249  | 1,428  |
| Dongguan Tec-Rich Engineering Co., Ltd.<br>東莞市德瑞精密設備有限公司                     | Rendering of services<br>提供勞務                         | 6  | 4  |
| Youngy Investment Holding Group Co., Ltd.<br>融捷投資控股集團有限公司                    | Sales of goods and rendering of services<br>出售商品和提供勞務 | 9  | 1  |
| ONYX International inc. Co., Ltd.<br>廣州文石信息科技有限公司                            | Sales of goods and rendering of services<br>出售商品和提供勞務 | 752  | 1,698  |
| Shenzhen Zhengxuan Prospective Venture Capital Co., Ltd.<br>深圳市正軒前瞻創業投資有限公司  | Sales of goods<br>出售商品                                | -  | 5  |
| Shenzhen Microgrid Digital Technology Co., Ltd.<br>深圳市微網數電科技有限公司             | Sales of goods and rendering of services<br>出售商品和提供勞務 | 9,849  | -  |
| Shenzhen Dipai Zhixing Technology Co., Ltd.<br>深圳市迪派智行科技有限公司                 | Sales of goods and rendering of services<br>出售商品和提供勞務 | 330  | -  |
|  |   | <b>663,164</b>   | 2,799,277  |

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 16. RELATED PARTIES TRANSACTIONS (CONTINUED)

#### (1) Related party transactions of goods and services (continued)

Purchase of goods and accepting service from related parties

#### (1) 關聯方商品及勞務交易(續)

向關聯方採購商品和接受勞務

|   | Details of transactions<br>關聯交易內容                    | January-June<br>2022<br>二零二二年一至六月<br>(Unaudited)<br>(未經審計) | January-June<br>2021<br>二零二一年一至六月<br>(Unaudited)<br>(未經審計) |
|---|--|--|--|
| Tianjin BYD Automobile Co., Ltd.<br>天津比亞迪汽車有限公司   | Purchase of goods and accepting service<br>採購商品和接受勞務 | 15,596   | 273  |
| Shenzhen DENZA New Energy Automotive Co., Ltd.<br>深圳騰勢新能源汽車有限公司                         | Purchase of goods and accepting service<br>採購商品和接受勞務 | 190  | 231  |
| Beijing Easpring Material Technology Co., Ltd.<br>北京當升材料科技股份有限公司                        | Purchase of goods<br>採購商品                            | -  | 190,615  |
| Guangzhou Guang Qi BYD New Energy Bus Co., Ltd.<br>廣州廣汽比亞迪新能源客車有限公司                     | Purchase of goods and accepting service<br>採購商品和接受勞務 | 29,428   | 385,824  |
| Shenzhen Energy Sales & Service Co., Ltd. and its subsidiaries<br>深電能科技集團有限公司及其子公司      | Accepting service<br>接受勞務                            | 5  | 3,809  |
| BYD Auto Finance Co., Ltd.<br>比亞迪汽車金融有限公司   | Accepting service<br>接受勞務                            | 188,200  | 93,466   |
| Hangzhou BYD Xihu New Energy Auto Co., Ltd.<br>杭州西湖比亞迪新能源汽車有限公司                         | Accepting service<br>接受勞務                            | 325  | 208  |
| Shenzhen Faurecia Automotive Parts Co., Ltd. and its subsidiaries<br>深圳佛吉亞汽車部件有限公司及其子公司 | Purchase of goods<br>採購商品                            | 2,362,462  | 974,018  |

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 16. RELATED PARTIES TRANSACTIONS (CONTINUED)

#### (1) Related party transactions of goods and services (continued)

Purchase of goods and accepting service from related parties (continued)

#### (1) 關聯方商品及勞務交易 (續)

向關聯方採購商品和接受勞務 (續)

|   |  | January-June<br>2022<br>二零二二年一至六月<br>(Unaudited)<br>(未經審計) | January-June<br>2021<br>二零二一年一至六月<br>(Unaudited)<br>(未經審計) |
|---|--|--|--|
|   | Details of transactions<br>關聯交易內容  |  |  |
| Shenzhen BYD Electric Vehicle Investment Co., Ltd. and its Subsidiaries<br>深圳比亞迪電動汽車投資有限公司及其子公司 | Accepting service and purchase of fuel and power such as water, electricity and gas<br>接受勞務及購買水電燃氣等燃料和動力 | 1,381  | 1,438  |
| Chengdu Youngy Lithium Technology Co., Ltd<br>成都融捷鋰業科技有限公司                                      | Purchase of goods<br>採購商品  | 86,137   | -  |
| Sichuan Changhe Huali Technology Co., Ltd.<br>四川長和華鋰科技有限公司                                      | Purchase of goods<br>採購商品  | 202,028  | 97,026   |
| Dongguan Tec-Rich Engineering Co., Ltd.<br>東莞市德瑞精密設備有限公司  | Purchase of goods<br>採購商品  | 144  | 284  |
| Shenzhen Pagoda Industrial (Group) Corporation Limited<br>深圳百果園實業(集團)股份有限公司                     | Purchase of goods<br>採購商品  | -  | 139  |
|   |  | <b>2,885,896</b>   | 1,747,331  |



# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
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### 16. RELATED PARTIES TRANSACTIONS 16. 關聯交易(續)

#### (CONTINUED)

#### (2) Leases with related parties

As lessees

January-June 2022 (Unaudited)

#### (2) 關聯方租賃

作為承租人

二零二二年一至六月(未經審計)

| Type of leased assets   | Lease payments for short-term leases and leases of low-value assets with simplified approach<br>簡化處理的短期租賃和低價值資產租賃的租金費用 | Variable lease payments not included in the measurement of lease liabilities<br>未納入租賃負債計量的可變租賃付款額 | Rental paid | Interest expenses on lease liabilities<br>承擔的租賃負債利息支出 | Additions to right-of-use assets<br>增加的使用權資產 |   |
|---|--|---|-------------|---|--|---|
| 租賃資產種類  | 租賃的租金費用  | 租賃付款額   | 支付的租金       | 租賃負債利息支出  | 增加的使用權資產                                     |   |
| Hangzhou BYD Xihu New Energy Auto Co., Ltd.<br>杭州西湖比亞迪新能源汽車有限公司             | Housing<br>房屋  | -   | -           | 1,666   | 111  | - |
| Tianjin BYD Automobile Co., Ltd.<br>天津比亞迪汽車有限公司                             | Housing<br>房屋  | -   | -           | 733   | 78   | - |
| Xi'an Infrastructure Yadi Automobile Service Co., Ltd.<br>西安城投比亞迪汽車服務有限責任公司 | Equipment<br>設備  | -   | -           | 19  | -  | - |
|   |  | -   | -           | 2,418   | 189  | - |

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## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 16. RELATED PARTIES TRANSACTIONS (CONTINUED)

#### (2) Leases with related parties (continued)

As lessees (continued)

January-June 2021 (Unaudited)

#### (2) 關聯方租賃 (續)

作為承租人 (續)

二零二一年一至六月 (未經審計)

|  | Type of leased assets | Lease payments for short-term leases and leases of low-value assets with simplified approach<br>簡化處理的短期租賃和低價值資產租賃的租金費用 | Variable lease payments not included in the measurement of lease liabilities<br>未納入租賃負債計量的可變租賃付款額 | Rental paid | Interest expenses on lease liabilities<br>承擔的租賃負債利息支出 | Additions to right-of-use assets<br>增加的使用權資產 |
|--|-----------------------|--|---|-------------|---|--|
|  | 租賃資產種類                | 租賃的租金費用  | 租賃付款額   | 支付的租金       | 租賃負債利息支出  | 增加的使用權資產                                     |
| Shenzhen BYD International Financial Lease Co., Ltd.<br>深圳比亞迪國際融資租賃有限公司    | Equipment<br>設備       | 454,960  | -   | 514,104     | -   | -  |
| Hangzhou BYD Xihu New Energy Auto Co., Ltd.<br>杭州西湖比亞迪新能源汽車有限公司            | Housing<br>房屋         | -  | -   | 3,371       | 213   | -  |
| Tianjin BYD Automobile Co., Ltd.<br>天津比亞迪汽車有限公司                            | Housing<br>房屋         | -  | -   | 1,274       | 120   | -  |
| Xi'an Infrastructure Yadi Automobile Service Co., Ltd.<br>西安城投亞迪汽車服務有限責任公司 | Equipment<br>設備       | -  | -   | 19          | 2   | -  |
|  |                       | 454,960  | -   | 518,768     | 335   | -  |

# Notes to Financial Statements

## 財務報表附註

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二零二二年六月三十日  
RMB'000 人民幣千元

### 16. RELATED PARTIES TRANSACTIONS 16. 關聯交易(續)

#### (CONTINUED)

#### (3) Providing guarantees to related parties

Loan guarantees

30 June 2022 (unaudited)

#### (3) 為關聯方提供擔保

借款擔保

二零二二年六月三十日(未經審計)

|  | Guarantee amount | Commencement date of guarantee  | Maturity date of guarantee   | Whether guarantee has been performed |
|--|------------------|---|--|--------------------------------------|
|  | 擔保金額             | 擔保起始日   | 擔保到期日  | 擔保是否履行完畢                             |
| BYD Auto Finance Co., Ltd.<br>比亞迪汽車金融有限公司                            | 7,366,650        | 30 August 2021-<br>24 June 2022<br>二零二一年<br>八月三十日至<br>二零二二年<br>六月二十四日 | 27 October 2022-<br>17 June 2026<br>二零二二年<br>十月二十七日至<br>二零二六年<br>六月十七日 | No<br>否                              |
| Tianjin Hongdi Financial Lease Co., Ltd.<br>天津宏迪融資租賃有限公司             | 639,737          | 30 June 2022<br>二零二二年<br>六月三十日  | N/A<br>不適用   | No<br>否                              |
| China Metallurgical New Energy Technology Co., Ltd.<br>中冶瑞木新能源科技有限公司 | 58,750           | 11 January 2019<br>二零一九年<br>一月十一日                                     | 4 April 2030<br>二零三零年四月四日  | No<br>否                              |
| Hubei Energy Storage Co., Ltd.<br>儲能電站(湖北)有限公司                       | 8,087            | 1 February 2019<br>二零一九年二月一日  | 1 February 2026<br>二零二六年二月一日   | No<br>否                              |

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 16. RELATED PARTIES TRANSACTIONS (CONTINUED)

### 16. 關聯交易(續)

#### (3) Providing guarantees to related parties (continued)

Loan guarantees (continued)

31 December 2021 (audited)

#### (3) 為關聯方提供擔保(續)

借款擔保(續)

二零二一年十二月三十一日(經審計)

|  | Guarantee amount | Commencement date of guarantee                                     | Maturity date of guarantee   | Whether guarantee has been performed |
|--|------------------|--|--|--------------------------------------|
|  | 擔保金額             | 擔保起始日  | 擔保到期日  | 擔保是否履行完畢                             |
| Shenzhen DENZA New Energy Automotive Co., Ltd.<br>深圳騰勢新能源汽車有限公司      | 333,455          | 31 December 2021<br>二零二一年十二月三十一日                                   | N/A<br>不適用   | No<br>否                              |
| BYD Auto Finance Co., Ltd.<br>比亞迪汽車金融有限公司                            | 2,495,000        | 28 January 2021-<br>27 October 2021<br>二零二一年一月二十八日至<br>二零二一年十月二十七日 | 27 October 2022-<br>27 October 2025<br>二零二二年十月二十七日至<br>二零二五年十月二十七日 | No<br>否                              |
| Tianjin Hongdi Financial Lease Co., Ltd.<br>天津宏迪融資租賃有限公司             | 807,358          | 31 December 2021<br>二零二一年十二月三十一日                                   | N/A<br>不適用   | No<br>否                              |
| China Metallurgical New Energy Technology Co., Ltd.<br>中冶瑞木新能源科技有限公司 | 60,000           | 11 January 2019<br>二零一九年一月十一日                                      | 11 January 2025<br>二零二五年一月十一日                                      | No<br>否                              |
| Hubei Energy Storage Co., Ltd.<br>儲能電站(湖北)有限公司                       | 10,315           | 1 February 2019<br>二零一九年二月一日                                       | 1 February 2026<br>二零二六年二月一日                                       | No<br>否                              |

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 16. RELATED PARTIES TRANSACTIONS 16. 關聯交易(續)

#### (CONTINUED)

#### (4) Transfer of related parties assets

#### (4) 關聯方資產轉讓

|   | Transaction content<br>交易內容        | January-June<br>2022<br>二零二二年<br>一至六月<br>(Unaudited)<br>(未經審計) | January-June<br>2021<br>二零二一年<br>一至六月<br>(Unaudited)<br>(未經審計) |
|---|------------------------------------|--|--|
| Shenzhen DENZA New Energy Automotive Co., Ltd.<br>深圳騰勢新能源汽車有限公司 | Disposal of fixed assets<br>出售固定資產 | 5,100  | -  |
| Hangzhou BYD Xihu New Energy Auto Co., Ltd.<br>杭州西湖比亞迪新能源汽車有限公司 | Disposal of fixed assets<br>出售固定資產 | 61   | -  |
| Shenzhen Faurecia Automotive Parts Co., Ltd.<br>深圳佛吉亞汽車部件有限公司   | Disposal of fixed assets<br>出售固定資產 | -  | 2,148  |
| Dongguan Tec-Rich Engineering Co., Ltd.<br>東莞市德瑞精密設備有限公司        | Purchase of fixed assets<br>採購固定資產 | 66,163   | 29   |
| Hangzhou BYD Xihu New Energy Auto Co., Ltd.<br>杭州西湖比亞迪新能源汽車有限公司 | Purchase of fixed assets<br>採購固定資產 | 5,422  | -  |
|   |                                    | <b>76,746</b>  | <b>2,177</b>   |

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 16. RELATED PARTIES TRANSACTIONS (CONTINUED)

#### (5) Others

#### (5) 其他

|   | January-June<br>2022<br>二零二二年<br>一至六月<br>(Unaudited)<br>(未經審計) | January-June<br>2021<br>二零二一年<br>一至六月<br>(Unaudited)<br>(未經審計) |
|---|--|--|
| Key Management Compensation      關鍵管理人員薪酬 | <b>35,791</b>  | 28,462   |

Notes:

註釋：

(1) Transactions with related parties: During the Period, the Group conducted transactions with related parties based on market prices.

(1) 關聯方商品交易：本期本集團以市場價為基礎與關聯方進行商品交易。

(2) As of 30 June 2022, Beijing Easpring Material Technology Co., Ltd. and Shenzhen Pagoda Industry (Group) Co., Ltd. no longer constitute related parties of the Group.

(2) 截至二零二二年六月三十日，北京當升材料科技股份有限公司與深圳百果園實業(集團)股份有限公司已不構成本集團關聯方。

(3) Assets transfer of related parties

(3) 關聯方資產轉讓

The pricing principle of the Group's sale and purchase of fixed assets to and from related parties during the year was determined based on the market price.

本集團本年向關聯方出售、購買固定資產的交易定價原則依據市場價格確定。

# Notes to Financial Statements

## 財務報表附註

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二零二二年六月三十日  
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### 16. RELATED PARTIES TRANSACTIONS (CONTINUED) 16. 關聯交易(續)

#### (5) Others (continued)

Notes: (continued)

##### (4) Repurchase obligation

The Group entered into cooperation contracts and documents with certain related parties and third parties or related financing institutions. According to the arrangements of the relevant cooperation contracts and documents, the Company undertakes the repurchase obligations to these financing institutions. If the related parties violate the specific conditions stipulated in the contracts or agreements, the Company inherits all the creditor's rights and relevant rights and interests, and has the right to take recovery and sale of new energy vehicles and other relief measures on its own to repay the remaining arrears owed by the customers to the financing institutions, and reserves the right to pursue recourse for the balance of the creditor's rights if the proceeds from sales are insufficient to repay the remaining arrears. Management is of the opinion that the repossessed assets will be able to be realised and the proceeds from the sales will be able to settle the outstanding amounts due to the financial institutions. As at 30 June 2022, there was no default of related parties or specific conditions agreed in the contract that required the Company to make payments.

- a. As at 30 June 2022, the Company's maximum exposure of such obligations to Shenzhen Didi New Energy Vehicle Technology Co., Ltd. and its subsidiaries was RMB738,329 thousand (31 December 2021: RMB961,110 thousand).
- b. As at 30 June 2022, the Company's maximum exposure of such obligations to Youngy Co., Ltd. was RMB21,938 thousand (31 December 2021: RMB32,412 thousand).

#### (5) 其他(續)

註釋：(續)

##### (4) 回購義務

本集團與部分關聯方及第三方或關聯融資機構簽訂合作合同及文件。根據相關合作合同及文件的安排，本公司向該等融資機構承擔回購義務，若關聯方違反約定或合同約定的特定條件，本公司繼承全部債權以及相關權益，並有權自行採取收回並變賣新能源汽車等救濟措施，以償付客戶對融資機構的剩餘欠款，並保留任何變賣收入不足償付剩餘欠款的債權餘額進行追索的權利。管理層認為，收回的資產能夠變賣，而變賣收入基本能夠支付對融資機構的剩餘欠款。截至二零二二年六月三十日，未發生關聯方違約或合同約定的特定條件而令本公司支付款項的情況。

- a. 截至二零二二年六月三十日，本公司對深圳市迪滴新能源汽車科技有限公司及其子公司該等義務的最大敞口為人民幣738,329千元(二零二一年十二月三十一日：人民幣961,110千元)。
- b. 截至二零二二年六月三十日，本公司對融捷股份有限公司該等義務的最大敞口為人民幣21,938千元(二零二一年十二月三十一日：人民幣32,412千元)。

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 16. RELATED PARTIES TRANSACTIONS 16. 關聯交易 (續)

#### (CONTINUED)

#### (6) Balance of related parties receivables

#### (6) 關聯方應收款項餘額

|  |                       | 30 June 2022     |                | 31 December 2021 |           |
|--|-----------------------|------------------|----------------|------------------|-----------|
|  |                       | 二零二二年六月三十日       |                | 二零二一年十二月三十一日     |           |
|  |                       | (Unaudited)      |                | (Audited)        |           |
|  |                       | (未經審計)           |                | (經審計)            |           |
|  |                       | Book             | Provision      | Book             | Provision |
|  |                       | balance          | for            | balance          | for       |
|  |                       | 賬面餘額             | 壞賬準備           | 賬面餘額             | 壞賬準備      |
| Shenzhen DENZA New Energy Automotive Co., Ltd.                             | 深圳騰勢新能源汽車有限公司         | –                | –              | 15,084           | 80        |
| Tianjin BYD Automobile Co., Ltd.   | 天津比亞迪汽車有限公司           | 747,091          | 20,748         | 763,201          | 18,863    |
| Shan Mei Ling Qiu Bi Xing Industry Development Co., Ltd.                   | 山煤靈丘比星實業開發有限公司        | 8,500            | 8,500          | 8,500            | 8,500     |
| BYD Auto Finance Co., Ltd.   | 比亞迪汽車金融有限公司           | 123,474          | 20             | 140,889          | 732       |
| Hangzhou BYD Xihu New Energy Auto Co., Ltd.                                | 杭州西湖比亞迪新能源汽車有限公司      | 23,917           | 15,267         | 26,236           | 15,207    |
| Guangzhou Guang Qi BYD New Energy Bus Co., Ltd.                            | 廣州廣汽比亞迪新能源客車有限公司      | 900,818          | 164,283        | 1,006,486        | 90,712    |
| Tianjin Hongdi Financial Lease Co., Ltd.                                   | 天津宏迪融資租賃有限公司          | 546              | 23             | 541              | 23        |
| Beijing Hualin Loading Co., Ltd.   | 北京華林特裝車有限公司           | 35,035           | 314            | 38,020           | 280       |
| Dongguan Tec-Rich Engineering Co., Ltd.                                    | 東莞市德瑞精密設備有限公司         | 196,585          | –              | 171,059          | –         |
| Shenzhen Dipai Zhixing Technology Co., Ltd.                                | 深圳市迪派智行科技有限公司         | 371              | 8              | –                | –         |
| Shenzhen BYD Electric Vehicle Investment Co., Ltd. and its Subsidiaries    | 深圳比亞迪電動汽車投資有限公司及其子公司  | 546              | –              | –                | –         |
| Yinchuan Sky Rail Operation Co., Ltd.                                      | 銀川雲軌運營有限公司            | 33,358           | 33,358         | 33,358           | 33,358    |
| Shenzhen Faurecia Automotive Parts Co., Ltd. and its Subsidiaries          | 深圳佛吉亞汽車部件有限公司及其子公司    | 160,946          | 3,272          | 100,613          | 2,047     |
| Shenzhen BYD International Leasing Co., Ltd.                               | 深圳比亞迪國際融資租賃有限公司       | 3,466            | 367            | 3,466            | 274       |
| Shenzhen Didi New Energy Vehicle Technology Co., Ltd. and its Subsidiaries | 深圳市滴滴新能源汽車科技有限公司及其子公司 | 18,062           | 13,180         | 16,627           | 6,428     |
| Shenzhen Energy Sales & Service Co., Ltd. and its subsidiaries             | 深電能科技集團有限公司及其子公司      | 24               | –              | –                | –         |
| Sichuan Changhe Huali Technology Co., Ltd.                                 | 四川長和華鋸科技有限公司          | –                | –              | 49,006           | –         |
| BYD TOYOTA EV Technology Co., Ltd.   | 比亞迪豐田電動車科技有限公司        | 804              | 4              | 424              | 2         |
| Meihao Travel (Hangzhou) Automotive Technology Co., Ltd.                   | 美好出行(杭州)汽車科技有限公司      | 6,573            | 36             | 164,826          | 879       |
|  |                       | <b>2,260,116</b> | <b>259,380</b> | 2,538,336        | 177,385   |

The amounts due from related parties are interest-free, unsecured and have no fixed terms of repayment.

應收關聯方款項均不計利息、無抵押、且無固定還款期。



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### 16. RELATED PARTIES TRANSACTIONS 16. 關聯交易 (續)

#### (CONTINUED)

#### (7) Balance of related parties payables

#### (7) 關聯方應付款項餘額

|  |                       | 30 June<br>2022<br>二零二二年<br>六月三十日<br>(Unaudited)<br>(未經審計) | 31 December<br>2021<br>二零二一年<br>十二月三十一日<br>(Audited)<br>(經審計) |
|--|-----------------------|--|---|
| Shenzhen BYD International Leasing Co., Ltd.                               | 深圳比亞迪國際融資租賃有限公司       | 93,214   | 93,214  |
| Shenzhen DENZA New Energy Automotive Co., Ltd.                             | 深圳騰勢新能源汽車有限公司         | -  | 51,859  |
| Tianjin BYD Automobile Co., Ltd.   | 天津比亞迪汽車有限公司           | 35,217   | 26,335  |
| Shenzhen Energy Sales & Service Co., Ltd. and its Subsidiaries             | 深電能科技集團有限公司及其子公司      | 1,308  | 1,374   |
| BYD Auto Finance Co., Ltd.   | 比亞迪汽車金融有限公司           | 4  | 64  |
| Beijing Easpring Material Technology Co., Ltd.                             | 北京當升材料科技股份有限公司        | -  | 83,976  |
| Guangzhou Guang Qi BYD New Energy Bus Co., Ltd.                            | 廣州廣汽比亞迪新能源客車有限公司      | 314,088  | 342,926   |
| Hangzhou BYD Xihu New Energy Auto Co., Ltd.                                | 杭州西湖比亞迪新能源汽車有限公司      | 7,346  | 4,706   |
| Shenzhen BYD Electric Vehicle Investment Co., Ltd. and its Subsidiaries    | 深圳比亞迪電動汽車投資有限公司及其子公司  | 21,126   | 19,158  |
| Dongguan Tec-Rich Engineering Co., Ltd.                                    | 東莞市德瑞精密設備有限公司         | 34,180   | 12,827  |
| Shenzhen Microgrid Digital Technology Co., Ltd.                            | 深圳市微網數電科技有限公司         | 855  | -   |
| Chengdu Youngy Lithium Technology Co., Ltd.                                | 成都融捷鋰業科技有限公司          | 86,137   | -   |
| Shenzhen Faurecia Automotive Parts Co., Ltd. and its Subsidiaries          | 深圳佛吉亞汽車部件有限公司及其子公司    | 1,323,104  | 994,311   |
| Shenzhen UBTECH Robotics Co., Ltd.   | 深圳市優必選科技股份有限公司        | 174  | 174   |
| Shenzhen Didi New Energy Vehicle Technology Co., Ltd. and its Subsidiaries | 深圳市迪滴新能源汽車科技有限公司及其子公司 | 112  | 58  |
| BYD TOYOTA EV Technology Co., Ltd.   | 比亞迪豐田電動車科技有限公司        | 99,468   | 98,599  |
| Xi'an Infrastructure Yadi Automobile Service Co., Ltd.                     | 西安城投亞迪汽車服務有限責任公司      | -  | 19  |
| Sichuan Changhe Huali Technology Co., Ltd.                                 | 四川長和華鋰科技有限公司          | 48,180   | -   |
|  |                       | <b>2,064,513</b>   | 1,729,600   |

#### (8) Monetary funds deposited with related parties

#### (8) 存放關聯方的貨幣資金

|                            |             | 2022<br>二零二二年 | 2021<br>二零二一年 |
|----------------------------|-------------|---------------|---------------|
| BYD Auto Finance Co., Ltd. | 比亞迪汽車金融有限公司 | 9,400,000     | 14,700,000    |

The annual interest rate of the above deposits for the current period is 3%-3.2% above the benchmark interest rate published by the People's Bank of China for deposits of the same period (2021: 2.25%-3%).

本期上述存款年利率按照中國人民銀行頒佈的同期存款基準利率上浮為3%-3.2% (二零二一年度: 2.25%-3%)。

# Notes to Financial Statements

## 財務報表附註

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### 17. DISCLOSURE OF FAIR VALUE

#### (1) Assets and liabilities measured at fair value

30 June 2022 (Unaudited)

### 17、公允價值披露

#### (1) 以公允價值計量的資產和負債

二零二二年六月三十日(未經審計)

|  |           | Fair value measurement using<br>公允價值計量使用的輸入值                           |  |   |                   |
|--|-----------|--|--|---|-------------------|
|  |           | Quoted prices<br>in active<br>markets<br>Level 1<br>活躍市場<br>報價<br>第一層次 | Significant<br>observable<br>inputs<br>Level 2<br>重要可<br>觀察輸入值<br>第二層次 | Significant<br>unobservable<br>inputs<br>Level 3<br>重要不可<br>觀察輸入值<br>第三層次 | Total<br>合計       |
| Financial assets held for trading      | 交易性金融資產   | -  | 1,431,944  | -   | 1,431,944         |
| Other equity instrument investments    | 其他權益工具投資  | 1,116,348  | 1,092,471  | 913,659   | 3,122,478         |
| Other current assets                   | 其他流動資產    | -  | 11,243,222   | -   | 11,243,222        |
| Other non-current financial assets     | 其他非流動金融資產 | -  | 593,499  | 1,056,728   | 1,650,227         |
| Receivables financing                  | 應收款項融資    | -  | 10,970,135   | -   | 10,970,135        |
|  |           | <b>1,116,348</b>   | <b>25,331,271</b>  | <b>1,970,387</b>  | <b>28,418,006</b> |
| Financial liabilities held for trading | 交易性金融負債   | -  | 60,254   | -   | 60,254            |
| Other non-current liabilities          | 其他非流動負債   | -  | 14,035   | -   | 14,035            |
|  |           | <b>-</b>   | <b>74,289</b>  | <b>-</b>  | <b>74,289</b>     |

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## 財務報表附註

30 June 2022  
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### 17. DISCLOSURE OF FAIR VALUE (CONTINUED)

#### (1) Assets and liabilities measured at fair value (continued)

31 December 2021 (Audited)

|                                     |           | Fair value measurement using<br>公允價值計量使用的輸入值                           |  |   |             |
|-------------------------------------|-----------|--|--|---|-------------|
|                                     |           | Quoted prices<br>in active<br>markets<br>Level 1<br>活躍市場<br>報價<br>第一層次 | Significant<br>observable<br>inputs<br>Level 2<br>重要可<br>觀察輸入值<br>第二層次 | Significant<br>unobservable<br>inputs<br>Level 3<br>重要不可<br>觀察輸入值<br>第三層次 | Total<br>合計 |
| Financial assets held for trading   | 交易性金融資產   | -  | 5,606,052  | -   | 5,606,052   |
| Other equity instrument investments | 其他權益工具投資  | 1,208,800  | 901,649  | 803,387   | 2,913,836   |
| Other current assets                | 其他流動資產    | -  | 1,577,731  | -   | 1,577,731   |
| Other non-current financial assets  | 其他非流動金融資產 | 14,415   | 24,770   | 194,787   | 233,972     |
| Receivables financing               | 應收款項融資    | -  | 8,743,126  | -   | 8,743,126   |
|                                     |           | 1,223,215  | 16,853,328   | 998,174   | 19,074,717  |
| Other non-current liabilities       | 其他非流動負債   | -  | 14,035   | -   | 14,035      |
|                                     |           | -  | 14,035   | -   | 14,035      |

During the Period from January to June 2022, due to the lifting of the six-month lock-up period, other equity instrument investments, Shenzhen Minkave Technology Co., Ltd. ("Minkave"), held by the Group was transferred from Level 3 to Level 1. In addition, there were no transfers of fair value measurements of financial assets and financial liabilities between Level 1 and Level 2, or no transfers into or out of Level 3.

### 17、公允價值披露(續)

#### (1) 以公允價值計量的資產和負債(續)

二零二一年十二月三十一日(經審計)

|                                     |           | Fair value measurement using<br>公允價值計量使用的輸入值                           |  |   |             |
|-------------------------------------|-----------|--|--|---|-------------|
|                                     |           | Quoted prices<br>in active<br>markets<br>Level 1<br>活躍市場<br>報價<br>第一層次 | Significant<br>observable<br>inputs<br>Level 2<br>重要可<br>觀察輸入值<br>第二層次 | Significant<br>unobservable<br>inputs<br>Level 3<br>重要不可<br>觀察輸入值<br>第三層次 | Total<br>合計 |
| Financial assets held for trading   | 交易性金融資產   | -  | 5,606,052  | -   | 5,606,052   |
| Other equity instrument investments | 其他權益工具投資  | 1,208,800  | 901,649  | 803,387   | 2,913,836   |
| Other current assets                | 其他流動資產    | -  | 1,577,731  | -   | 1,577,731   |
| Other non-current financial assets  | 其他非流動金融資產 | 14,415   | 24,770   | 194,787   | 233,972     |
| Receivables financing               | 應收款項融資    | -  | 8,743,126  | -   | 8,743,126   |
|                                     |           | 1,223,215  | 16,853,328   | 998,174   | 19,074,717  |
| Other non-current liabilities       | 其他非流動負債   | -  | 14,035   | -   | 14,035      |
|                                     |           | -  | 14,035   | -   | 14,035      |

於二零二二年一至六月期間，因六個月限售期解除，本集團持有的其他權益工具投資－深圳市名家匯科技股份有限公司(簡稱「名家匯」)從第三層次轉入第一層次。除此之外，無其他金融資產和金融負債公允價值計量在第一層次和第二層次之間的轉移，或轉入或轉出第三層次的情況。

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## 財務報表附註

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### 17. DISCLOSURE OF FAIR VALUE (CONTINUED)

#### (2) Assets and liabilities disclosed at fair value

30 June 2022 (Unaudited)

### 17、公允價值披露(續)

#### (2) 以公允價值披露的資產和負債

二零二二年六月三十日(未經審計)

|                                   |           | Fair value measurement using<br>公允價值計量使用的輸入值                           |  |   |             |
|-----------------------------------|-----------|--|--|---|-------------|
|                                   |           | Quoted prices<br>in active<br>markets<br>Level 1<br>活躍市場<br>報價<br>第一層次 | Significant<br>observable<br>inputs<br>Level 2<br>重要可<br>觀察輸入值<br>第二層次 | Significant<br>unobservable<br>inputs<br>Level 3<br>重要不可<br>觀察輸入值<br>第三層次 | Total<br>合計 |
| Long-term receivables             | 長期應收款     | -  | 1,108,320  | -   | 1,108,320   |
| Other non-current liabilities     | 其他非流動負債   | -  | 2,998,756  | -   | 2,998,756   |
| Bank borrowings and bond payables | 銀行借款及應付債券 | -  | 29,634,429   | -   | 29,634,429  |
|                                   |           | -  | 33,741,505   | -   | 33,741,505  |

31 December 2021 (Audited)

二零二一年十二月三十一日(經審計)

|                                   |           | Fair value measurement using<br>公允價值計量使用的輸入值                           |  |   |             |
|-----------------------------------|-----------|--|--|---|-------------|
|                                   |           | Quoted prices<br>in active<br>markets<br>Level 1<br>活躍市場<br>報價<br>第一層次 | Significant<br>observable<br>inputs<br>Level 2<br>重要可<br>觀察輸入值<br>第二層次 | Significant<br>unobservable<br>inputs<br>Level 3<br>重要不可<br>觀察輸入值<br>第三層次 | Total<br>合計 |
| Long-term receivables             | 長期應收款     | -  | 1,170,058  | -   | 1,170,058   |
| Other non-current liabilities     | 其他非流動負債   | -  | 2,922,108  | -   | 2,922,108   |
| Bank borrowings and bond payables | 銀行借款及應付債券 | -  | 33,729,304   | -   | 33,729,304  |
|                                   |           | -  | 37,821,470   | -   | 37,821,470  |

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
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### 17. DISCLOSURE OF FAIR VALUE (CONTINUED)

#### (3) Fair value valuation

Management has assessed that the fair values of monetary funds, trade receivables, other receivables, bills payables, trade payables, bank borrowings and other payables approximate to their carrying amounts due to short term to maturities.

Management measures long-term receivables, lease liabilities and other non-current liabilities using their present values. The fair values approximate to their carrying amounts.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments and reports directly to the person in charge of accounting institution and the audit committee. At each balance sheet date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the person in charge of accounting institution. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and financial liabilities are determined at the amount at which the assets could be exchanged or the liabilities settled between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of the long-term receivables, long-term borrowings and bond payables have been calculated by discounting the expected future cash flows using market rate of return currently available for other financial instruments with similar contractual terms, credit risk and remaining maturities. On 30 June 2022, the Group's own non-performance risk for long-term borrowings and bond payables was assessed to be insignificant.

### 17、公允價值披露(續)

#### (3) 公允價值估值

管理層已經評估了貨幣資金、應收賬款、其他應收款、應付票據、應付賬款、銀行借款、其他應付款等，因剩餘期限不長，公允價值與賬面價值相若。

對於長期應收款、租賃負債和其他非流動負債，管理層以現值計量，公允價值與賬面價值相若。

本集團的財務部負責制定金融工具公允價值計量的政策和程序，並直接向主管會計機構負責人和審計委員會報告。每個資產負債表日，財務部分析金融工具價值變動，確定估值適用的主要輸入值，並經主管會計機構負責人審核批准。出於中期和年度財務報表目的，每年兩次與審計委員會討論估值流程和結果。

金融資產和金融負債的公允價值，以在公平交易中，熟悉情況的交易雙方自願進行資產交換或者債務清償的金額確定，而不是被迫出售或清算情況下的金額。以下方法和假設用於估計公允價值。

長期應收款、長期借款、應付債券採用未來現金流量折現法確定公允價值，以有相似合同條款、信用風險和剩餘期限的其他金融工具的市場收益率作為折現率。二零二二年六月三十日，針對長期借款、應付債券等自身不履約風險評估為不重大。

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## 財務報表附註

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### 17. DISCLOSURE OF FAIR VALUE (CONTINUED)

#### (3) Fair value valuation (continued)

The fair values of listed equity investments are based on quoted market prices. For restricted shares and unlisted equity investments, the Group adopts recent transaction method or the valuation techniques to determine the fair values. Valuation techniques include market multiples and option pricing model, etc. The fair value measurement of these financial instruments may involve important unobservable inputs such as enterprise value/revenue ("EV/Revenue") ratio and liquidity discount. The fair value of the financial instruments measured in Level 3 on a recurring basis was not significantly sensitive to a reasonable change in these unobservable inputs. The Group believes that the estimated fair values resulting from the valuation technique and the related changes in fair values are reasonable, and they were the most appropriate values at the balance sheet date.

The Group enters into derivative financial instruments which are the foreign currency forward contracts with banks and adopts valuation techniques similar to forward pricing and present value methods for measurement. The model incorporates various market observable inputs including the credit quality of counterparties and foreign exchange spot and forward rates and yield curve. The carrying amounts of foreign currency forward contracts are the same as their fair values.

For the wealth management products at fair value through profit and loss, the Group will estimate their fair values by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

### 17、公允價值披露(續)

#### (3) 公允價值估值(續)

上市的權益工具投資，以市場報價確定公允價值。對於限售股票、非上市的權益工具投資，利用近期交易法或者採用估值技術來確定其公允價值，估值技術包括市場乘數法、期權定價模型等。其公允價值的計量採用了重要的不可觀察參數，比如企業價值／收入（「EV/Revenue」）比率、流動性折扣等。持續第三層次公允價值計量的金融工具對這些不可觀察輸入值的合理變動無重大敏感性。本集團相信，以估值技術估計的公允價值及其變動，是合理的，並且亦是於資產負債表日最合適的價值。

本集團與銀行訂立了衍生金融工具合同，為外匯遠期合同，採用類似於遠期定價以及現值方法的估值技術進行計量。模型涵蓋了多個市場可觀察到的輸入值，包括交易對手的信用質量、即期和遠期匯率和利率曲線。外匯遠期合同的賬面價值與公允價值相同。

以公允價值計量且其變動計入損益的理財產品，本集團會利用條款及風險相類似的工具之市場利率按照貼現現金流量估值模型估算公允價值。

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### 17. DISCLOSURE OF FAIR VALUE (CONTINUED)

#### (4) Unobservable inputs

Below is the summary of significant unobservable inputs for main fair value measurement in Level 3:

30 June 2022 (Unaudited)

|   | Fair value at the end of the Period<br>期末公允價值 | Valuation technique<br>估值技術                       | Unobservable inputs<br>不可觀察輸入值                     | Effects on fair value<br>對公允價值的影響                                   |
|---|---|---|--|---|
| Other equity instrument investments<br>其他權益工具投資 | 759,705                                       | Market Approach<br>市場法                            | Average EV/Revenue ratio<br>平均企業價值／收入比率            | The higher the ratio, the higher the fair value<br>比率越高，公允價值越高      |
| Other equity instrument investments<br>其他權益工具投資 | 153,954                                       | Option pricing model<br>期權定價模型                    | Volatility of underlying asset price<br>標的資產價格的波動率 | The higher the volatility, the lower the fair value<br>波動率越高，公允價值越低 |
| Other non-current financial assets<br>其他非流動金融資產 | 993,103                                       | Investment underlying net value method<br>投資標的淨值法 | Net value of investment underlying<br>投資標的的淨值      | The higher the net value, the higher the fair value<br>淨值越高，公允價值越高  |

31 December 2021 (Audited)

|   | Fair value at the end of the year<br>年末公允價值 | Valuation technique<br>估值技術                       | Unobservable inputs<br>不可觀察輸入值                     | Effects on fair value<br>對公允價值的影響                                   |
|---|---|---|--|---|
| Other equity instrument investments<br>其他權益工具投資 | 759,705                                     | Market Approach<br>市場法                            | Average EV/Revenue ratio<br>平均企業價值／收入比率            | The higher the ratio, the higher the fair value<br>比率越高，公允價值越高      |
| Other equity instrument investments<br>其他權益工具投資 | 33,257                                      | Option pricing model<br>期權定價模型                    | Volatility of underlying asset price<br>標的資產價格的波動率 | The higher the volatility, the lower the fair value<br>波動率越高，公允價值越低 |
| Other non-current financial assets<br>其他非流動金融資產 | 194,787                                     | Investment underlying net value method<br>投資標的淨值法 | Net value of investment underlying<br>投資標的的淨值      | The higher the net value, the higher the fair value<br>淨值越高，公允價值越高  |

### 17、公允價值披露(續)

#### (4) 不可觀察輸入值

如下為主要的第三層次公允價值計量的重要不可觀察輸入值概述：

二零二二年六月三十日(未經審計)

二零二一年十二月三十一日(經審計)

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 17. DISCLOSURE OF FAIR VALUE (CONTINUED)

#### (5) Adjustment of fair value measurement

Below is the adjustment information of continuous fair value measurement in Level 3:

January-June 2022

### 17、公允價值披露(續)

#### (5) 公允價值計量的調節

持續的第三層次公允價值計量的調節信息如下：

二零二二年一至六月

|  | Opening balance | Transfer to Level 3 | Transfer out of Level 3 | Through profit or loss | Total current gains or losses<br>Through other comprehensive income | Purchases/ consolidation | Closing balance | Assets held at the end of the year<br>Changes in unrealised gains or losses for the Period through profit or loss |
|--|-----------------|---------------------|-------------------------|------------------------|---|--------------------------|-----------------|---|
|  | 期初餘額            | 轉入<br>第三層次          | 轉出<br>第三層次              | 計入損益                   | 計入其他<br>綜合收益  | 購買/<br>合併併入              | 期末<br>餘額        | 期末持有的資產<br>計入損益的當期<br>未實現利得<br>或損失的變動   |
| Other equity instrument investments 其他權益工具投資 | 803,387         | -                   | (33,257)                | -                      | 73,954  | 69,575                   | 913,659         | -   |
| Other non-current financial assets 其他非流動金融資產 | 194,787         | -                   | -                       | 57,495                 | -   | 804,446                  | 1,056,728       | 57,495  |
|  | 998,174         | -                   | (33,257)                | 57,495                 | 73,954  | 874,021                  | 1,970,387       | 57,495  |



# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 17. DISCLOSURE OF FAIR VALUE (CONTINUED)

#### (5) Adjustment of fair value measurement (continued)

31 December 2021 (Audited)

|  | Opening balance | Transfer to Level 3 | Transfer out of Level 3 | Through profit or loss | Through other comprehensive income | Purchases | Closing balance | Assets held at the end of the year  |
|--|-----------------|---------------------|-------------------------|------------------------|------------------------------------|-----------|-----------------|---|
|  | 年初餘額            | 轉入第三層次              | 轉出第三層次                  | 計入損益                   | 計入其他綜合收益                           | 購買        | 年末餘額            | Changes in unrealised gains or losses for the Period through profit or loss |
|  |                 |                     |                         |                        |                                    |           |                 | 年末持有的資產計入損益的當期未實現利得或損失的變動   |
| Other equity instrument investments 其他權益工具投資 | -               | -                   | -                       | -                      | 615,347                            | 188,040   | 803,387         | -   |
| Other non-current financial assets 其他非流動金融資產 | -               | 100,503             | -                       | 31,784                 | -                                  | 62,500    | 194,787         | 31,784  |
|  | -               | 100,503             | -                       | 31,784                 | 615,347                            | 250,540   | 998,174         | 31,784  |

#### (6) Transfers among fair value hierarchies

During the Period from January to June 2022, the fair value of other equity instrument investments held by the Group was transferred from Level 3 to Level 1 due to the release of lock-up period, with a transfer amount of RMB33,257 thousand.

In 2021, there were no significant transfers between levels of financial instruments measured at fair value of the Group.

### 17、公允價值披露(續)

#### (5) 公允價值計量的調節(續)

二零二一年十二月三十一日(經審計)

|  | Opening balance | Transfer to Level 3 | Transfer out of Level 3 | Through profit or loss | Through other comprehensive income | Purchases | Closing balance | Assets held at the end of the year  |
|--|-----------------|---------------------|-------------------------|------------------------|------------------------------------|-----------|-----------------|---|
|  | 年初餘額            | 轉入第三層次              | 轉出第三層次                  | 計入損益                   | 計入其他綜合收益                           | 購買        | 年末餘額            | Changes in unrealised gains or losses for the Period through profit or loss |
|  |                 |                     |                         |                        |                                    |           |                 | 年末持有的資產計入損益的當期未實現利得或損失的變動   |
| Other equity instrument investments 其他權益工具投資 | -               | -                   | -                       | -                      | 615,347                            | 188,040   | 803,387         | -   |
| Other non-current financial assets 其他非流動金融資產 | -               | 100,503             | -                       | 31,784                 | -                                  | 62,500    | 194,787         | 31,784  |
|  | -               | 100,503             | -                       | 31,784                 | 615,347                            | 250,540   | 998,174         | 31,784  |

#### (6) 公允價值層次轉換

於二零二二年一至六月期間，本集團持有的其他權益工具投資因限售期解除，其公允價值從第三層次轉入第一層次，轉移金額為人民幣33,257千元。

二零二一年度，本集團公允價值計量的金融工具在各層次之間無重大轉移。

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 18. EVENTS AFTER THE BALANCE SHEET DATE

The Company convened the twenty-first meeting of the seventh session of the Board and the ninth meeting of the seventh session of the Supervisory Committee on 22 April 2022, and convened the 2022 first extraordinary general meeting on 27 May 2022, at which the Resolution on Considering the 2022 Employee Share Ownership Plan (Draft) of BYD Company Limited and its Summary, the Resolution on Considering the 2022 Management Measures for the Employee Share Ownership Plan of BYD Company Limited and other relevant resolutions were considered and approved, and the implementation of the 2022 Employee Share Ownership Plan by the Company (hereinafter referred to as the “Employee Share Ownership Plan”) was approved.

The participants of the Employee Share Ownership Plan include employee representative supervisors, senior management of the Company, and mid-level management and core backbone employees of BYD Group. The total number of participants of the Employee Share Ownership Plan shall not exceed 12,000. The Employee Share Ownership Plan will be transferred to the Company's shares to be repurchased by the Company through non-trading transfer and other means permitted by laws and regulations at a transfer price of RMB0 per share. The participants are not required to make capital contribution.

### 18、資產負債表日後事項

本公司於二零二二年四月二十二日召開了第七屆董事會第二十一次會議及第七屆監事會第九次會議，並於二零二二年五月二十七日召開了二零二二年第一次臨時股東大會，審議通過了《關於審議〈比亞迪股份有限公司二零二二年員工持股計劃（草案）〉及其摘要的議案》及《關於審議〈比亞迪股份有限公司二零二二年員工持股計劃管理辦法〉的議案》等相關議案，同意公司實施二零二二年員工持股計劃（以下簡稱：「本次員工持股計劃」）。

本次員工持股計劃參與對象包括公司的職工代表監事、高級管理人員以及比亞迪集團的中層管理人員、核心骨幹員工，參與本次員工持股計劃的總人數不超過12,000人，本次員工持股計劃將通過非交易過戶等法律法規允許的方式受讓公司擬回購的公司股票，受讓價格為0元/股，參與對象無需出資。

# Notes to Financial Statements

## 財務報表附註

30 June 2022  
二零二二年六月三十日  
RMB'000 人民幣千元

### 18. EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

As of 13 June 2022, the Company had repurchased a total of 5,511,024 A Shares through the special securities account for repurchase by way of centralised bidding transactions, accounting for 0.189% of the total share capital of the Company as at the date of this report. The total amount of funds for repurchase was RMB1,809,920 thousand (including transaction costs).

According to the Confirmation of Securities Transfer Registration issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 14 July 2022, the 5,511,024 shares of the Company held by "BYD Company Limited Special Securities Account for Repurchase" opened by the Company have been transferred to the special securities account of "BYD Company Limited - 2022 Employee Share Ownership Plan" in the form of non-trading transfer, and the number of shares transferred from the account represents 0.189% of the total share capital of the Company as at the date of this report.

The Underlying Shares held under the Employee Share Ownership Plan will be unlocked in three phases. The unlocking dates are 12 months, 24 months and 36 months from the date of announcement of the last batch of Underlying Shares being transferred to the Employee Share Ownership Plan. The proportion of Underlying Shares to be unlocked in each phase is 30%, 30% and 40%, respectively. The specific unlocking ratio and number for each tranche shall be determined based on the Company's performance appraisal and individual performance appraisal results.

### 19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 29 August 2022.

### 18、資產負債表日後事項(續)

截至二零二二年六月十三日，公司通過回購專用證券賬戶以集中競價交易的方式累計回購A股股份的數量為5,511,024股，佔截至本報告日公司總股本的0.189%，回購資金總額為人民幣1,809,920千元(含交易費用)。

根據公司於二零二二年七月十四日收到中國證券登記結算有限責任公司深圳分公司出具的《證券過戶登記確認書》，公司開立的「比亞迪股份有限公司回購專用證券賬戶」所持有的5,511,024股公司股票已以非交易過戶形式過戶至「比亞迪股份有限公司－二零二二年員工持股計劃」專用證券賬戶，過戶股份數量佔截至本報告日公司總股本的比例為0.189%。

本次員工持股計劃持有的標的股票分三期解鎖，解鎖時點分別為自公司公告最後一筆標的股票過戶至本員工持股計劃名下之日起滿12個月、24個月、36個月，每期解鎖的標的股票比例分別為30%、30%、40%。每期具體解鎖比例和數量根據公司業績考核及個人業績考核結果確定。

### 19、審批財務報表

董事會已於二零二二年八月二十九日審批及授權刊發財務報表。

## APPENDIX II

### RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

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

#### 1. Overview

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

On 30 September 2022, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 14.4%, the CET1 leverage ratio was 4.51%, and the total loss-absorbing capacity ratio was 33.7%.<sup>1</sup> On the same date, invested assets stood at USD 3,706 billion, equity attributable to shareholders was USD 55,756 million and market capitalisation was USD 46,674 million. On the same date, UBS employed 72,009 people.<sup>2</sup>

On 30 September 2022, UBS AG consolidated CET1 capital ratio was 13.6%, the CET1 leverage ratio was 4.25%, and the total loss-absorbing capacity ratio was 32.8%.<sup>1</sup> On the same date, invested assets stood at USD 3,706 billion and equity attributable to UBS AG shareholders was USD 54,610 million. On the same date, UBS AG Group employed 47,429 people.<sup>2</sup>

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

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

<sup>1</sup> All figures based on the Swiss systemically relevant bank framework. Refer to the "Capital management" section of the Annual Report 2021 and of the UBS Group Third Quarter 2022 Report for more information.

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

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

No profit forecasts or estimates are included in this document.

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

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

### **2.1 Corporate Information**

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

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

UBS AG is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations as an Aktiengesellschaft, a corporation limited by shares. UBS AG's Legal Entity Identifier (LEI) code is BFM8T61CT2L1QCCEMIK50.

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

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

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

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

## **3. Business Overview**

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

UBS AG is a Swiss bank and the parent company of the UBS AG Group. It is 100% owned by UBS Group AG, which is the holding company of the UBS Group. UBS operates as a group with four business divisions and Group Functions.

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

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

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

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

### **3.2 Principal activities**

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

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

from the public and private markets and capital markets, cash and derivatives trading across equities and fixed income, and financing.

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

### 3.3 Competition

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

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

### 3.4 Recent Developments

#### 3.4.1 UBS AG consolidated key figures

UBS AG derived the selected consolidated financial information included in the table below for the years ended 31 December 2021, 2020 and 2019 from the Annual Report 2021, except where noted. The selected consolidated financial information included in the table below for the nine months ended 30 September 2022 and 30 September 2021 was derived from the UBS AG Third Quarter 2022 Report.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). Information for the years ended 31 December 2021, 2020 and 2019 which is indicated as being unaudited in the table below was included in the Annual Report 2021, but has not been audited on the basis that the respective disclosures are not required under IFRS, and therefore are not part of the audited financial statements. Prospective investors should read the whole of this document, the Annual Report 2021 and the UBS AG Third Quarter 2022 Report and should not rely solely on the summarized information set out below.

|   | As of or for the nine months ended |         | As of or for the year ended            |          |          |
|---|------------------------------------|---------|--|----------|----------|
|   | 30.9.22                            | 30.9.21 | 31.12.21                               | 31.12.20 | 31.12.19 |
| <i>USD million, except where indicated</i>  |                                    |         |  |          |          |
|   | <i>unaudited</i>                   |         | <i>audited, except where indicated</i> |          |          |
| <b>Results</b>  |                                    |         |  |          |          |
| <b>Income statement</b>   |                                    |         |  |          |          |
| Total revenues <sup>1</sup>   | 26,838                             | 27,008  | 35,828                                 | 33,474   | 29,385   |
| Net interest income   | 4,946                              | 4,860   | 6,605                                  | 5,788    | 4,415    |
| Net fee and commission income   | 14,664                             | 16,897  | 22,438                                 | 19,207   | 17,460   |
| Other net income from financial instruments measured at fair value through profit or loss | 5,637                              | 4,480   | 5,844                                  | 6,930    | 6,833    |

|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| Credit loss expense / (release)                  | 22     | (121)  | (148)  | 695    | 78     |
| Operating expenses                               | 19,644 | 19,785 | 27,012 | 25,081 | 24,138 |
| Operating profit / (loss) before tax             | 7,171  | 7,345  | 8,964  | 7,699  | 5,169  |
| Net profit / (loss) attributable to shareholders | 5,566  | 5,777  | 7,032  | 6,196  | 3,965  |

#### Balance sheet <sup>2</sup>

|   |           |  |           |           |         |
|---|-----------|--|-----------|-----------|---------|
| Total assets  | 1,111,926 |  | 1,116,145 | 1,125,327 | 971,927 |
| Total financial liabilities measured at amortized cost                    | 682,047   |  | 744,762   | 732,364   | 617,429 |
| <i>of which: customer deposits</i>  | 498,239   |  | 544,834   | 527,929   | 450,591 |
| <i>of which: debt issued measured at amortized cost</i>                   | 55,425    |  | 82,432    | 85,351    | 62,835  |
| <i>of which: subordinated debt</i>  | 2,959     |  | 5,163     | 7,744     | 7,431   |
| Total financial liabilities measured at fair value through profit or loss | 365,946   |  | 300,916   | 325,080   | 291,452 |
| <i>of which: debt issued designated at fair value</i>                     | 67,696    |  | 71,460    | 59,868    | 66,592  |
| Loans and advances to customers   | 374,747   |  | 398,693   | 380,977   | 327,992 |
| Total equity  | 54,941    |  | 58,442    | 58,073    | 53,896  |
| Equity attributable to shareholders                                       | 54,610    |  | 58,102    | 57,754    | 53,722  |

#### Profitability and growth

|   |       |      |       |       |        |
|---|-------|------|-------|-------|--------|
| Return on equity (%) <sup>3</sup>                               | 13.2  | 13.6 | 12.3* | 10.9* | 7.4*   |
| Return on tangible equity (%) <sup>4</sup>                      | 14.8  | 15.3 | 13.9* | 12.4* | 8.5*   |
| Return on common equity tier 1 capital (%) <sup>5</sup>         | 17.7  | 19.5 | 17.6* | 16.6* | 11.3*  |
| Return on leverage ratio denominator, gross (%) <sup>6, 7</sup> | 3.4   | 3.5  | 3.4*  | 3.4*  | 3.2*   |
| Cost / income ratio (%) <sup>8</sup>                            | 73.2  | 73.3 | 75.4* | 74.9* | 82.1*  |
| Net profit growth (%) <sup>9</sup>                              | (3.6) | 24.7 | 13.5* | 56.3* | (3.4)* |

#### Resources

|  |         |           |            |            |          |
|--|---------|-----------|------------|------------|----------|
| Common equity tier 1 capital <sup>10</sup>               | 42,064  | 41,356    | 41,594     | 38,181     | 35,233*  |
| Risk-weighted assets <sup>10</sup>                       | 308,571 | 299,612   | 299,005*   | 286,743*   | 257,831* |
| Common equity tier 1 capital ratio (%) <sup>10</sup>     | 13.6    | 13.8      | 13.9*      | 13.3*      | 13.7*    |
| Going concern capital ratio (%) <sup>10</sup>            | 18.1    | 18.5      | 18.5*      | 18.3*      | 18.3*    |
| Total loss-absorbing capacity ratio (%) <sup>10</sup>    | 32.8    | 32.6      | 33.3*      | 34.2*      | 33.9*    |
| Leverage ratio denominator <sup>6, 10</sup>              | 989,909 | 1,044,438 | 1,067,679* | 1,036,771* | 911,228* |
| Common equity tier 1 leverage ratio (%) <sup>6, 10</sup> | 4.25    | 3.96      | 3.90*      | 3.68*      | 3.87*    |

#### Other

|   |        |        |         |         |         |
|---|--------|--------|---------|---------|---------|
| Invested assets (USD billion) <sup>11</sup> | 3,706  | 4,432  | 4,596   | 4,187   | 3,607   |
| Personnel (full-time equivalents)           | 47,429 | 47,293 | 47,067* | 47,546* | 47,005* |



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\* unaudited

<sup>1</sup> Effective from the second quarter of 2022, *Operating income* has been renamed *Total revenues* and excludes *Credit loss expense / (release)*, which is now presented separately on the Income statement. Prior-period information reflects the new presentation structure, with no effect on *Operating profit / (loss) before tax* and *Net profit / (loss) attributable to shareholders*.

<sup>2</sup> Except for *Total assets*, *Total equity* and *Equity attributable to shareholders*, balance sheet information for year ended 31 December 2019 is derived from the Annual Report 2020.

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

<sup>4</sup> Calculated as annualized net profit attributable to shareholders divided by average equity attributable to shareholders less average goodwill and intangible assets. This measure provides information about the profitability of the business in relation to tangible equity.

<sup>5</sup> Calculated as annualized net profit attributable to shareholders divided by average common equity tier 1 capital. This measure provides information about the profitability of the business in relation to common equity tier 1 capital.

<sup>6</sup> Leverage ratio denominators and leverage ratios for year 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19.

<sup>7</sup> Calculated as annualized total revenues divided by average leverage ratio denominator. This measure provides information about the revenues of the business in relation to the leverage ratio denominator.

<sup>8</sup> Calculated as operating expenses divided by total revenues. This measure provides information about the efficiency of the business by comparing operating expenses with gross income.

<sup>9</sup> Calculated as the change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of the comparison period. This measure provides information about profit growth since the comparison period.

<sup>10</sup> Based on the applicable Swiss systemically relevant bank framework as of 1 January 2020.

<sup>11</sup> Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts. This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes.

### 3.4.2 Regulatory, legal and other developments

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

## 3.5 Trend Information

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

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

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

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

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

##### 4.1 Board of Directors

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

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

##### 4.1.1 Members of the Board of Directors

The current members of the BoD are listed below.

| Member         | Title         | Term of office | Current principal activities outside UBS AG  |
|----------------|---------------|----------------|--|
| Colm Kelleher  | Chairman      | 2023           | Chairman of the Board of Directors of UBS Group AG; member of the board of Norfolk Southern Corporation (chair of the risk and finance committee); member of the Board of Directors of the Bretton Woods Committee; member of the board of the Swiss Finance Council; member of the board of Americans for Oxford; member of the Oxford Chancellor's Court of Benefactors; member of the Advisory Council of the British Museum; member of the International Advisory Council of the China Securities Regulatory Commission; member of the European Financial Services Round Table; member of the European Banking Group; member of the International Monetary Conference. |
| Lukas Gähwiler | Vice Chairman | 2023           | Vice Chairman of the Board of Directors of UBS Group AG; vice chairman of the Board of Directors of Pilatus Aircraft Ltd; member of the Board of Directors of Ringier AG; member of the Board of Directors of Opernhaus Zürich AG; vice chairman of the Swiss Bankers Association; chairman of the Employers Association of Banks in Switzerland; member of the Board of Directors of the Swiss Employers Association; member of the Board of economiesuisse; chairman of the Foundation Board of the UBS Pension Fund; member of the Foundation Council of the UBS  |

|                     |        |      |   |
|---------------------|--------|------|---|
|                     |        |      | Center for Economics in Society; and member of the board of the Swiss Finance Council.  |
| Jeremy Anderson     | Member | 2023 | Senior Independent Director of the Board of Directors of UBS Group AG; board member of Prudential plc; trustee of the UK's Productivity Leadership Group; trustee of Kingham Hill Trust; trustee of St. Helen Bishopsgate.  |
| Claudia Böckstiegel | Member | 2023 | Member of the Board of Directors of UBS Group AG; General Counsel and member of the Enlarged Executive Committee of Roche Holding AG.   |
| William C. Dudley   | Member | 2023 | Member of the Board of Directors of UBS Group AG; member of the board of Trelia LLC; senior advisor to the Griswold Center for Economic Policy Studies at Princeton University; member of the Group of Thirty; member of the Council on Foreign Relations; chair of the Bretton Woods Committee board of directors; member of the board of the Council for Economic Education.  |
| Patrick Firmenich   | Member | 2023 | Member of the Board of Directors of UBS Group AG; chairman of the board of Firmenich International SA; chairman of Firmenich SA; member of the board of Jacobs Holding AG; member of the Board of INSEAD and INSEAD World Foundation; member of the Advisory Council of the Swiss Board Institute.  |
| Fred Hu             | Member | 2023 | Member of the Board of Directors of UBS Group AG; founder, chairman and CEO of Primavera Capital Group; non-executive chairman of the board of Yum China Holdings (chair of the nomination and governance committee); board member of Industrial and Commercial Bank of China; chairman of Primavera Capital Ltd; member of the Board of Ant Group; board member of Minsheng Financial Leasing Co.; trustee of the China Medical Board; Governor of the Chinese International School in Hong Kong SAR; co-chairman of the Nature Conservancy Asia Pacific Council; member of the Board of Trustees of the Institute for Advanced Study; director and member of the Executive Committee of China Venture Capital and Private Equity Association Ltd. |
| Mark Hughes         | Member | 2023 | Member of the Board of Directors of UBS Group AG; chair of the Board of Directors of the Global Risk Institute; visiting lecturer at the University of Leeds; senior advisor to McKinsey & Company.   |
| Nathalie Rachou     | Member | 2023 | Member of the Board of Directors of UBS Group AG; member of the board of Euronext N.V. (chair of the remuneration committee); member of the board of Veolia Environnement SA (chair of the audit committee); member of the board of the African Financial Institutions Investment Platform.   |
| Julie G. Richardson | Member | 2023 | Member of the Board of Directors of UBS Group AG; member of the board of Yext (chair of the audit committee); member of the board of Datalog (chair of the audit committee); member of the Board of Fivetran; ; member of the Board of Coalition, Inc.  |
| Dieter Wemmer       | Member | 2023 | Member of the Board of Directors of UBS Group AG; board member of Ørsted A/S (chair of the audit and risk committee); chairman of Marco Capital Holdings Limited, Malta and subsidiaries; member of the Berlin Center of Corporate Governance.  |

|               |        |      |   |
|---------------|--------|------|---|
| Jeanette Wong | Member | 2023 | Member of the Board of Directors of UBS Group AG; member of the board of Prudential plc; member of the board of Singapore Airlines Limited; member of the Board Risk Committee of GIC Pte Ltd; board member of Jurong Town Corporation; board member of PSA International; chairman of the CareShield Life Council; member of the Securities Industry Council; member of the Board of Trustees of the National University of Singapore. |
|---------------|--------|------|---|

## 4.2 Executive Board (“EB”)

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

### 4.2.1 Members of the Executive Board

The current members of the EB are listed below.

| Member and business address   | Function                              | Current principal activities outside UBS AG  |
|---|---------------------------------------|--|
| Ralph Hamers<br><br>UBS AG,<br>Bahnhofstrasse 45, CH-<br>8001 Zurich                  | President of the Executive Board      | Member of the Group Executive Board and Group Chief Executive Officer of UBS Group AG; member of the Board of the Swiss-American Chamber of Commerce; member of the Institut International D'Etudes Bancaires; member of the IMD Foundation Board; member of the McKinsey Advisory Council; member of the World Economic Forum International Business Council; Governor of the Financial Services/Banking Community of the World Economic Forum ; member of the International Advisory Panel, Monetary Authority of Singapore. |
| Christian Bluhm<br><br>UBS AG,<br>Bahnhofstrasse 45, CH-<br>8001 Zurich               | Chief Risk Officer                    | Member of the Group Executive Board and Group Chief Risk Officer of UBS Group AG; chairman of the Board of Christian Bluhm Photography AG; board member of UBS Switzerland AG; member of the Foundation Board of the UBS Pension Fund; member of the Foundation Board – International Financial Risk Institute.  |
| Mike Dargan<br><br>UBS AG,<br>Bahnhofstrasse 45, CH-<br>8001 Zurich                   | Chief Digital and Information Officer | Member of the Group Executive Board and Group Chief Digital and Information Officer of UBS Group AG; President of the Executive Board and board member of UBS Business Solutions AG; member of the Board of Directors of Done Next Holdings AG; member of the Board of Trustees of the Inter-Community School Zurich; member of the Board of Governors of the International Baccalaureate.   |
| Suni Harford<br><br>UBS AG, 1285 Avenue<br>of the Americas, New<br>York, NY 10019 USA | President Asset Management            | Member of the Group Executive Board and President Asset Management of UBS Group AG; chairman of the Board of Directors of UBS Asset Management AG; chair of the Board of UBS Optimus Foundation; member of the Leadership Council of the Bob Woodruff Foundation.  |

|  |  |   |
|--|--|---|
| <p>Naureen Hassan</p> <p>UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA</p>   | <p>President UBS Americas</p>  | <p>Member of the Group Executive Board and President UBS Americas of UBS Group AG; CEO of UBS Americas Holding LLC.</p>   |
| <p>Robert Karofsky</p> <p>UBS AG, 1285 Avenue of the Americas, New York, NY 10019, USA</p> | <p>President Investment Bank</p>   | <p>Member of the Group Executive Board and President Investment Bank of UBS Group AG; member of the board of UBS Americas Holding LLC; member of the board of UBS Optimus Foundation; trustee of the UBS Americas Inc. Political Action Committee.</p>  |
| <p>Iqbal Khan</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>                         | <p>President Global Wealth Management and President UBS Europe, Middle East and Africa</p> | <p>Member of the Executive Board, President Global Wealth Management and President UBS Europe, Middle East and Africa of UBS Group AG; member of the Supervisory Board of UBS Europe SE; member of the board of UBS Optimus Foundation; board member of Room to Read Switzerland.</p>   |
| <p>Edmund Koh</p> <p>UBS AG, One Raffles Quay North Tower, Singapore 048583</p>            | <p>President UBS Asia Pacific</p>  | <p>Member of the Group Executive Board and President UBS Asia Pacific of UBS Group AG; member of the Board of Trustees of the Wealth Management Institute, Singapore; board member of Next50 Limited, Singapore; board member of Medico Suites (S) Pte Ltd; member of a sub-committee of the Singapore Ministry of Finance's Committee on the Future Economy; member of the Financial Centre Advisory Panel of the Monetary Authority of Singapore; council member of the Asian Bureau of Finance and Economic Research; trustee of the Cultural Matching Fund, Singapore; member of University of Toronto's International Leadership Council for Asia.</p> |
| <p>Barbara Levi</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>                       | <p>General Counsel</p>   | <p>Member of the Group Executive Board and Group General Counsel of UBS Group AG; member of the Employers' Board of the Global Institute for Women's Leadership, King's College London; member of the Board of Directors of the European General Counsel Association; member of the Legal Committee of the Swiss-American Chamber of Commerce.</p>  |
| <p>Markus Ronner</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>                      | <p>Chief Compliance and Governance Officer</p>   | <p>Member of the Group Executive Board and Group Chief Compliance and Governance Officer of UBS Group AG; chairman of the Board of Directors of UBS Switzerland AG.</p>   |
| <p>Sarah Youngwood</p> <p>UBS AG, Bahnhofstrasse 45, CH-8001 Zurich</p>                    | <p>Chief Financial Officer</p>   | <p>Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG; member of the Board of UBS Business Solutions AG; Advisory Board Member – Wall Street Women's Alliance.</p>   |

### 4.3 Potential Conflicts of Interest

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

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

### 5. Auditors

Based on article 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGMs of 27 April 2020, 7 April 2021 and 5 April 2022, Ernst & Young Ltd., Aeschengraben 27, 4051 Basel, Switzerland ("**Ernst & Young**") was elected as auditor for the consolidated and standalone financial statements of UBS AG for a one-year term.

Ernst & Young is a member of EXPERTsuisse, the Swiss Expert Association for Audit, Tax and Fiduciary. Ernst & Young is also registered with the Swiss Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals that provide audit services in Switzerland.

### 6. Major Shareholders of the Issuer

UBS Group AG owns 100% of the outstanding shares of UBS AG. UBS AG is a wholly owned subsidiary of UBS Group AG. While UBS has no specific corporate measures intended to prevent abuse of control to the detriment of minority shareholders, UBS has adopted a comprehensive and integrated governance framework which takes into account the specific requirements of each relevant jurisdiction. This governance framework includes separate articles of association and organizational regulations for UBS Group AG and UBS AG. In addition, as UBS AG is regulated as a bank in Switzerland, it is subject to capital regulation and close supervisory oversight. This includes the general requirement under Swiss law that contracts of UBS AG with affiliates are subject to an arm's length principle of negotiation.

### 7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

#### 7.1 Historical Annual Financial Information

Detailed information about UBS AG consolidated and UBS AG assets and liabilities, financial position and profits and losses for financial year 2021 is available in the section "*UBS AG consolidated financial statements*" of the Annual Report 2021 and in the UBS AG's standalone financial statements for the year ended 31 December 2021 (the "**Standalone Financial Statements 2021**"), respectively; and for financial year 2020 it is available in the "*UBS AG consolidated financial statements*" section of the UBS Group AG and UBS AG annual report 2020, published on 5 March 2021 ("**Annual Report 2020**") and in the UBS AG's standalone financial statements for the year ended 31 December 2020 published on 5 March 2021 (the "**Standalone Financial Statements 2020**"). The consolidated and standalone financial accounts are closed on 31 December of each year.

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

## **7.2 Auditing of Historical Annual Financial Information**

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

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

## **7.3 Interim Financial Information**

Reference is also made to (i) the UBS Group AG first quarter 2022 report published on 26 April 2022 ("**UBS Group First Quarter 2022 Report**") and the UBS AG first quarter 2022 report published on 29 April 2022 ("**UBS AG First Quarter 2022 Report**"), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 31 March 2022; (ii) UBS Group AG second quarter 2022 report published on 26 July 2022 ("**UBS Group Second Quarter 2022 Report**") and the UBS AG second quarter 2022 report published on 29 July 2022 ("**UBS AG Second Quarter 2022 Report**"), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 June 2022; and (iii) UBS Group AG third quarter 2022 report published on 25 October 2022 ("**UBS Group Third Quarter 2022 Report**") and the UBS AG third quarter 2022 report published on 28 October 2022 ("**UBS AG Third Quarter 2022 Report**"), which contain information on the financial condition and results of operations, including the interim financial statements, of UBS Group AG consolidated and UBS AG consolidated, respectively, as of and for the period ended 30 September 2022. The interim consolidated financial statements are not audited.

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

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

operations, may entitle regulatory authorities to limit, suspend or terminate licenses and regulatory authorizations and may permit financial market utilities to limit, suspend or terminate UBS's participation in such utilities. Failure to obtain such waivers, or any limitation, suspension or termination of licenses, authorizations or participations, could have material consequences for UBS.

Specific litigation, regulatory and other matters, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects, are described in "*Note 16 Provisions and contingent liabilities*" to the UBS AG unaudited interim consolidated financial statements included in the UBS AG Third Quarter 2022 Report. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

#### **7.5 Material Contracts**

Except as otherwise disclosed in this document (including the documents incorporated herein by reference), no material contracts have been entered into outside of the ordinary course of UBS AG's or UBS AG Group's business which could result in any member of the UBS AG Group being under an obligation or entitlement that is material to UBS AG's ability to meet its obligations to the investors in relation to the issued securities.

#### **7.6 Significant Changes in the Financial Position and Performance; Material Adverse Change in Prospects**

Except as otherwise indicated in this document (including the documents incorporated herein by reference), no material changes have occurred in UBS AG's assets and liabilities, financial position or profits and losses since 30 September 2022.

#### **8. Share Capital**

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

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

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



**APPENDIX III**

**EXTRACT OF  
THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
UBS AG AND ITS SUBSIDIARIES  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

# UBS AG interim consolidated financial statements (unaudited)

## Income statement

| USD m   | Note | For the quarter ended |              |              | Year-to-date  |               |
|---|------|-----------------------|--------------|--------------|---------------|---------------|
|   |      | 30.9.22               | 30.6.22      | 30.9.21      | 30.9.22       | 30.9.21       |
| Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income | 3    | 3,081                 | 2,381        | 2,178        | 7,607         | 6,382         |
| Interest expense from financial instruments measured at amortized cost  | 3    | (1,794)               | (1,103)      | (853)        | (3,706)       | (2,572)       |
| Net interest income from financial instruments measured at fair value through profit or loss                            | 3    | 278                   | 356          | 339          | 1,045         | 1,049         |
| Net interest income   | 3    | 1,565                 | 1,634        | 1,664        | 4,946         | 4,860         |
| Other net income from financial instruments measured at fair value through profit or loss                               |      | 1,792                 | 1,620        | 1,695        | 5,637         | 4,480         |
| Fee and commission income   | 4    | 4,971                 | 5,235        | 6,124        | 16,074        | 18,369        |
| Fee and commission expense  | 4    | (476)                 | (450)        | (510)        | (1,410)       | (1,472)       |
| Net fee and commission income   | 4    | 4,495                 | 4,785        | 5,615        | 14,664        | 16,897        |
| Other income  | 5    | 456                   | 996          | 237          | 1,591         | 772           |
| <b>Total revenues</b>   |      | <b>8,308</b>          | <b>9,036</b> | <b>9,210</b> | <b>26,838</b> | <b>27,008</b> |
| <b>Credit loss expense / (release)</b>  | 9    | <b>(3)</b>            | <b>7</b>     | <b>(14)</b>  | <b>22</b>     | <b>(121)</b>  |
| Personnel expenses  | 6    | 3,617                 | 3,762        | 3,951        | 11,613        | 12,109        |
| General and administrative expenses   | 7    | 2,077                 | 2,364        | 2,101        | 6,674         | 6,312         |
| Depreciation, amortization and impairment of non-financial assets   |      | 458                   | 451          | 459          | 1,358         | 1,364         |
| <b>Operating expenses</b>   |      | <b>6,152</b>          | <b>6,577</b> | <b>6,512</b> | <b>19,644</b> | <b>19,785</b> |
| Operating profit / (loss) before tax  |      | 2,159                 | 2,452        | 2,712        | 7,171         | 7,345         |
| Tax expense / (benefit)   | 8    | 551                   | 478          | 549          | 1,577         | 1,550         |
| <b>Net profit / (loss)</b>  |      | <b>1,608</b>          | <b>1,974</b> | <b>2,163</b> | <b>5,594</b>  | <b>5,795</b>  |
| Net profit / (loss) attributable to non-controlling interests   |      | 9                     | 10           | 9            | 28            | 18            |
| <b>Net profit / (loss) attributable to shareholders</b>   |      | <b>1,598</b>          | <b>1,964</b> | <b>2,154</b> | <b>5,566</b>  | <b>5,777</b>  |

## Statement of comprehensive income

| USD m  | For the quarter ended |                |              | Year-to-date   |                |
|--|-----------------------|----------------|--------------|----------------|----------------|
|  | 30.9.22               | 30.6.22        | 30.9.21      | 30.9.22        | 30.9.21        |
| <b>Comprehensive income attributable to shareholders</b>   |                       |                |              |                |                |
| Net profit / (loss)  | 1,598                 | 1,964          | 2,154        | 5,566          | 5,777          |
| <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   | (1,097)               | (994)          | (383)        | (2,556)        | (1,342)        |
| Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax                          | 467                   | 434            | 174          | 1,113          | 676            |
| Foreign currency translation differences on foreign operations reclassified to the income statement  | 24                    | 8              | 7            | 32             | (1)            |
| Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement | (3)                   | (4)            | 0            | (7)            | 7              |
| Income tax relating to foreign currency translations, including the impact of net investment hedges  | 6                     | 5              | 53           | 14             | 59             |
| Subtotal foreign currency translation, net of tax  | (603)                 | (551)          | (149)        | (1,405)        | (601)          |
| <b>Financial assets measured at fair value through other comprehensive income</b>  |                       |                |              |                |                |
| Net unrealized gains / (losses), before tax  | (3)                   | (3)            | (44)         | (445)          | (154)          |
| Net realized gains / (losses) reclassified to the income statement from equity   | 0                     | 0              | 0            | 0              | (9)            |
| Reclassification of financial assets to Other financial assets measured at amortized cost <sup>1</sup>                                     |                       | 449            |              | 449            |                |
| Income tax relating to net unrealized gains / (losses)   | 0                     | (116)          | 11           | (3)            | 42             |
| Subtotal financial assets measured at fair value through other comprehensive income, net of tax  | (3)                   | 330            | (33)         | 0              | (121)          |
| <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 <sup>2</sup>               | (2,053)               | (1,298)        | (112)        | (5,816)        | (742)          |
| Net (gains) / losses reclassified to the income statement from equity  | 16                    | (149)          | (282)        | (370)          | (804)          |
| Income tax relating to cash flow hedges  | 373                   | 276            | 77           | 1,168          | 292            |
| Subtotal cash flow hedges, net of tax  | (1,664)               | (1,171)        | (316)        | (5,018)        | (1,254)        |
| <b>Cost of hedging</b>   |                       |                |              |                |                |
| Cost of hedging, before tax  | 17                    | 21             | 5            | 114            | (18)           |
| Income tax relating to cost of hedging   | (3)                   | 0              | 0            | (3)            | 0              |
| Subtotal cost of hedging, net of tax   | 14                    | 21             | 5            | 111            | (18)           |
| <b>Total other comprehensive income that may be reclassified to the income statement, net of tax</b>                                       | <b>(2,257)</b>        | <b>(1,370)</b> | <b>(493)</b> | <b>(6,312)</b> | <b>(1,992)</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  | 146                   | 127            | 15           | 401            | (20)           |
| Income tax relating to defined benefit plans   | 40                    | (8)            | (10)         | 14             | (6)            |
| Subtotal defined benefit plans, net of tax   | 186                   | 119            | 6            | 415            | (25)           |
| <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   | 452                   | 296            | (98)         | 1,171          | (8)            |
| Income tax relating to own credit on financial liabilities designated at fair value  | (116)                 | (26)           | 0            | (142)          | 0              |
| Subtotal own credit on financial liabilities designated at fair value, net of tax  | 335                   | 271            | (98)         | 1,029          | (8)            |
| <b>Total other comprehensive income that will not be reclassified to the income statement, net of tax</b>                                  | <b>521</b>            | <b>389</b>     | <b>(92)</b>  | <b>1,444</b>   | <b>(34)</b>    |
| <b>Total other comprehensive income</b>  | <b>(1,735)</b>        | <b>(981)</b>   | <b>(584)</b> | <b>(4,868)</b> | <b>(2,026)</b> |
| <b>Total comprehensive income attributable to shareholders</b>   | <b>(137)</b>          | <b>982</b>     | <b>1,570</b> | <b>698</b>     | <b>3,751</b>   |
| <b>Comprehensive income attributable to non-controlling interests</b>  |                       |                |              |                |                |
| Net profit / (loss)  | 9                     | 10             | 9            | 28             | 18             |
| <b>Total other comprehensive income that will not be reclassified to the income statement, net of tax</b>                                  | <b>(17)</b>           | <b>(28)</b>    | <b>(14)</b>  | <b>(27)</b>    | <b>(12)</b>    |
| <b>Total comprehensive income attributable to non-controlling interests</b>  | <b>(8)</b>            | <b>(17)</b>    | <b>(5)</b>   | <b>1</b>       | <b>6</b>       |
| <b>Total comprehensive income</b>  |                       |                |              |                |                |
| Net profit / (loss)  | 1,608                 | 1,974          | 2,163        | 5,594          | 5,795          |
| <b>Other comprehensive income</b>  | <b>(1,753)</b>        | <b>(1,009)</b> | <b>(598)</b> | <b>(4,895)</b> | <b>(2,038)</b> |
| <i>of which: other comprehensive income that may be reclassified to the income statement</i>   | <i>(2,257)</i>        | <i>(1,370)</i> | <i>(493)</i> | <i>(6,312)</i> | <i>(1,992)</i> |
| <i>of which: other comprehensive income that will not be reclassified to the income statement</i>  | <i>504</i>            | <i>361</i>     | <i>(106)</i> | <i>1,416</i>   | <i>(46)</i>    |
| <b>Total comprehensive income</b>  | <b>(145)</b>          | <b>965</b>     | <b>1,565</b> | <b>699</b>     | <b>3,757</b>   |

<sup>1</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 1 for more information. <sup>2</sup> The result for the first nine months of 2022 mainly reflects net unrealized losses on US dollar hedging derivatives, resulting from significant increases in the relevant US dollar long-term interest rates.

## Balance sheet

| USD m   | Note   | 30.9.22          | 30.6.22          | 31.12.21         |
|---|--------|------------------|------------------|------------------|
| <b>Assets</b>   |        |                  |                  |                  |
| Cash and balances at central banks  |        | 166,406          | 190,353          | 192,817          |
| Loans and advances to banks   |        | 14,403           | 16,435           | 15,360           |
| Receivables from securities financing transactions  |        | 66,926           | 63,291           | 75,012           |
| Cash collateral receivables on derivative instruments   | 11     | 48,210           | 43,766           | 30,514           |
| Loans and advances to customers   | 9      | 374,747          | 384,878          | 398,693          |
| Other financial assets measured at amortized cost   | 12     | 47,045           | 37,551           | 26,236           |
| <b>Total financial assets measured at amortized cost</b>                                      |        | <b>717,738</b>   | <b>736,274</b>   | <b>738,632</b>   |
| Financial assets at fair value held for trading   | 10     | 84,833           | 99,730           | 131,033          |
| <i>of which: assets pledged as collateral that may be sold or repledged by counterparties</i> |        | <i>26,810</i>    | <i>33,830</i>    | <i>43,397</i>    |
| Derivative financial instruments  | 10, 11 | 195,208          | 160,524          | 118,145          |
| Brokerage receivables   | 10     | 22,510           | 19,289           | 21,839           |
| Financial assets at fair value not held for trading   | 10     | 53,418           | 57,240           | 59,642           |
| <b>Total financial assets measured at fair value through profit or loss</b>                   |        | <b>355,969</b>   | <b>336,784</b>   | <b>330,659</b>   |
| <b>Financial assets measured at fair value through other comprehensive income</b>             | 10     | <b>2,243</b>     | <b>2,251</b>     | <b>8,844</b>     |
| Investments in associates   |        | 1,032            | 1,094            | 1,243            |
| Property, equipment and software  |        | 10,939           | 11,109           | 11,712           |
| Goodwill and intangible assets  |        | 6,210            | 6,312            | 6,378            |
| Deferred tax assets   |        | 9,276            | 9,083            | 8,839            |
| Other non-financial assets  | 12     | 8,519            | 9,567            | 9,836            |
| <b>Total assets</b>   |        | <b>1,111,926</b> | <b>1,112,474</b> | <b>1,116,145</b> |
| <b>Liabilities</b>  |        |                  |                  |                  |
| Amounts due to banks  |        | 13,870           | 15,202           | 13,101           |
| Payables from securities financing transactions   |        | 4,540            | 5,956            | 5,533            |
| Cash collateral payables on derivative instruments  | 11     | 44,321           | 40,468           | 31,801           |
| Customer deposits   |        | 498,239          | 514,344          | 544,834          |
| Funding from UBS Group AG measured at amortized cost  |        | 55,663           | 57,089           | 57,295           |
| Debt issued measured at amortized cost  | 14     | 55,425           | 65,820           | 82,432           |
| Other financial liabilities measured at amortized cost  | 12     | 9,990            | 10,516           | 9,765            |
| <b>Total financial liabilities measured at amortized cost</b>                                 |        | <b>682,047</b>   | <b>709,395</b>   | <b>744,762</b>   |
| Financial liabilities at fair value held for trading  | 10     | 30,741           | 30,450           | 31,688           |
| Derivative financial instruments  | 10, 11 | 192,300          | 156,892          | 121,309          |
| Brokerage payables designated at fair value   | 10     | 48,093           | 49,798           | 44,045           |
| Debt issued designated at fair value  | 10, 13 | 67,696           | 70,457           | 71,460           |
| Other financial liabilities designated at fair value  | 10, 12 | 27,116           | 30,373           | 32,414           |
| <b>Total financial liabilities measured at fair value through profit or loss</b>              |        | <b>365,946</b>   | <b>337,970</b>   | <b>300,916</b>   |
| Provisions  | 16     | 3,235            | 3,407            | 3,452            |
| Other non-financial liabilities   | 12     | 5,757            | 6,618            | 8,572            |
| <b>Total liabilities</b>  |        | <b>1,056,985</b> | <b>1,057,390</b> | <b>1,057,702</b> |
| <b>Equity</b>   |        |                  |                  |                  |
| Share capital   |        | 338              | 338              | 338              |
| Share premium   |        | 24,663           | 24,661           | 24,653           |
| Retained earnings   |        | 30,681           | 28,592           | 27,912           |
| Other comprehensive income recognized directly in equity, net of tax                          |        | (1,072)          | 1,154            | 5,200            |
| <b>Equity attributable to shareholders</b>  |        | <b>54,610</b>    | <b>54,746</b>    | <b>58,102</b>    |
| Equity attributable to non-controlling interests  |        | 330              | 339              | 340              |
| <b>Total equity</b>   |        | <b>54,941</b>    | <b>55,085</b>    | <b>58,442</b>    |
| <b>Total liabilities and equity</b>   |        | <b>1,111,926</b> | <b>1,112,474</b> | <b>1,116,145</b> |

## Statement of changes in equity

| <i>USD m</i>  | Share capital and share premium | Retained earnings | OCI recognized directly in equity, net of tax <sup>1</sup> | <i>of which: foreign currency translation</i> | <i>of which: cash flow hedges</i> | Total equity attributable to shareholders |
|---|---------------------------------|-------------------|--|---|-----------------------------------|---|
| <b>Balance as of 1 January 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   | 6                               |                   |  |   |                                   | 6   |
| Dividends   |                                 | (4,200)           |  |   |                                   | (4,200)                                   |
| Translation effects recognized directly in retained earnings              |                                 | (44)              | 44   |   | 44                                | 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                                 |                                 | 7,010             | (6,312)  | (1,405)                                       | (5,018)                           | 698                                       |
| <i>of which: net profit / (loss)</i>                                      |                                 | 5,566             |  |   |                                   | 5,566                                     |
| <i>of which: OCI, net of tax</i>  |                                 | 1,444             | (6,312)  | (1,405)                                       | (5,018)                           | (4,868)                                   |
| <b>Balance as of 30 September 2022<sup>2</sup></b>                        | <b>25,001</b>                   | <b>30,681</b>     | <b>(1,072)</b>   | <b>3,212</b>                                  | <b>(4,346)</b>                    | <b>54,610</b>                             |
| Non-controlling interests as of 30 September 2022                         |                                 |                   |  |   |                                   | 330                                       |
| <b>Total equity as of 30 September 2022</b>                               |                                 |                   |  |   |                                   | <b>54,941</b>                             |
| <b>Balance as of 1 January 2021<sup>2</sup></b>                           | <b>24,918</b>                   | <b>25,251</b>     | <b>7,585</b>   | <b>5,126</b>                                  | <b>2,321</b>                      | <b>57,754</b>                             |
| Tax (expense) / benefit   | (67)                            |                   |  |   |                                   | (67)                                      |
| Dividends   |                                 | (4,539)           |  |   |                                   | (4,539)                                   |
| Translation effects recognized directly in retained earnings              |                                 | 23                | (23)   |   | (23)                              | 0   |
| Share of changes in retained earnings of associates and joint ventures    |                                 | 1                 |  |   |                                   | 1   |
| New consolidations / (deconsolidations) and other increases / (decreases) | 185                             |                   |  |   |                                   | 185                                       |
| Total comprehensive income for the period                                 |                                 | 5,743             | (1,992)  | (601)   | (1,254)                           | 3,751                                     |
| <i>of which: net profit / (loss)</i>                                      |                                 | 5,777             |  |   |                                   | 5,777                                     |
| <i>of which: OCI, net of tax</i>  |                                 | (34)              | (1,992)  | (601)   | (1,254)                           | (2,026)                                   |
| <b>Balance as of 30 September 2021<sup>2</sup></b>                        | <b>25,036</b>                   | <b>26,480</b>     | <b>5,569</b>   | <b>4,526</b>                                  | <b>1,044</b>                      | <b>57,085</b>                             |
| Non-controlling interests as of 30 September 2021                         |                                 |                   |  |   |                                   | 333                                       |
| <b>Total equity as of 30 September 2021</b>                               |                                 |                   |  |   |                                   | <b>57,418</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.

## Statement of cash flows

|   | Year-to-date       |                |
|---|--------------------|----------------|
| <i>USD m</i>  | 30.9.22            | 30.9.21        |
| <b>Cash flow from / (used in) operating activities</b>  |                    |                |
| Net profit / (loss)   | 5,594              | 5,795          |
| <b>Non-cash items included in net profit and other adjustments:</b>                                   |                    |                |
| Depreciation, amortization and impairment of non-financial assets                                     | 1,358              | 1,364          |
| Credit loss expense / (release)   | 22                 | (121)          |
| Share of net (profit) / loss of associates and joint ventures and impairment related to associates    | (31)               | (72)           |
| Deferred tax expense / (benefit)  | 553                | 426            |
| Net loss / (gain) from investing activities   | (934)              | (321)          |
| Net loss / (gain) from financing activities   | (22,615)           | (217)          |
| Other net adjustments   | 14,674             | 5,395          |
| <b>Net change in operating assets and liabilities:</b>  |                    |                |
| Loans and advances to banks and amounts due to banks  | 1,808              | 2,626          |
| Securities financing transactions at amortized cost   | 5,347              | (1,926)        |
| Cash collateral on derivative instruments   | (5,320)            | (3,174)        |
| Loans and advances to customers and customer deposits   | (17,474)           | (14,510)       |
| Financial assets and liabilities at fair value held for trading and derivative financial instruments  | 23,045             | (3,808)        |
| Brokerage receivables and payables  | 3,243              | 10,715         |
| Financial assets at fair value not held for trading and other financial assets and liabilities        | 4,185              | 18,157         |
| Provisions and other non-financial assets and liabilities   | (4)                | 1,766          |
| Income taxes paid, net of refunds   | (1,230)            | (674)          |
| <b>Net cash flow from / (used in) operating activities</b>  | <b>12,219</b>      | <b>21,421</b>  |
| <b>Cash flow from / (used in) investing activities</b>  |                    |                |
| Purchase of subsidiaries, associates and intangible assets  | 0                  | (1)            |
| Disposal of subsidiaries, associates and intangible assets  | 1,682 <sup>1</sup> | 564            |
| Purchase of property, equipment and software  | (1,066)            | (1,146)        |
| Disposal of property, equipment and software  | 9                  | 268            |
| Purchase of financial assets measured at fair value through other comprehensive income                | (3,958)            | (3,118)        |
| Disposal and redemption of financial assets measured at fair value through other comprehensive income | 3,234              | 2,798          |
| Net (purchase) / redemption of debt securities measured at amortized cost                             | (8,228)            | 223            |
| <b>Net cash flow from / (used in) investing activities</b>  | <b>(8,329)</b>     | <b>(414)</b>   |
| <b>Cash flow from / (used in) financing activities</b>  |                    |                |
| Net short-term debt issued / (repaid)   | (16,249)           | (7,717)        |
| Distributions paid on UBS AG shares   | (4,200)            | (4,539)        |
| Issuance of debt designated at fair value and long-term debt measured at amortized cost <sup>2</sup>  | 68,812             | 81,146         |
| Repayment of debt designated at fair value and long-term debt measured at amortized cost <sup>2</sup> | (54,184)           | (65,416)       |
| Net cash flows from other financing activities  | (460)              | (129)          |
| <b>Net cash flow from / (used in) financing activities</b>  | <b>(6,282)</b>     | <b>3,345</b>   |
| <b>Total cash flow</b>  |                    |                |
| <b>Cash and cash equivalents at the beginning of the period</b>                                       | <b>207,755</b>     | <b>173,430</b> |
| Net cash flow from / (used in) operating, investing and financing activities                          | (2,391)            | 24,352         |
| Effects of exchange rate differences on cash and cash equivalents                                     | (15,773)           | (6,895)        |
| <b>Cash and cash equivalents at the end of the period<sup>3</sup></b>                                 | <b>189,592</b>     | <b>190,888</b> |

### Additional information

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

|   |        |       |
|---|--------|-------|
| Interest received in cash   | 10,197 | 8,292 |
| Interest paid in cash   | 5,120  | 3,981 |
| Dividends on equity investments, investment funds and associates received in cash | 1,556  | 1,969 |

<sup>1</sup> Includes cash proceeds from the sales of: UBS AG's shareholding in its Japanese real estate joint venture, Mitsubishi Corp.-UBS Realty Inc.; UBS AG's wholly owned subsidiary UBS Swiss Financial Advisers AG; and UBS AG's domestic wealth management business in Spain. <sup>2</sup> Includes funding from UBS Group AG measured at amortized cost (recognized in Funding from UBS Group AG measured at amortized cost in the balance sheet) and measured at fair value (recognized in Other financial liabilities designated at fair value in the balance sheet). <sup>3</sup> Consists of balances with an original maturity of three months or less. USD 3,855m and USD 3,823m (mainly reflected in Loans and advances to banks) were restricted as of 30 September 2022 and 30 September 2021, respectively. Refer to "Note 23 Restricted and transferred financial assets" in the "Consolidated financial statements" section of the Annual Report 2021 for more information.

# 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 (USD). These interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*.

In preparing these interim financial statements, the same accounting policies and methods of computation have been applied as in the UBS AG consolidated annual financial statements for the period ended 31 December 2021, 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 2021. In the opinion of management, all necessary adjustments have been made for a fair presentation of UBS AG's financial position, results of operations and cash flows.

Preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on the best available information. Actual results in the future could differ from such estimates and differences may be material to the financial statements. Revisions to estimates, based on regular reviews, are recognized in the period in which they occur. For more information about areas of estimation uncertainty that are considered to require critical judgment, refer to "Note 1a Material accounting policies" in the "Consolidated financial statements" section of the Annual Report 2021.

### Changes to the presentation of the financial statements

Effective from the second quarter of 2022, UBS AG has made several changes to simplify the presentation of the income statement alongside other primary financial statements and disclosure notes and to align them with management information. In particular, *Total operating income* has been renamed *Total revenues* and excludes *Credit loss expense / (release)*, which is now separately presented below *Total revenues*.

### Reclassification of a portfolio from *Financial assets measured at fair value through other comprehensive income* to *Other financial assets measured at amortized cost*

Effective from 1 April 2022, UBS AG has reclassified a portfolio of financial assets from *Financial assets measured at fair value through other comprehensive income* (FVOCI) with a fair value of USD 6.9bn (the Portfolio) to *Other financial assets measured at amortized cost* in line with the principles in IFRS 9, *Financial Instruments*, which require a reclassification when an entity changes its business model for managing financial assets.

The Portfolio's 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, so that the Portfolio is measured as if the assets had always been classified at amortized cost, with a value as of 1 April 2022 of USD 7.4bn.

The reclassification had no effect on the income statement.

The reclassified Portfolio is made up of high-quality liquid assets, primarily US government treasuries and US government agency mortgage-backed securities, held and separately managed by UBS Bank USA (BUSAs).

## Note 1 Basis of accounting (continued)

The accounting reclassification has arisen as a direct result of the transformation of UBS AG's Global Wealth Management Americas business that has significantly impacted BUSA. This includes initiatives approved by the Group Executive Board to significantly grow and extend the business, as disclosed on 1 February 2022 during UBS's fourth quarter 2021 earnings presentation. BUSA's deposit base has grown by more than 100% in the last two years, generating substantial cash balances, with a number of new products being launched, including new deposit types that are longer in duration, additional lending and a broader range of customer segments targeted.

Following the commencement of these activities and the announcement made in the first quarter of 2022, the Portfolio is no longer held in a business model to collect the contractual cash flows and sell the assets, but is instead solely held to collect the contractual cash flows until the assets mature, requiring a reclassification of the Portfolio in line with IFRS 9 with effect from 1 April 2022.

The fair value of the Portfolio as of 30 September 2022 was USD 5.8bn (30 June 2022: USD 6.4bn). A pre-tax fair value loss of USD 515m would have been recognized in *Other comprehensive income* during the third quarter of 2022 (second quarter of 2022: USD 264m) if the Portfolio had not been reclassified.

### Currency translation rates

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

|         | Closing exchange rate |         |          |         | Average rate <sup>1</sup> |         |              |         |         |
|---------|-----------------------|---------|----------|---------|---------------------------|---------|--------------|---------|---------|
|         | As of                 |         |          |         | For the quarter ended     |         | Year-to-date |         |         |
|         | 30.9.22               | 30.6.22 | 31.12.21 | 30.9.21 | 30.9.22                   | 30.6.22 | 30.9.21      | 30.9.22 | 30.9.21 |
| 1 CHF   | 1.01                  | 1.05    | 1.10     | 1.07    | 1.03                      | 1.04    | 1.09         | 1.05    | 1.09    |
| 1 EUR   | 0.98                  | 1.05    | 1.14     | 1.16    | 0.99                      | 1.06    | 1.17         | 1.05    | 1.19    |
| 1 GBP   | 1.12                  | 1.22    | 1.35     | 1.35    | 1.16                      | 1.25    | 1.37         | 1.24    | 1.38    |
| 100 JPY | 0.69                  | 0.74    | 0.87     | 0.90    | 0.72                      | 0.76    | 0.90         | 0.78    | 0.91    |

<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 nine months ended 30 September 2022<sup>1</sup></b> |                          |                              |                  |                 |                 |                  |
| Net interest income  | 3,775                    | 1,559                        | (12)             | (1)             | (375)           | 4,946            |
| Non-interest income  | 10,588                   | 1,616                        | 2,478            | 7,033           | 177             | 21,892           |
| Total revenues   | 14,363                   | 3,175                        | 2,466            | 7,031           | (197)           | 26,838           |
| Credit loss expense / (release)                                | (3)                      | 42                           | 0                | (20)            | 2               | 22               |
| Operating expenses   | 10,518                   | 1,867                        | 1,192            | 5,320           | 748             | 19,644           |
| <b>Operating profit / (loss) before tax</b>                    | <b>3,847</b>             | <b>1,266</b>                 | <b>1,274</b>     | <b>1,731</b>    | <b>(947)</b>    | <b>7,171</b>     |
| Tax expense / (benefit)  |                          |                              |                  |                 |                 | 1,577            |
| <b>Net profit / (loss)</b>                                     |                          |                              |                  |                 |                 | <b>5,594</b>     |
| <b>As of 30 September 2022<sup>1</sup></b>                     |                          |                              |                  |                 |                 |                  |
| <b>Total assets</b>  | <b>384,057</b>           | <b>217,409</b>               | <b>15,968</b>    | <b>426,064</b>  | <b>68,427</b>   | <b>1,111,926</b> |
| <b>For the nine months ended 30 September 2021<sup>1</sup></b> |                          |                              |                  |                 |                 |                  |
| Net interest income  | 3,130                    | 1,577                        | (11)             | 318             | (155)           | 4,860            |
| Non-interest income  | 11,467                   | 1,610                        | 1,906            | 6,920           | 245             | 22,149           |
| Total revenues   | 14,597                   | 3,187                        | 1,896            | 7,238           | 90              | 27,008           |
| Credit loss expense / (release)                                | (27)                     | (76)                         | 0                | (19)            | 0               | (121)            |
| Operating expenses   | 10,460                   | 1,899                        | 1,200            | 5,375           | 851             | 19,785           |
| <b>Operating profit / (loss) before tax</b>                    | <b>4,165</b>             | <b>1,365</b>                 | <b>695</b>       | <b>1,882</b>    | <b>(762)</b>    | <b>7,345</b>     |
| Tax expense / (benefit)  |                          |                              |                  |                 |                 | 1,550            |
| <b>Net profit / (loss)</b>                                     |                          |                              |                  |                 |                 | <b>5,795</b>     |
| <b>As of 31 December 2021<sup>1</sup></b>                      |                          |                              |                  |                 |                 |                  |
| <b>Total assets<sup>2</sup></b>                                | <b>395,235</b>           | <b>225,425</b>               | <b>25,202</b>    | <b>346,641</b>  | <b>123,641</b>  | <b>1,116,145</b> |

<sup>1</sup> Refer to "Note 2 Segment reporting" in the "Consolidated financial statements" section of the Annual Report 2021 for more information about UBS AG's reporting segments. <sup>2</sup> In the first quarter of 2022, UBS AG refined the methodology applied to allocate balance sheet resources from Group Functions to the business divisions, with prospective effect. If the new methodology had been applied as of 31 December 2021, balance sheet assets allocated to business divisions would have been USD 17bn higher, of which USD 14bn would have related to the Investment Bank.



## Note 3 Net interest income

| USD m  | For the quarter ended |              |              | Year-to-date |              |
|--|-----------------------|--------------|--------------|--------------|--------------|
|  | 30.9.22               | 30.6.22      | 30.9.21      | 30.9.22      | 30.9.21      |
| Interest income from loans and deposits <sup>1</sup>   | 2,523                 | 1,887        | 1,644        | 6,071        | 4,843        |
| Interest income from securities financing transactions <sup>2</sup>  | 415                   | 209          | 132          | 742          | 393          |
| Interest income from other financial instruments measured at amortized cost  | 148                   | 118          | 71           | 338          | 213          |
| Interest income from debt instruments measured at fair value through other comprehensive income  | 12                    | 6            | 33           | 60           | 84           |
| Interest income from derivative instruments designated as cash flow hedges   | (17)                  | 160          | 297          | 396          | 849          |
| <b>Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b>     | <b>3,081</b>          | <b>2,381</b> | <b>2,178</b> | <b>7,607</b> | <b>6,382</b> |
| Interest expense on loans and deposits <sup>3</sup>  | 1,226                 | 618          | 408          | 2,272        | 1,262        |
| Interest expense on securities financing transactions <sup>4</sup>   | 282                   | 288          | 299          | 794          | 850          |
| Interest expense on debt issued  | 265                   | 176          | 122          | 576          | 385          |
| Interest expense on lease liabilities  | 21                    | 21           | 24           | 64           | 75           |
| <b>Total interest expense from financial instruments measured at amortized cost</b>  | <b>1,794</b>          | <b>1,103</b> | <b>853</b>   | <b>3,706</b> | <b>2,572</b> |
| <b>Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income</b> | <b>1,287</b>          | <b>1,278</b> | <b>1,325</b> | <b>3,901</b> | <b>3,810</b> |
| <b>Net interest income from financial instruments measured at fair value through profit or loss</b>                                      | <b>278</b>            | <b>356</b>   | <b>339</b>   | <b>1,045</b> | <b>1,049</b> |
| <b>Total net interest income</b>   | <b>1,565</b>          | <b>1,634</b> | <b>1,664</b> | <b>4,946</b> | <b>4,860</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  |               |
|--|-----------------------|--------------|--------------|---------------|---------------|
|  | 30.9.22               | 30.6.22      | 30.9.21      | 30.9.22       | 30.9.21       |
| Underwriting fees                                  | 188                   | 122          | 353          | 512           | 1,165         |
| M&A and corporate finance fees                     | 152                   | 220          | 315          | 608           | 883           |
| Brokerage fees                                     | 780                   | 870          | 1,017        | 2,728         | 3,412         |
| Investment fund fees                               | 1,173                 | 1,233        | 1,428        | 3,794         | 4,270         |
| Portfolio management and related services          | 2,178                 | 2,298        | 2,517        | 6,938         | 7,227         |
| Other  | 500                   | 492          | 495          | 1,494         | 1,411         |
| <b>Total fee and commission income<sup>1</sup></b> | <b>4,971</b>          | <b>5,235</b> | <b>6,124</b> | <b>16,074</b> | <b>18,369</b> |
| <i>of which: recurring</i>                         | <i>3,453</i>          | <i>3,593</i> | <i>3,951</i> | <i>10,905</i> | <i>11,395</i> |
| <i>of which: transaction-based</i>                 | <i>1,504</i>          | <i>1,632</i> | <i>2,139</i> | <i>5,126</i>  | <i>6,803</i>  |
| <i>of which: performance-based</i>                 | <i>14</i>             | <i>10</i>    | <i>34</i>    | <i>43</i>     | <i>171</i>    |
| <b>Fee and commission expense</b>                  | <b>476</b>            | <b>450</b>   | <b>510</b>   | <b>1,410</b>  | <b>1,472</b>  |
| <b>Net fee and commission income</b>               | <b>4,495</b>          | <b>4,785</b> | <b>5,615</b> | <b>14,664</b> | <b>16,897</b> |

<sup>1</sup> Reflects third-party fee and commission income for the third quarter of 2022 of USD 3,106m for Global Wealth Management (second quarter of 2022: USD 3,281m; third quarter of 2021: USD 3,663m), USD 398m for Personal & Corporate Banking (second quarter of 2022: USD 422m; third quarter of 2021: USD 429m), USD 682m for Asset Management (second quarter of 2022: USD 720m; third quarter of 2021: USD 815m), USD 782m for the Investment Bank (second quarter of 2022: USD 811m; third quarter of 2021: USD 1,214m) and USD 2m for Group Functions (second quarter of 2022: USD 1m; third quarter of 2021: USD 3m).

## Note 5 Other income

UBS AG recognized other income of USD 456m in the third quarter of 2022, which included pre-tax gains in Global Wealth Management of USD 133m on the sale of UBS AG's domestic wealth management business in Spain and USD 86m on the sale of UBS AG's wholly owned subsidiary UBS Swiss Financial Advisers AG, as well as a USD 70m gain related to a legacy litigation settlement. In the second quarter of 2022, UBS AG recognized other income of USD 996m, which included a pre-tax gain of USD 848m in Asset Management on the sale of UBS AG's minority shareholding in its Japanese real estate joint venture, Mitsubishi Corp.-UBS Realty Inc. In the third quarter of 2021, UBS AG recognized other income of USD 237m, which included a pre-tax gain of USD 100m from the sale of UBS AG's domestic wealth management business in Austria.

## Note 6 Personnel expenses

| USD m                                       | For the quarter ended |              |              | Year-to-date  |               |
|---|-----------------------|--------------|--------------|---------------|---------------|
|   | 30.9.22               | 30.6.22      | 30.9.21      | 30.9.22       | 30.9.21       |
| Salaries and variable compensation          | 2,057                 | 2,194        | 2,212        | 6,716         | 7,013         |
| Financial advisor compensation <sup>1</sup> | 1,093                 | 1,122        | 1,239        | 3,436         | 3,592         |
| Contractors                                 | 29                    | 30           | 33           | 87            | 107           |
| Social security                             | 179                   | 164          | 205          | 571           | 603           |
| Post-employment benefit plans               | 122                   | 137          | 140          | 442           | 459           |
| Other personnel expenses                    | 136                   | 116          | 123          | 361           | 335           |
| <b>Total personnel expenses</b>             | <b>3,617</b>          | <b>3,762</b> | <b>3,951</b> | <b>11,613</b> | <b>12,109</b> |

<sup>1</sup> Financial advisor compensation consists of formulaic compensation based directly on compensable revenues generated by financial advisors and supplemental compensation calculated on the basis of financial advisor productivity, firm tenure, new assets and other variables. It also includes expenses related to compensation commitments with financial advisors entered into at the time of recruitment that are subject to vesting requirements.

## Note 7 General and administrative expenses

| USD m  | For the quarter ended |              |              | Year-to-date |              |
|--|-----------------------|--------------|--------------|--------------|--------------|
|  | 30.9.22               | 30.6.22      | 30.9.21      | 30.9.22      | 30.9.21      |
| Outsourcing costs  | 109                   | 115          | 112          | 331          | 296          |
| IT expenses  | 122                   | 126          | 116          | 370          | 363          |
| Consulting, legal and audit fees   | 116                   | 123          | 111          | 343          | 310          |
| Real estate and logistics costs  | 119                   | 129          | 137          | 371          | 391          |
| Market data services   | 91                    | 89           | 90           | 273          | 272          |
| Marketing and communication  | 45                    | 43           | 34           | 119          | 101          |
| Travel and entertainment   | 39                    | 43           | 17           | 101          | 37           |
| Litigation, regulatory and similar matters <sup>1</sup>                            | 21                    | 220          | 12           | 298          | 84           |
| Other  | 1,416                 | 1,475        | 1,473        | 4,467        | 4,459        |
| <i>of which: shared services costs charged by UBS Group AG or its subsidiaries</i> | <i>1,237</i>          | <i>1,348</i> | <i>1,288</i> | <i>3,975</i> | <i>3,957</i> |
| <b>Total general and administrative expenses</b>                                   | <b>2,077</b>          | <b>2,364</b> | <b>2,101</b> | <b>6,674</b> | <b>6,312</b> |

<sup>1</sup> Reflects the net increase in provisions for litigation, regulatory and similar matters recognized in the income statement. Refer to Note 16b for more information.

## Note 8 Income taxes

UBS AG recognized income tax expenses of USD 551m for the third quarter of 2022, representing an effective tax rate of 25.6%, compared with USD 549m and an effective tax rate of 20.2% for the third quarter of 2021.

Current tax expenses were USD 347m, compared with USD 400m, and related to taxable profits of UBS Switzerland AG and other entities.

Deferred tax expenses were USD 204m, compared with USD 148m. These include an expense of USD 173m that primarily relates to the amortization of deferred tax assets that were previously recognized in relation to tax losses carried forward and deductible temporary differences of UBS Americas Inc. They also include an expense of USD 31m in respect of a decrease in the expected value of future tax deductions for deferred compensation awards, due to a decrease in the Group's share price during the quarter.

## Note 9 Expected credit loss measurement

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### a) Credit loss expense / release

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Total net credit loss releases in the third quarter of 2022 were USD 3m, reflecting USD 4m net credit loss expenses related to stage 1 and 2 positions and USD 7m net credit loss releases primarily related to stage 3 positions in Personal & Corporate Banking.

Stage 1 and 2 net expenses of USD 4m included scenario-update-related expenses of USD 13m, mainly from the update of interest rate forecasts, partly offset by the net effect of changes to models and portfolio quality and size.

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

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#### Scenarios and scenario weights

The expected credit loss (ECL) scenarios, along with their related macroeconomic factors and market data, were reviewed in light of the economic and political conditions prevailing in the third quarter of 2022 through a series of governance meetings, with input and feedback from UBS AG Risk and Finance experts across the business divisions and regions. UBS AG decided to apply the same scenarios and weights in the third quarter of 2022 as in the second quarter of 2022.

The baseline scenario assumptions on a calendar-year basis are included in the table on the next page. Such baseline information includes interest rate increases by central banks in September 2022, as well as other updated macroeconomic data.

The global crisis scenario and the asset price inflation scenario were updated with current macroeconomic factors, but remain materially unchanged compared with the second quarter of 2022. Shocks in equity prices in the global crisis scenario have been made slightly less severe in the third quarter of 2022 than in the second quarter to reflect the decline seen in the first half of 2022.

As a response to inflationary developments and the war in Ukraine, in the first quarter of 2022 UBS AG replaced the mild global interest rate steepening scenario applied at year-end 2021 with the severe global interest rate steepening scenario. In the second quarter of 2022, a new severe Russia–Ukraine conflict scenario was developed. It has similar dynamics to the severe global interest rate steepening scenario, but includes a deepening energy crisis and disruptions in the delivery of Russian energy. These factors have resulted in surging commodity prices and accelerated inflation in major economies, compared with the severe global interest rate steepening scenario. Eurozone economic activity in particular is impacted in this scenario, due to the region's reliance on its supply of energy from Russia. Equity price shocks in the severe Russia–Ukraine conflict scenario have been made slightly less severe in the third quarter of 2022 than in the second quarter, to reflect the decline seen in the first half of 2022.

Refer to the table on the next page for scenarios and weights applied.

## Note 9 Expected credit loss measurement (continued)

### Post-model adjustments

Total stage 1 and 2 allowances and provisions amounted to USD 507m as of 30 September 2022 and included post-model adjustments (PMA) of USD 151m (30 June 2022: USD 155m; 31 December 2021: USD 224m).

The PMA represent uncertainty and risk related to substantially heightened geopolitical tensions and the continued COVID-19 pandemic, which cannot be fully and reliably modeled, due to a lack of sufficiently supportable data.

The PMA were reduced during the second and first quarters of 2022 as the application of different and more adverse scenarios and scenario assumptions in UBS AG's models addressed some of the uncertainties that had been reflected in the PMA in prior periods.

### Comparison of shock factors

| Key parameters                                       | Baseline |      |      |
|--|----------|------|------|
|  | 2021     | 2022 | 2023 |
| <b>Real GDP growth (annual percentage change)</b>    |          |      |      |
| US   | 5.5      | 1.7  | 0.6  |
| Eurozone   | 5.1      | 2.9  | 0.8  |
| Switzerland  | 3.1      | 2.1  | 0.6  |
| <b>Unemployment rate (% annual average)</b>          |          |      |      |
| US   | 5.4      | 3.6  | 3.7  |
| Eurozone   | 7.7      | 6.7  | 6.9  |
| Switzerland  | 3.0      | 2.2  | 2.1  |
| <b>Fixed income: 10-year government bonds (% Q4)</b> |          |      |      |
| USD  | 1.5      | 3.8  | 3.7  |
| EUR  | (0.2)    | 2.2  | 2.2  |
| CHF  | (0.1)    | 1.3  | 1.4  |
| <b>Real estate (annual percentage change, Q4)</b>    |          |      |      |
| US   | 16.1     | 10.1 | 1.7  |
| Eurozone   | 7.9      | 3.3  | 0.5  |
| Switzerland  | 6.0      | 5.0  | 0.0  |

### Economic scenarios and weights applied

| ECL scenario                            | Assigned weights in % |         |          |
|---|-----------------------|---------|----------|
|   | 30.9.22               | 30.6.22 | 31.12.21 |
| Upside                                  | 0.0                   | 0.0     | 5.0      |
| Baseline                                | 55.0                  | 55.0    | 55.0     |
| Mild global interest rate steepening    | –                     | –       | 10.0     |
| Severe Russia–Ukraine conflict scenario | 25.0                  | 25.0    | –        |
| Global crisis                           | 20.0                  | 20.0    | 30.0     |

## Note 9 Expected credit loss measurement (continued)

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

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

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

| USD m   | 30.9.22                      |                |                |                |                |                |                |                |
|---|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 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  | 166,406                      | 166,350        | 56             | 0              | (15)           | 0              | (15)           | 0              |
| Loans and advances to banks   | 14,403                       | 14,342         | 61             | 0              | (6)            | (5)            | (1)            | 0              |
| Receivables from securities financing transactions                          | 66,926                       | 66,926         | 0              | 0              | (2)            | (2)            | 0              | 0              |
| Cash collateral receivables on derivative instruments                       | 48,210                       | 48,210         | 0              | 0              | 0              | 0              | 0              | 0              |
| Loans and advances to customers   | 374,747                      | 358,320        | 14,973         | 1,455          | (760)          | (124)          | (170)          | (466)          |
| <i>of which: Private clients with mortgages</i>                             | 148,347                      | 140,274        | 7,430          | 643            | (129)          | (26)           | (78)           | (25)           |
| <i>of which: Real estate financing</i>                                      | 42,647                       | 38,981         | 3,658          | 8              | (55)           | (17)           | (38)           | 0              |
| <i>of which: Large corporate clients</i>                                    | 11,775                       | 10,035         | 1,458          | 282            | (119)          | (20)           | (18)           | (81)           |
| <i>of which: SME clients</i>  | 13,032                       | 11,504         | 1,179          | 349            | (241)          | (24)           | (22)           | (195)          |
| <i>of which: Lombard</i>  | 134,535                      | 134,455        | 0              | 79             | (34)           | (8)            | 0              | (26)           |
| <i>of which: Credit cards</i>   | 1,737                        | 1,352          | 358            | 27             | (36)           | (10)           | (10)           | (17)           |
| <i>of which: Commodity trade finance</i>                                    | 3,383                        | 3,368          | 0              | 15             | (92)           | (5)            | 0              | (86)           |
| Other financial assets measured at amortized cost                           | 47,045                       | 46,482         | 404            | 160            | (92)           | (18)           | (7)            | (67)           |
| <i>of which: Loans to financial advisors</i>                                | 2,505                        | 2,191          | 187            | 128            | (69)           | (10)           | (3)            | (56)           |
| <b>Total financial assets measured at amortized cost</b>                    | <b>717,738</b>               | <b>700,630</b> | <b>15,494</b>  | <b>1,614</b>   | <b>(874)</b>   | <b>(149)</b>   | <b>(192)</b>   | <b>(533)</b>   |
| Financial assets measured at fair value through other comprehensive income  | 2,243                        | 2,243          | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total on-balance sheet financial assets in scope of ECL requirements</b> | <b>719,981</b>               | <b>702,872</b> | <b>15,494</b>  | <b>1,614</b>   | <b>(874)</b>   | <b>(149)</b>   | <b>(192)</b>   | <b>(533)</b>   |
|   |                              | Total exposure |                |                | ECL provisions |                |                |                |
| <b>Off-balance sheet (in scope of ECL)</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 3</b> |
| Guarantees  | 20,835                       | 19,652         | 1,054          | 128            | (36)           | (12)           | (8)            | (16)           |
| <i>of which: Large corporate clients</i>                                    | 3,537                        | 2,714          | 748            | 75             | (12)           | (2)            | (3)            | (7)            |
| <i>of which: SME clients</i>  | 1,201                        | 1,015          | 134            | 52             | (7)            | (1)            | (1)            | (5)            |
| <i>of which: Financial intermediaries and hedge funds</i>                   | 10,950                       | 10,882         | 68             | 0              | (11)           | (8)            | (4)            | 0              |
| <i>of which: Lombard</i>  | 2,273                        | 2,272          | 0              | 1              | (1)            | 0              | 0              | (1)            |
| <i>of which: Commodity trade finance</i>                                    | 2,062                        | 2,061          | 0              | 0              | (1)            | (1)            | 0              | 0              |
| Irrevocable loan commitments  | 37,456                       | 34,996         | 2,378          | 82             | (102)          | (60)           | (42)           | 0              |
| <i>of which: Large corporate clients</i>                                    | 22,121                       | 20,283         | 1,779          | 58             | (85)           | (51)           | (34)           | 0              |
| Forward starting reverse repurchase and securities borrowing agreements     | 8,161                        | 8,161          | 0              | 0              | 0              | 0              | 0              | 0              |
| Committed unconditionally revocable credit lines                            | 38,652                       | 36,691         | 1,918          | 43             | (42)           | (30)           | (12)           | 0              |
| <i>of which: Real estate financing</i>                                      | 8,223                        | 8,099          | 124            | 0              | (5)            | (5)            | 0              | 0              |
| <i>of which: Large corporate clients</i>                                    | 3,889                        | 3,448          | 436            | 5              | (8)            | (2)            | (6)            | 0              |
| <i>of which: SME clients</i>  | 4,446                        | 4,111          | 306            | 29             | (17)           | (14)           | (3)            | 0              |
| <i>of which: Lombard</i>  | 6,884                        | 6,879          | 0              | 5              | 0              | 0              | 0              | 0              |
| <i>of which: Credit cards</i>   | 8,976                        | 8,537          | 435            | 3              | (6)            | (4)            | (2)            | 0              |
| <i>of which: Commodity trade finance</i>                                    | 282                          | 282            | 0              | 0              | 0              | 0              | 0              | 0              |
| Irrevocable committed prolongation of existing loans                        | 3,732                        | 3,725          | 4              | 4              | (2)            | (2)            | 0              | 0              |
| <b>Total off-balance sheet financial instruments and other credit lines</b> | <b>108,837</b>               | <b>103,225</b> | <b>5,355</b>   | <b>257</b>     | <b>(182)</b>   | <b>(104)</b>   | <b>(62)</b>    | <b>(16)</b>    |
| <b>Total allowances and provisions</b>                                      |                              |                |                |                | <b>(1,056)</b> | <b>(253)</b>   | <b>(254)</b>   | <b>(549)</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 9 Expected credit loss measurement (continued)

| USD m   | 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  | 190,353                      | 190,296        | 57            | 0            | (13)           | 0              | (13)         | 0            |              |
| Loans and advances to banks   | 16,435                       | 16,318         | 117           | 0            | (8)            | (7)            | (1)          | 0            |              |
| Receivables from securities financing transactions  | 63,291                       | 63,291         | 0             | 0            | (2)            | (2)            | 0            | 0            |              |
| Cash collateral receivables on derivative instruments   | 43,766                       | 43,766         | 0             | 0            | 0              | 0              | 0            | 0            |              |
| Loans and advances to customers   | 384,878                      | 367,433        | 15,759        | 1,686        | (793)          | (129)          | (163)        | (501)        |              |
| <i>of which: Private clients with mortgages</i>   | 150,884                      | 142,050        | 8,064         | 770          | (126)          | (27)           | (72)         | (27)         |              |
| <i>of which: Real estate financing</i>  | 43,291                       | 39,358         | 3,925         | 7            | (59)           | (17)           | (42)         | 0            |              |
| <i>of which: Large corporate clients</i>  | 12,208                       | 10,791         | 1,088         | 329          | (141)          | (27)           | (17)         | (98)         |              |
| <i>of which: SME clients</i>  | 13,309                       | 11,744         | 1,167         | 397          | (249)          | (22)           | (22)         | (205)        |              |
| <i>of which: Lombard</i>  | 140,333                      | 140,251        | 0             | 82           | (37)           | (7)            | 0            | (29)         |              |
| <i>of which: Credit cards</i>   | 1,760                        | 1,384          | 349           | 27           | (36)           | (10)           | (9)          | (17)         |              |
| <i>of which: Commodity trade finance</i>  | 3,699                        | 3,686          | 0             | 12           | (94)           | (5)            | 0            | (89)         |              |
| Other financial assets measured at amortized cost <sup>2</sup>                                | 37,551                       | 37,000         | 391           | 160          | (99)           | (18)           | (7)          | (74)         |              |
| <i>of which: Loans to financial advisors</i>  | 2,447                        | 2,171          | 144           | 132          | (78)           | (11)           | (2)          | (64)         |              |
| <b>Total financial assets measured at amortized cost</b>                                      | <b>736,274</b>               | <b>718,104</b> | <b>16,325</b> | <b>1,846</b> | <b>(915)</b>   | <b>(155)</b>   | <b>(184)</b> | <b>(575)</b> |              |
| <b>Financial assets measured at fair value through other comprehensive income<sup>2</sup></b> | <b>2,251</b>                 | <b>2,251</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>738,525</b>               | <b>720,355</b> | <b>16,325</b> | <b>1,846</b> | <b>(915)</b>   | <b>(155)</b>   | <b>(184)</b> | <b>(575)</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  | 22,556                       | 21,381         | 1,028         | 146          |                | (40)           | (16)         | (9)          | (15)         |
| <i>of which: Large corporate clients</i>  | 3,539                        | 2,710          | 734           | 95           |                | (10)           | (3)          | (3)          | (4)          |
| <i>of which: SME clients</i>  | 1,213                        | 1,034          | 128           | 51           |                | (9)            | (1)          | (1)          | (7)          |
| <i>of which: Financial intermediaries and hedge funds</i>                                     | 12,113                       | 12,021         | 92            | 0            |                | (16)           | (11)         | (5)          | 0            |
| <i>of which: Lombard</i>  | 2,332                        | 2,332          | 0             | 0            |                | (1)            | 0            | 0            | (1)          |
| <i>of which: Commodity trade finance</i>  | 2,388                        | 2,387          | 0             | 0            |                | (1)            | (1)          | 0            | 0            |
| Irrevocable loan commitments  | 37,703                       | 35,308         | 2,359         | 37           |                | (113)          | (67)         | (46)         | 0            |
| <i>of which: Large corporate clients</i>  | 22,649                       | 21,001         | 1,642         | 6            |                | (94)           | (60)         | (34)         | 0            |
| Forward starting reverse repurchase and securities borrowing agreements                       | 3,985                        | 3,985          | 0             | 0            |                | 0              | 0            | 0            | 0            |
| Committed unconditionally revocable credit lines  | 41,615                       | 39,266         | 2,306         | 42           |                | (37)           | (27)         | (10)         | 0            |
| <i>of which: Real estate financing</i>  | 9,123                        | 8,931          | 193           | 0            |                | (5)            | (5)          | 0            | 0            |
| <i>of which: Large corporate clients</i>  | 4,354                        | 3,662          | 687           | 5            |                | (6)            | (1)          | (5)          | 0            |
| <i>of which: SME clients</i>  | 4,660                        | 4,240          | 392           | 29           |                | (16)           | (13)         | (3)          | 0            |
| <i>of which: Lombard</i>  | 7,697                        | 7,693          | 0             | 4            |                | 0              | 0            | 0            | 0            |
| <i>of which: Credit cards</i>   | 9,162                        | 8,725          | 433           | 3            |                | (6)            | (4)          | (2)          | 0            |
| <i>of which: Commodity trade finance</i>  | 172                          | 172            | 0             | 0            |                | 0              | 0            | 0            | 0            |
| Irrevocable committed prolongation of existing loans  | 5,156                        | 5,136          | 18            | 2            |                | (2)            | (2)          | 0            | 0            |
| <b>Total off-balance sheet financial instruments and other credit lines</b>                   | <b>111,015</b>               | <b>105,076</b> | <b>5,712</b>  | <b>228</b>   |                | <b>(192)</b>   | <b>(112)</b> | <b>(66)</b>  | <b>(15)</b>  |
| <b>Total allowances and provisions</b>  |                              |                |               |              |                | <b>(1,107)</b> | <b>(267)</b> | <b>(250)</b> | <b>(590)</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 1 for more information.

## Note 9 Expected credit loss measurement (continued)

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

The table below provides information about the ECL gross exposure and the ECL coverage ratio for UBS AG's core loan portfolios (i.e., *Loans and advances to customers* and *Loans to financial advisors*) and relevant off-balance sheet exposures. *Cash and balances at central banks, 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>30.9.22</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                     | 148,476                              | 140,301        | 7,508          | 668            | 9                         | 2              | 104            | 7                    | 370            |
| Real estate financing                              | 42,702                               | 38,998         | 3,695          | 8              | 13                        | 4              | 102            | 13                   | 429            |
| Total real estate lending                          | 191,178                              | 179,299        | 11,203         | 676            | 10                        | 2              | 104            | 8                    | 370            |
| Large corporate clients                            | 11,893                               | 10,055         | 1,476          | 363            | 100                       | 20             | 123            | 33                   | 2,234          |
| SME clients  | 13,273                               | 11,527         | 1,202          | 544            | 181                       | 21             | 187            | 36                   | 3,578          |
| Total corporate lending                            | 25,166                               | 21,582         | 2,678          | 906            | 143                       | 20             | 151            | 35                   | 3,041          |
| Lombard  | 134,569                              | 134,463        | 0              | 106            | 3                         | 1              | 0              | 1                    | 2,495          |
| Credit cards                                       | 1,774                                | 1,362          | 367            | 44             | 205                       | 74             | 263            | 114                  | 3,783          |
| Commodity trade finance                            | 3,475                                | 3,374          | 0              | 101            | 264                       | 16             | 0              | 16                   | 8,556          |
| Other loans and advances to customers              | 19,346                               | 18,364         | 895            | 88             | 28                        | 8              | 42             | 9                    | 4,112          |
| Loans to financial advisors                        | 2,573                                | 2,201          | 190            | 183            | 266                       | 45             | 148            | 53                   | 3,040          |
| Total other lending                                | 161,737                              | 159,763        | 1,451          | 522            | 18                        | 3              | 112            | 4                    | 4,239          |
| <b>Total<sup>1</sup></b>                           | <b>378,081</b>                       | <b>360,644</b> | <b>15,333</b>  | <b>2,104</b>   | <b>22</b>                 | <b>4</b>       | <b>113</b>     | <b>8</b>             | <b>2,480</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                     | 5,456                                | 5,253          | 201            | 1              | 4                         | 3              | 17             | 4                    | 410            |
| Real estate financing                              | 9,059                                | 8,880          | 179            | 0              | 8                         | 7              | 53             | 8                    | 0              |
| Total real estate lending                          | 14,515                               | 14,133         | 381            | 1              | 7                         | 6              | 34             | 7                    | 410            |
| Large corporate clients                            | 29,740                               | 26,639         | 2,963          | 138            | 36                        | 21             | 145            | 33                   | 506            |
| SME clients  | 6,708                                | 6,097          | 503            | 108            | 48                        | 28             | 204            | 42                   | 432            |
| Total corporate lending                            | 36,449                               | 32,736         | 3,466          | 246            | 38                        | 22             | 154            | 35                   | 474            |
| Lombard  | 12,392                               | 12,386         | 0              | 6              | 1                         | 0              | 0              | 0                    | 0              |
| Credit cards                                       | 8,976                                | 8,537          | 435            | 3              | 7                         | 5              | 37             | 7                    | 0              |
| Commodity trade finance                            | 2,343                                | 2,343          | 0              | 0              | 3                         | 3              | 0              | 3                    | 0              |
| Financial intermediaries and hedge funds           | 17,139                               | 16,732         | 407            | 0              | 7                         | 5              | 97             | 7                    | 0              |
| Other off-balance sheet commitments                | 8,861                                | 8,196          | 666            | 0              | 15                        | 10             | 30             | 12                   | 0              |
| Total other lending                                | 49,712                               | 48,194         | 1,508          | 9              | 7                         | 5              | 50             | 6                    | 0              |
| <b>Total<sup>2</sup></b>                           | <b>100,675</b>                       | <b>95,064</b>  | <b>5,355</b>   | <b>257</b>     | <b>18</b>                 | <b>11</b>      | <b>116</b>     | <b>17</b>            | <b>607</b>     |
| <b>Total on- and off-balance sheet<sup>3</sup></b> | <b>478,756</b>                       | <b>455,708</b> | <b>20,687</b>  | <b>2,361</b>   | <b>21</b>                 | <b>5</b>       | <b>114</b>     | <b>10</b>            | <b>2,276</b>   |

<sup>1</sup> Includes Loans and advances to customers of USD 375,508m and Loans to financial advisors of USD 2,573m, which are presented on the balance sheet line Other financial assets measured at amortized cost.

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



## Note 9 Expected credit loss measurement (continued)

| Coverage ratios for core loan portfolio            |                | 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      |  |
| <b>On-balance sheet</b>                            |                |                               |               |              |           |                    |            |           |              |  |
| Private clients with mortgages                     | 151,010        | 142,077                       | 8,136         | 798          | 8         | 2                  | 88         | 7         | 342          |  |
| Real estate financing                              | 43,350         | 39,375                        | 3,967         | 8            | 14        | 4                  | 106        | 14        | 505          |  |
| Total real estate lending                          | 194,360        | 181,452                       | 12,103        | 805          | 10        | 2                  | 94         | 8         | 344          |  |
| Large corporate clients                            | 12,349         | 10,818                        | 1,105         | 427          | 114       | 25                 | 153        | 37        | 2,286        |  |
| SME clients  | 13,558         | 11,766                        | 1,190         | 602          | 184       | 19                 | 187        | 34        | 3,400        |  |
| Total corporate lending                            | 25,907         | 22,584                        | 2,294         | 1,029        | 151       | 22                 | 170        | 35        | 2,938        |  |
| Lombard  | 140,370        | 140,259                       | 0             | 111          | 3         | 1                  | 0          | 1         | 2,641        |  |
| Credit cards                                       | 1,796          | 1,394                         | 359           | 43           | 201       | 72                 | 263        | 111       | 3,805        |  |
| Commodity trade finance                            | 3,793          | 3,692                         | 0             | 101          | 248       | 15                 | 0          | 15        | 8,768        |  |
| Other loans and advances to customers              | 19,446         | 18,182                        | 1,167         | 98           | 26        | 7                  | 7          | 7         | 3,796        |  |
| Loans to financial advisors                        | 2,525          | 2,182                         | 147           | 196          | 307       | 50                 | 163        | 57        | 3,278        |  |
| Total other lending                                | 167,929        | 165,708                       | 1,672         | 549          | 18        | 3                  | 76         | 4         | 4,293        |  |
| <b>Total<sup>1</sup></b>                           | <b>388,196</b> | <b>369,744</b>                | <b>16,069</b> | <b>2,383</b> | <b>22</b> | <b>4</b>           | <b>103</b> | <b>8</b>  | <b>2,373</b> |  |
|  |                |                               |               |              |           |                    |            |           |              |  |
|  |                |                               |               |              |           |                    |            |           |              |  |
| <b>Off-balance sheet</b>                           |                |                               |               |              |           |                    |            |           |              |  |
| Private clients with mortgages                     | 6,860          | 6,658                         | 199           | 3            | 4         | 3                  | 9          | 3         | 786          |  |
| Real estate financing                              | 10,336         | 10,126                        | 210           | 0            | 11        | 6                  | 232        | 11        | 0            |  |
| Total real estate lending                          | 17,196         | 16,784                        | 409           | 3            | 8         | 5                  | 123        | 8         | 786          |  |
| Large corporate clients                            | 30,750         | 27,581                        | 3,062         | 107          | 36        | 23                 | 136        | 35        | 368          |  |
| SME clients  | 7,301          | 6,603                         | 589           | 109          | 45        | 23                 | 178        | 36        | 649          |  |
| Total corporate lending                            | 38,051         | 34,184                        | 3,651         | 216          | 37        | 23                 | 143        | 35        | 510          |  |
| Lombard  | 12,931         | 12,927                        | 0             | 4            | 1         | 0                  | 0          | 0         | 0            |  |
| Credit cards                                       | 9,162          | 8,725                         | 433           | 3            | 7         | 5                  | 36         | 7         | 0            |  |
| Commodity trade finance                            | 2,615          | 2,615                         | 0             | 0            | 4         | 4                  | 0          | 4         | 0            |  |
| Financial intermediaries and hedge funds           | 18,527         | 18,010                        | 517           | 0            | 10        | 7                  | 129        | 10        | 0            |  |
| Other off-balance sheet commitments                | 8,548          | 7,845                         | 701           | 2            | 11        | 8                  | 5          | 8         | 0            |  |
| Total other lending                                | 51,783         | 50,123                        | 1,651         | 9            | 7         | 5                  | 52         | 6         | 0            |  |
| <b>Total<sup>2</sup></b>                           | <b>107,030</b> | <b>101,091</b>                | <b>5,712</b>  | <b>228</b>   | <b>18</b> | <b>11</b>          | <b>115</b> | <b>17</b> | <b>644</b>   |  |
| <b>Total on- and off-balance sheet<sup>3</sup></b> | <b>495,226</b> | <b>470,835</b>                | <b>21,781</b> | <b>2,611</b> | <b>21</b> | <b>5</b>           | <b>106</b> | <b>10</b> | <b>2,222</b> |  |

<sup>1</sup> Includes Loans and advances to customers of USD 385,671m and Loans to financial advisors of USD 2,525m, which are presented on the balance sheet line Other financial assets measured at amortized cost.  
<sup>2</sup> Excludes Forward starting reverse repurchase and securities borrowing agreements. <sup>3</sup> Includes on-balance-sheet exposure, gross, and off-balance-sheet exposure (notional), and the related ECL coverage ratio (bps).

| Coverage ratios for core loan portfolio            |                | 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      |  |
| <b>On-balance sheet</b>                            |                |                               |               |              |           |                    |            |           |              |  |
| Private clients with mortgages                     | 152,610        | 143,533                       | 8,333         | 744          | 9         | 2                  | 85         | 6         | 446          |  |
| Real estate financing                              | 44,004         | 40,483                        | 3,512         | 10           | 14        | 5                  | 114        | 14        | 231          |  |
| Total real estate lending                          | 196,615        | 184,016                       | 11,845        | 754          | 10        | 3                  | 94         | 8         | 443          |  |
| Large corporate clients                            | 14,161         | 12,665                        | 1,053         | 443          | 120       | 18                 | 148        | 28        | 2,997        |  |
| SME clients  | 14,263         | 12,095                        | 1,507         | 661          | 182       | 16                 | 103        | 25        | 3,402        |  |
| Total corporate lending                            | 28,424         | 24,760                        | 2,560         | 1,104        | 151       | 17                 | 121        | 26        | 3,240        |  |
| Lombard  | 149,316        | 149,261                       | 0             | 55           | 2         | 0                  | 0          | 0         | 5,026        |  |
| Credit cards                                       | 1,752          | 1,355                         | 351           | 46           | 204       | 72                 | 255        | 109       | 3,735        |  |
| Commodity trade finance                            | 3,927          | 3,805                         | 7             | 115          | 290       | 15                 | 3          | 15        | 9,388        |  |
| Other loans and advances to customers              | 19,510         | 18,425                        | 1,010         | 75           | 23        | 9                  | 15         | 9         | 3,730        |  |
| Loans to financial advisors                        | 2,539          | 2,203                         | 109           | 226          | 338       | 88                 | 303        | 99        | 2,791        |  |
| Total other lending                                | 177,043        | 175,049                       | 1,477         | 517          | 18        | 3                  | 93         | 4         | 4,718        |  |
| <b>Total<sup>1</sup></b>                           | <b>402,081</b> | <b>383,825</b>                | <b>15,882</b> | <b>2,374</b> | <b>23</b> | <b>4</b>           | <b>98</b>  | <b>8</b>  | <b>2,673</b> |  |
|  |                |                               |               |              |           |                    |            |           |              |  |
|  |                |                               |               |              |           |                    |            |           |              |  |
| <b>Off-balance sheet</b>                           |                |                               |               |              |           |                    |            |           |              |  |
| Private clients with mortgages                     | 9,123          | 8,798                         | 276           | 49           | 3         | 3                  | 9          | 3         | 15           |  |
| Real estate financing                              | 8,766          | 8,481                         | 285           | 0            | 9         | 7                  | 88         | 9         | 0            |  |
| Total real estate lending                          | 17,889         | 17,278                        | 562           | 49           | 6         | 5                  | 49         | 6         | 15           |  |
| Large corporate clients                            | 32,748         | 28,981                        | 3,630         | 136          | 34        | 25                 | 110        | 35        | 1            |  |
| SME clients  | 8,077          | 7,276                         | 688           | 114          | 38        | 19                 | 151        | 30        | 585          |  |
| Total corporate lending                            | 40,826         | 36,258                        | 4,318         | 250          | 35        | 24                 | 117        | 34        | 266          |  |
| Lombard  | 14,438         | 14,438                        | 0             | 0            | 1         | 0                  | 0          | 0         | 0            |  |
| Credit cards                                       | 9,466          | 9,000                         | 462           | 4            | 7         | 5                  | 34         | 7         | 0            |  |
| Commodity trade finance                            | 3,262          | 3,262                         | 0             | 0            | 4         | 4                  | 0          | 4         | 0            |  |
| Financial intermediaries and hedge funds           | 13,747         | 13,379                        | 369           | 0            | 13        | 10                 | 120        | 13        | 0            |  |
| Other off-balance sheet commitments                | 8,806          | 8,507                         | 296           | 4            | 15        | 6                  | 30         | 7         | 0            |  |
| Total other lending                                | 49,720         | 48,585                        | 1,127         | 8            | 8         | 5                  | 61         | 7         | 0            |  |
| <b>Total<sup>2</sup></b>                           | <b>108,434</b> | <b>102,121</b>                | <b>6,006</b>  | <b>307</b>   | <b>18</b> | <b>12</b>          | <b>100</b> | <b>17</b> | <b>486</b>   |  |
| <b>Total on- and off-balance sheet<sup>3</sup></b> | <b>510,516</b> | <b>485,946</b>                | <b>21,888</b> | <b>2,681</b> | <b>22</b> | <b>5</b>           | <b>99</b>  | <b>9</b>  | <b>2,423</b> |  |

<sup>1</sup> Includes Loans and advances to customers of USD 399,543m and Loans to financial advisors of USD 2,539m, which are presented on the balance sheet line Other financial assets measured at amortized cost.  
<sup>2</sup> Excludes Forward starting reverse repurchase and securities borrowing agreements. <sup>3</sup> Includes on-balance-sheet exposure, gross, and off-balance-sheet exposure (notional), and the related ECL coverage ratio (bps).

## Note 10 Fair value measurement

### a) Fair value hierarchy

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

During the first nine months of 2022, assets and liabilities that were transferred from Level 2 to Level 1, or from Level 1 to Level 2, and were held for the entire reporting period were not material.

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

| USD m  | 30.9.22       |                |              |                | 30.6.22        |                |              |                | 31.12.21       |                |              |                |
|--|---------------|----------------|--------------|----------------|----------------|----------------|--------------|----------------|----------------|----------------|--------------|----------------|
|  | 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  | 71,474        | 12,093         | 1,267        | 84,833         | 85,292         | 12,515         | 1,923        | 99,730         | 113,722        | 15,012         | 2,299        | 131,033        |
| of which: Equity instruments   | 59,135        | 938            | 114          | 60,187         | 70,306         | 982            | 85           | 71,373         | 97,983         | 1,090          | 149          | 99,222         |
| of which: Government bills / bonds   | 6,580         | 1,235          | 9            | 7,824          | 8,633          | 1,409          | 9            | 10,052         | 7,135          | 1,351          | 10           | 8,496          |
| of which: Investment fund units  | 5,067         | 1,231          | 68           | 6,365          | 5,728          | 1,040          | 18           | 6,786          | 7,843          | 1,364          | 21           | 9,229          |
| of which: Corporate and municipal bonds  | 688           | 7,296          | 481          | 8,465          | 619            | 7,258          | 673          | 8,550          | 708            | 7,791          | 556          | 9,055          |
| of which: Loans  | 0             | 1,073          | 472          | 1,545          | 0              | 1,553          | 1,010        | 2,563          | 0              | 3,099          | 1,443        | 4,542          |
| of which: Asset-backed securities  | 4             | 320            | 123          | 447            | 5              | 274            | 128          | 407            | 53             | 317            | 120          | 489            |
| Derivative financial instruments   | 2,121         | 191,420        | 1,667        | 195,208        | 1,185          | 157,586        | 1,753        | 160,524        | 522            | 116,482        | 1,140        | 118,145        |
| of which: Foreign exchange   | 1,496         | 114,350        | 2            | 115,848        | 527            | 82,845         | 3            | 83,375         | 255            | 53,046         | 7            | 53,307         |
| of which: Interest rate  | 0             | 40,826         | 488          | 41,314         | 0              | 37,930         | 351          | 38,281         | 0              | 32,747         | 494          | 33,241         |
| of which: Equity / index   | 0             | 32,742         | 710          | 33,452         | 0              | 33,266         | 680          | 33,946         | 0              | 27,861         | 384          | 28,245         |
| of which: Credit derivatives   | 0             | 1,351          | 391          | 1,743          | 0              | 1,446          | 640          | 2,087          | 0              | 1,179          | 236          | 1,414          |
| of which: Commodities  | 0             | 1,975          | 73           | 2,048          | 0              | 1,936          | 76           | 2,013          | 0              | 1,590          | 16           | 1,606          |
| Brokerage receivables  | 0             | 22,510         | 0            | 22,510         | 0              | 19,289         | 0            | 19,289         | 0              | 21,839         | 0            | 21,839         |
| Financial assets at fair value not held for trading  | 17,385        | 32,151         | 3,881        | 53,418         | 20,844         | 32,226         | 4,171        | 57,240         | 27,278         | 28,185         | 4,180        | 59,642         |
| of which: Financial assets for unit-linked investment contracts  | 12,166        | 0              | 7            | 12,173         | 14,341         | 0              | 8            | 14,348         | 21,110         | 187            | 6            | 21,303         |
| of which: Corporate and municipal bonds  | 65            | 12,715         | 221          | 13,000         | 131            | 14,361         | 249          | 14,741         | 123            | 13,937         | 306          | 14,366         |
| of which: Government bills / bonds   | 4,811         | 6,266          | 0            | 11,077         | 5,954          | 4,607          | 0            | 10,561         | 5,624          | 3,236          | 0            | 8,860          |
| of which: Loans  | 0             | 3,338          | 654          | 3,992          | 0              | 3,301          | 976          | 4,277          | 0              | 4,982          | 892          | 5,874          |
| of which: Securities financing transactions  | 0             | 9,686          | 114          | 9,799          | 0              | 9,881          | 108          | 9,989          | 0              | 5,704          | 100          | 5,804          |
| of which: Auction rate securities  | 0             | 0              | 1,651        | 1,651          | 0              | 0              | 1,644        | 1,644          | 0              | 0              | 1,585        | 1,585          |
| of which: Investment fund units  | 272           | 146            | 117          | 535            | 317            | 74             | 112          | 504            | 338            | 137            | 117          | 591            |
| of which: Equity instruments   | 72            | 0              | 751          | 823            | 101            | 0              | 721          | 822            | 83             | 2              | 681          | 765            |
| <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                             | 55            | 2,188          | 0            | 2,243          | 55             | 2,196          | 0            | 2,251          | 2,704          | 6,140          | 0            | 8,844          |
| of which: Asset-backed securities <sup>2</sup>   | 0             | 0              | 0            | 0              | 0              | 0              | 0            | 0              | 0              | 4,849          | 0            | 4,849          |
| of which: Government bills / bonds <sup>2</sup>  | 0             | 25             | 0            | 25             | 0              | 18             | 0            | 18             | 2,658          | 27             | 0            | 2,686          |
| of which: Corporate and municipal bonds  | 55            | 2,162          | 0            | 2,217          | 55             | 2,178          | 0            | 2,233          | 45             | 1,265          | 0            | 1,310          |
| <b>Non-financial assets measured at fair value on a recurring basis</b>                                |               |                |              |                |                |                |              |                |                |                |              |                |
| Precious metals and other physical commodities   | 4,133         | 0              | 0            | 4,133          | 4,377          | 0              | 0            | 4,377          | 5,258          | 0              | 0            | 5,258          |
| <b>Non-financial assets measured at fair value on a non-recurring basis</b>                            |               |                |              |                |                |                |              |                |                |                |              |                |
| Other non-financial assets <sup>3</sup>  | 0             | 0              | 14           | 14             | 0              | 0              | 22           | 22             | 0              | 0              | 26           | 26             |
| <b>Total assets measured at fair value</b>   | <b>95,168</b> | <b>260,361</b> | <b>6,830</b> | <b>362,359</b> | <b>111,753</b> | <b>223,812</b> | <b>7,868</b> | <b>343,434</b> | <b>149,484</b> | <b>187,658</b> | <b>7,645</b> | <b>344,787</b> |

## Note 10 Fair value measurement (continued)

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

| USD m   | 30.9.22       |                |               |                | 30.6.22       |                |               |                | 31.12.21      |                |               |                |
|---|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|
|   | 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                        | 25,449        | 5,199          | 93            | 30,741         | 24,393        | 5,932          | 125           | 30,450         | 25,413        | 6,170          | 105           | 31,688         |
| of which: Equity instruments  | 16,695        | 366            | 69            | 17,130         | 16,323        | 440            | 89            | 16,852         | 18,328        | 513            | 83            | 18,924         |
| of which: Corporate and municipal bonds                                     | 33            | 4,008          | 22            | 4,062          | 39            | 4,159          | 33            | 4,231          | 30            | 4,219          | 17            | 4,266          |
| of which: Government bills / bonds  | 7,358         | 714            | 0             | 8,073          | 6,979         | 1,049          | 0             | 8,028          | 5,883         | 826            | 0             | 6,709          |
| of which: Investment fund units   | 1,363         | 85             | 1             | 1,449          | 1,051         | 261            | 2             | 1,314          | 1,172         | 555            | 6             | 1,733          |
| Derivative financial instruments  | 2,311         | 188,331        | 1,658         | 192,300        | 1,294         | 153,887        | 1,711         | 156,892        | 509           | 118,558        | 2,242         | 121,309        |
| of which: Foreign exchange  | 1,615         | 112,931        | 25            | 114,571        | 486           | 81,985         | 26            | 82,497         | 258           | 53,800         | 21            | 54,078         |
| of which: Interest rate   | 0             | 38,698         | 108           | 38,806         | 0             | 34,585         | 96            | 34,681         | 0             | 28,398         | 278           | 28,675         |
| of which: Equity / index  | 0             | 33,078         | 1,150         | 34,228         | 0             | 33,561         | 1,076         | 34,638         | 0             | 33,438         | 1,511         | 34,949         |
| of which: Credit derivatives  | 0             | 1,260          | 285           | 1,544          | 0             | 1,448          | 373           | 1,820          | 0             | 1,412          | 341           | 1,753          |
| of which: Commodities   | 0             | 2,186          | 57            | 2,243          | 0             | 2,107          | 76            | 2,183          | 0             | 1,503          | 63            | 1,566          |
| <b>Financial liabilities designated at fair value on a recurring basis</b>  |               |                |               |                |               |                |               |                |               |                |               |                |
| Brokerage payables designated at fair value                                 | 0             | 48,093         | 0             | 48,093         | 0             | 49,798         | 0             | 49,798         | 0             | 44,045         | 0             | 44,045         |
| Debt issued designated at fair value  | 0             | 59,051         | 8,645         | 67,696         | 0             | 59,973         | 10,484        | 70,457         | 0             | 59,606         | 11,854        | 71,460         |
| Other financial liabilities designated at fair value                        | 0             | 25,200         | 1,916         | 27,116         | 0             | 27,980         | 2,393         | 30,373         | 0             | 29,258         | 3,156         | 32,414         |
| of which: Financial liabilities related to unit-linked investment contracts | 0             | 12,321         | 0             | 12,321         | 0             | 14,503         | 0             | 14,503         | 0             | 21,466         | 0             | 21,466         |
| of which: Securities financing transactions                                 | 0             | 11,376         | 0             | 11,376         | 0             | 12,024         | 2             | 12,026         | 0             | 6,375          | 2             | 6,377          |
| of which: Over-the-counter debt instruments                                 | 0             | 1,041          | 699           | 1,740          | 0             | 1,157          | 879           | 2,036          | 0             | 1,334          | 794           | 2,128          |
| <b>Total liabilities measured at fair value</b>                             | <b>27,760</b> | <b>325,875</b> | <b>12,311</b> | <b>365,946</b> | <b>25,687</b> | <b>297,570</b> | <b>14,713</b> | <b>337,970</b> | <b>25,922</b> | <b>257,637</b> | <b>17,357</b> | <b>300,916</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 any of the periods presented. <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 1 for more information. <sup>3</sup> Other non-financial assets primarily consist of properties and other non-current assets held for sale, which are measured at the lower of their net carrying amount or fair value less costs to sell.

## b) Valuation adjustments

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

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

### Deferred day-1 profit or loss reserves

| USD m  | For the quarter ended |            |            | Year-to-date |            |
|--|-----------------------|------------|------------|--------------|------------|
|  | 30.9.22               | 30.6.22    | 30.9.21    | 30.9.22      | 30.9.21    |
| Reserve balance at the beginning of the period     | 451                   | 425        | 405        | 418          | 269        |
| Profit / (loss) deferred on new transactions       | 84                    | 86         | 102        | 245          | 380        |
| (Profit) / loss recognized in the income statement | (108)                 | (58)       | (78)       | (235)        | (220)      |
| Foreign currency translation                       | (1)                   | (1)        | (1)        | (2)          | (1)        |
| <b>Reserve balance at the end of the period</b>    | <b>426</b>            | <b>451</b> | <b>429</b> | <b>426</b>   | <b>429</b> |

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

### Other valuation adjustment reserves on the balance sheet

| Life-to-date gain / (loss), USD m   | As of        |              |              |
|---|--------------|--------------|--------------|
|   | 30.9.22      | 30.6.22      | 31.12.21     |
| <b>Own credit adjustments on financial liabilities designated at fair value</b> | <b>848</b>   | <b>406</b>   | <b>(315)</b> |
| of which: debt issued designated at fair value                                  | 449          | 251          | (144)        |
| of which: other financial liabilities designated at fair value                  | 398          | 154          | (172)        |
| <b>Credit valuation adjustments<sup>1</sup></b>                                 | <b>(40)</b>  | <b>(36)</b>  | <b>(44)</b>  |
| <b>Funding valuation adjustments</b>  | <b>(50)</b>  | <b>(8)</b>   | <b>(49)</b>  |
| <b>Debit valuation adjustments</b>  | <b>6</b>     | <b>5</b>     | <b>2</b>     |
| <b>Other valuation adjustments</b>  | <b>(824)</b> | <b>(869)</b> | <b>(913)</b> |
| of which: liquidity   | (293)        | (326)        | (341)        |
| of which: model uncertainty   | (531)        | (543)        | (571)        |

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

## Note 10 Fair value measurement (continued)

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

The table below presents material Level 3 assets and liabilities, together with the valuation techniques used to measure fair value, as well as the inputs used in a given valuation technique that are considered significant as of 30 September 2022 and unobservable, and a range of values for those unobservable inputs.

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

The significant unobservable inputs disclosed in the table below are consistent with those included in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

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

|  | Fair value |          |             |          | Valuation technique(s)                     | Significant unobservable input(s) <sup>1</sup>        | Range of inputs |       |          |      |                               |      | unit <sup>1</sup> |
|--|------------|----------|-------------|----------|--|---|-----------------|-------|----------|------|-------------------------------|------|-------------------|
|  | Assets     |          | Liabilities |          |  |   | 30.9.22         |       | 31.12.21 |      | weighted average <sup>2</sup> |      |                   |
| USD bn   | 30.9.22    | 31.12.21 | 30.9.22     | 31.12.21 |  |   | low             | high  | low      | high | low                           | high |                   |
| <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>   | 0.7        | 0.9      | 0.0         | 0.0      | Relative value to market comparable        | Bond price equivalent                                 | 9               | 107   | 84       | 16   | 143                           | 98   | points            |
|  |            |          |             |          | Discounted expected cash flows             | Discount margin                                       | 447             | 447   |          | 434  | 434                           |      | basis points      |
| <i>Traded loans, loans measured at fair value, loan commitments and guarantees</i>   | 1.5        | 2.8      | 0.0         | 0.0      | Relative value to market comparable        | Loan price equivalent                                 | 20              | 100   | 97       | 0    | 101                           | 99   | points            |
|  |            |          |             |          | Discounted expected cash flows             | Credit spread   | 200             | 350   | 287      | 175  | 800                           | 436  | basis points      |
|  |            |          |             |          | Market comparable and securitization model | Credit spread   | 125             | 1,343 | 301      | 28   | 1,544                         | 241  | basis points      |
| <i>Auction rate securities</i>   | 1.7        | 1.6      |             |          | Discounted expected cash flows             | Credit spread   | 115             | 192   | 152      | 115  | 197                           | 153  | basis points      |
| <i>Investment fund units<sup>3</sup></i>   | 0.2        | 0.1      | 0.0         | 0.0      | Relative value to market comparable        | Net asset value                                       |                 |       |          |      |                               |      |                   |
| <i>Equity instruments<sup>3</sup></i>  | 0.9        | 0.8      | 0.1         | 0.1      | Relative value to market comparable        | Price   |                 |       |          |      |                               |      |                   |
| <b>Debt issued designated at fair value<sup>4</sup></b>  |            |          | 8.6         | 11.9     |  |   |                 |       |          |      |                               |      |                   |
| <b>Other financial liabilities designated at fair value</b>  |            |          | 1.9         | 3.2      | Discounted expected cash flows             | Funding spread  | 25              | 175   |          | 24   | 175                           |      | basis points      |
| <b>Derivative financial instruments</b>  |            |          |             |          |  |   |                 |       |          |      |                               |      |                   |
| <i>Interest rate</i>   | 0.5        | 0.5      | 0.1         | 0.3      | Option model                               | Volatility of interest rates                          | 74              | 153   |          | 65   | 81                            |      | basis points      |
|  |            |          |             |          | Discounted expected cash flows             | Credit spreads  | 10              | 410   |          | 1    | 583                           |      | basis points      |
| <i>Credit derivatives</i>  | 0.4        | 0.2      | 0.3         | 0.3      |  | Bond price equivalent                                 | 3               | 232   |          | 2    | 136                           |      | points            |
| <i>Equity / index</i>  | 0.7        | 0.4      | 1.2         | 1.5      | Option model                               | Equity dividend yields                                | 0               | 20    |          | 0    | 11                            |      | %                 |
|  |            |          |             |          |  | Volatility of equity stocks, equity and other indices | 2               | 118   |          | 4    | 98                            |      | %                 |
|  |            |          |             |          |  | Equity-to-FX correlation                              | (29)            | 84    |          | (29) | 76                            |      | %                 |
|  |            |          |             |          |  | Equity-to-equity correlation                          | (25)            | 100   |          | (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 structured notes, which include variable maturity notes with various equity and foreign exchange underlying risks, rates-linked and credit-linked notes, all of which have embedded derivative parameters that are considered to be unobservable. The equivalent derivative instrument parameters are presented in the respective derivative financial instruments lines in this table.

## Note 10 Fair value measurement (continued)

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

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

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

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

| USD m   | 30.9.22           |                     | 30.6.22           |                     | 31.12.21          |                     |
|---|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
|   | Favorable changes | Unfavorable changes | Favorable changes | Unfavorable changes | Favorable changes | Unfavorable changes |
| Traded loans, loans measured at fair value, loan commitments and guarantees | 22                | (19)                | 25                | (32)                | 19                | (13)                |
| Securities financing transactions   | 41                | (43)                | 53                | (55)                | 41                | (53)                |
| Auction rate securities   | 55 <sup>2</sup>   | (55) <sup>2</sup>   | 79                | (79)                | 66                | (66)                |
| Asset-backed securities   | 31                | (24)                | 25                | (19)                | 20                | (20)                |
| Equity instruments  | 181               | (161)               | 177               | (152)               | 173               | (146)               |
| Interest rate derivatives, net  | 16 <sup>2</sup>   | (23) <sup>2</sup>   | 41                | (54)                | 29                | (19)                |
| Credit derivatives, net   | 3                 | (5)                 | 7                 | (6)                 | 5                 | (8)                 |
| Foreign exchange derivatives, net   | 10                | (5)                 | 11                | (7)                 | 19                | (11)                |
| Equity / index derivatives, net   | 326               | (314)               | 382               | (374)               | 368               | (335)               |
| Other   | 36 <sup>2</sup>   | (80) <sup>2</sup>   | 63                | (90)                | 50                | (73)                |
| <b>Total</b>  | <b>721</b>        | <b>(728)</b>        | <b>861</b>        | <b>(868)</b>        | <b>790</b>        | <b>(744)</b>        |

<sup>1</sup> Sensitivity of issued and over-the-counter debt instruments is reported with the equivalent derivative or securities financing instrument. <sup>2</sup> Includes refinements applied in estimating valuation uncertainty across various parameters.

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

The table on the following page 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 10 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 nine months ended 30 September 2022<sup>2</sup></b> |  |  |   |           |       |           |             |                        |                          |                              |                                  |
| <b>Financial assets at fair value held for trading</b>         |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 2.3                                    | (0.2)  | (0.2)   | 0.3       | (1.4) | 0.3       | 0.0         | 0.3                    | (0.3)                    | (0.0)                        | 1.3                              |
| <i>of which: Investment fund units</i>                         | 0.0                                    | 0.0  | 0.0   | 0.0       | (0.0) | 0.0       | 0.0         | 0.1                    | (0.0)                    | (0.0)                        | 0.1                              |
| <i>of which: Corporate and municipal bonds</i>                 | 0.6                                    | (0.0)  | (0.0)   | 0.2       | (0.2) | 0.0       | 0.0         | 0.0                    | (0.0)                    | (0.0)                        | 0.5                              |
| <i>of which: Loans</i>   | 1.4                                    | (0.1)  | (0.1)   | 0.0       | (1.1) | 0.3       | 0.0         | 0.0                    | (0.2)                    | (0.0)                        | 0.5                              |
| <b>Derivative financial instruments – assets</b>               |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 1.1                                    | 0.8  | 0.5   | 0.0       | 0.0   | 0.6       | (0.7)       | 0.1                    | (0.1)                    | (0.1)                        | 1.7                              |
| <i>of which: Interest rate</i>                                 | 0.5                                    | 0.2  | 0.2   | 0.0       | 0.0   | 0.0       | (0.1)       | 0.1                    | (0.1)                    | (0.1)                        | 0.5                              |
| <i>of which: Equity / index</i>                                | 0.4                                    | 0.4  | 0.3   | 0.0       | 0.0   | 0.2       | (0.3)       | 0.0                    | (0.0)                    | (0.0)                        | 0.7                              |
| <i>of which: Credit derivatives</i>                            | 0.2                                    | 0.1  | (0.1)   | 0.0       | 0.0   | 0.2       | (0.2)       | 0.0                    | 0.0                      | 0.0                          | 0.4                              |
| <b>Financial assets at fair value not held for trading</b>     |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 4.2                                    | 0.1  | 0.1   | 0.6       | (0.8) | 0.1       | (0.0)       | 0.1                    | (0.3)                    | (0.1)                        | 3.9                              |
| <i>of which: Loans</i>   | 0.9                                    | (0.0)  | (0.1)   | 0.4       | (0.4) | 0.1       | 0.0         | 0.0                    | (0.3)                    | (0.0)                        | 0.7                              |
| <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                          | 1.7                              |
| <i>of which: Equity instruments</i>                            | 0.7                                    | 0.0  | 0.0   | 0.1       | (0.1) | 0.0       | 0.0         | 0.1                    | 0.0                      | (0.0)                        | 0.8                              |
| <b>Derivative financial instruments – liabilities</b>          |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 2.2                                    | (0.8)  | (0.6)   | 0.0       | 0.0   | 1.3       | (0.8)       | 0.1                    | (0.2)                    | (0.2)                        | 1.7                              |
| <i>of which: Interest rate</i>                                 | 0.3                                    | (0.2)  | (0.1)   | 0.0       | 0.0   | 0.1       | (0.0)       | 0.0                    | 0.0                      | (0.1)                        | 0.1                              |
| <i>of which: Equity / index</i>                                | 1.5                                    | (0.5)  | (0.5)   | 0.0       | 0.0   | 1.0       | (0.7)       | 0.0                    | (0.2)                    | (0.1)                        | 1.2                              |
| <i>of which: Credit derivatives</i>                            | 0.3                                    | (0.1)  | (0.1)   | 0.0       | 0.0   | 0.1       | (0.0)       | 0.1                    | (0.0)                    | (0.0)                        | 0.3                              |
| <b>Debt issued designated at fair value</b>                    |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 11.9                                   | (1.7)  | (1.4)   | 0.0       | 0.0   | 4.4       | (3.0)       | 0.5                    | (2.8)                    | (0.5)                        | 8.6                              |
| <b>Other financial liabilities designated at fair value</b>    |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 3.2                                    | (1.0)  | (1.0)   | 0.0       | 0.0   | 0.2       | (0.3)       | 0.1                    | (0.2)                    | (0.1)                        | 1.9                              |
| <b>For the nine months ended 30 September 2021</b>             |  |  |   |           |       |           |             |                        |                          |                              |                                  |
| <b>Financial assets at fair value held for trading</b>         |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 2.3                                    | 0.0  | (0.0)   | 0.3       | (1.0) | 0.2       | 0.0         | 0.2                    | (0.2)                    | (0.0)                        | 1.8                              |
| <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>                 | 0.8                                    | 0.0  | 0.0   | 0.2       | (0.2) | 0.0       | 0.0         | 0.0                    | (0.1)                    | (0.0)                        | 0.8                              |
| <i>of which: Loans</i>   | 1.1                                    | 0.0  | 0.0   | 0.0       | (0.6) | 0.2       | 0.0         | 0.0                    | (0.2)                    | 0.0                          | 0.7                              |
| <b>Derivative financial instruments – assets</b>               |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 1.8                                    | (0.2)  | (0.2)   | 0.0       | 0.0   | 0.5       | (0.5)       | 0.1                    | (0.1)                    | (0.0)                        | 1.4                              |
| <i>of which: Interest rate</i>                                 | 0.5                                    | (0.1)  | (0.1)   | 0.0       | 0.0   | 0.0       | (0.1)       | 0.0                    | (0.0)                    | (0.0)                        | 0.3                              |
| <i>of which: Equity / index</i>                                | 0.9                                    | 0.0  | 0.0   | 0.0       | 0.0   | 0.3       | (0.4)       | 0.0                    | (0.1)                    | (0.0)                        | 0.7                              |
| <i>of which: Credit derivatives</i>                            | 0.3                                    | (0.1)  | (0.1)   | 0.0       | 0.0   | 0.1       | (0.0)       | 0.1                    | (0.0)                    | 0.0                          | 0.3                              |
| <b>Financial assets at fair value not held for trading</b>     |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 3.9                                    | 0.1  | 0.1   | 0.8       | (0.4) | 0.0       | 0.0         | 0.1                    | (0.3)                    | (0.0)                        | 4.3                              |
| <i>of which: Loans</i>   | 0.9                                    | 0.0  | 0.0   | 0.4       | (0.2) | 0.0       | 0.0         | 0.0                    | (0.3)                    | (0.0)                        | 0.9                              |
| <i>of which: Auction rate securities</i>                       | 1.5                                    | 0.0  | 0.0   | 0.0       | 0.0   | 0.0       | 0.0         | 0.0                    | 0.0                      | 0.0                          | 1.6                              |
| <i>of which: Equity instruments</i>                            | 0.5                                    | 0.1  | 0.1   | 0.1       | (0.1) | 0.0       | 0.0         | 0.0                    | (0.0)                    | (0.0)                        | 0.6                              |
| <b>Derivative financial instruments – liabilities</b>          |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 3.5                                    | 0.2  | (0.0)   | 0.0       | 0.0   | 0.8       | (1.6)       | 0.0                    | (0.3)                    | (0.0)                        | 2.5                              |
| <i>of which: Interest rate</i>                                 | 0.5                                    | (0.0)  | (0.0)   | 0.0       | 0.0   | 0.1       | (0.1)       | 0.0                    | (0.0)                    | (0.0)                        | 0.5                              |
| <i>of which: Equity / index</i>                                | 2.3                                    | 0.4  | 0.1   | 0.0       | 0.0   | 0.6       | (1.4)       | 0.0                    | (0.2)                    | (0.0)                        | 1.6                              |
| <i>of which: Credit derivatives</i>                            | 0.5                                    | (0.2)  | (0.2)   | 0.0       | 0.0   | 0.1       | (0.0)       | 0.0                    | (0.1)                    | (0.0)                        | 0.3                              |
| <b>Debt issued designated at fair value</b>                    |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 9.6                                    | 0.2  | 0.2   | 0.0       | 0.0   | 7.7       | (3.4)       | 0.2                    | (0.9)                    | (0.2)                        | 13.2                             |
| <b>Other financial liabilities designated at fair value</b>    |  |  |   |           |       |           |             |                        |                          |                              |                                  |
|  | 2.1                                    | (0.0)  | (0.0)   | 0.0       | 0.0   | 1.2       | (0.3)       | 0.0                    | (0.0)                    | (0.0)                        | 3.0                              |

<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 September 2022 were USD 6.8bn (31 December 2021: USD 7.6bn). Total Level 3 liabilities as of 30 September 2022 were USD 12.3bn (31 December 2021: USD 17.4bn).

## Note 10 Fair value measurement (continued)

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

The table below reflects the estimated fair values of financial instruments not measured at fair value. Valuation principles applied when determining fair value estimates for financial instruments not measured at fair value are consistent with those described in "Note 21 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2021.

#### Financial instruments not measured at fair value

| USD bn  | 30.9.22         |            | 30.6.22         |            | 31.12.21        |            |
|---|-----------------|------------|-----------------|------------|-----------------|------------|
|   | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| <b>Assets</b>   |                 |            |                 |            |                 |            |
| Cash and balances at central banks                                  | 166.4           | 166.4      | 190.4           | 190.4      | 192.8           | 192.8      |
| Loans and advances to banks   | 14.4            | 14.4       | 16.4            | 16.4       | 15.4            | 15.3       |
| Receivables from securities financing transactions                  | 66.9            | 66.9       | 63.3            | 63.3       | 75.0            | 75.0       |
| Cash collateral receivables on derivative instruments               | 48.2            | 48.2       | 43.8            | 43.8       | 30.5            | 30.5       |
| Loans and advances to customers                                     | 374.7           | 363.0      | 384.9           | 374.6      | 398.7           | 397.9      |
| Other financial assets measured at amortized cost <sup>1</sup>      | 47.0            | 44.6       | 37.6            | 36.1       | 26.2            | 26.5       |
| <b>Liabilities</b>  |                 |            |                 |            |                 |            |
| Amounts due to banks  | 13.9            | 13.9       | 15.2            | 15.2       | 13.1            | 13.1       |
| Payables from securities financing transactions                     | 4.5             | 4.5        | 6.0             | 6.0        | 5.5             | 5.5        |
| Cash collateral payables on derivative instruments                  | 44.3            | 44.3       | 40.5            | 40.5       | 31.8            | 31.8       |
| Customer deposits   | 498.2           | 497.9      | 514.3           | 514.3      | 544.8           | 544.8      |
| Funding from UBS Group AG measured at amortized cost                | 55.7            | 54.4       | 57.1            | 56.2       | 57.3            | 58.8       |
| Debt issued measured at amortized cost                              | 55.4            | 54.8       | 65.8            | 65.1       | 82.4            | 82.8       |
| Other financial liabilities measured at amortized cost <sup>2</sup> | 7.0             | 7.0        | 7.4             | 7.4        | 6.3             | 6.3        |

<sup>1</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 1 for more information. <sup>2</sup> Excludes lease liabilities.

## Note 11 Derivative instruments

### a) Derivative instruments

|   | Derivative<br>financial<br>assets | Notional values<br>related to derivative<br>financial assets <sup>1</sup> | Derivative<br>financial<br>liabilities | Notional values<br>related to derivative<br>financial liabilities <sup>1</sup> | Other<br>notional<br>values <sup>2</sup> |
|---|-----------------------------------|---|--|--|--|
| <i>As of 30.9.22, USD bn</i>  |                                   |   |  |  |  |
| <b>Derivative financial instruments</b>   |                                   |   |  |  |  |
| Interest rate   | 41.3                              | 975   | 38.8                                   | 970  | 10,300                                   |
| Credit derivatives  | 1.7                               | 48  | 1.5                                    | 48   | 0  |
| Foreign exchange  | 115.8                             | 3,299   | 114.6                                  | 3,108  | 45                                       |
| Equity / index  | 33.5                              | 367   | 34.2                                   | 418  | 68                                       |
| Commodities   | 2.0                               | 73  | 2.2                                    | 65   | 17                                       |
| Loan commitments measured at FVTPL  | 0.0                               | 1   | 0.1                                    | 5  |  |
| Unsettled purchases of non-derivative financial instruments <sup>3</sup>                        | 0.4                               | 28  | 0.5                                    | 22   |  |
| Unsettled sales of non-derivative financial instruments <sup>3</sup>                            | 0.4                               | 28  | 0.4                                    | 18   |  |
| <b>Total derivative financial instruments, based on IFRS netting<sup>4</sup></b>                | <b>195.2</b>                      | <b>4,819</b>  | <b>192.3</b>                           | <b>4,655</b>   | <b>10,430</b>                            |
| Further netting potential not recognized on the balance sheet <sup>5</sup>                      | (177.7)                           |   | (176.1)                                |  |  |
| <i>of which: netting of recognized financial liabilities / assets</i>                           | <i>(142.8)</i>                    |   | <i>(142.8)</i>                         |  |  |
| <i>of which: netting with collateral received / pledged</i>                                     | <i>(35.0)</i>                     |   | <i>(33.3)</i>                          |  |  |
| <b>Total derivative financial instruments, after consideration of further netting potential</b> | <b>17.5</b>                       |   | <b>16.2</b>                            |  |  |

|   | Derivative<br>financial<br>assets | Notional values<br>related to derivative<br>financial assets <sup>1</sup> | Derivative<br>financial<br>liabilities | Notional values<br>related to derivative<br>financial liabilities <sup>1</sup> | Other<br>notional<br>values <sup>2</sup> |
|---|-----------------------------------|---|--|--|--|
| <i>As of 30.6.22, USD bn</i>  |                                   |   |  |  |  |
| <b>Derivative financial instruments</b>   |                                   |   |  |  |  |
| Interest rate   | 38.3                              | 1,083   | 34.7                                   | 1,051  | 9,799                                    |
| Credit derivatives  | 2.1                               | 48  | 1.8                                    | 47   | 0  |
| Foreign exchange  | 83.4                              | 3,252   | 82.5                                   | 3,092  | 33                                       |
| Equity / index  | 33.9                              | 388   | 34.6                                   | 457  | 69                                       |
| Commodities   | 2.0                               | 78  | 2.2                                    | 70   | 16                                       |
| Loan commitments measured at FVTPL  | 0.0                               | 1   | 0.0                                    | 7  |  |
| Unsettled purchases of non-derivative financial instruments <sup>3</sup>                        | 0.3                               | 29  | 0.5                                    | 22   |  |
| Unsettled sales of non-derivative financial instruments <sup>3</sup>                            | 0.5                               | 30  | 0.5                                    | 24   |  |
| <b>Total derivative financial instruments, based on IFRS netting<sup>4</sup></b>                | <b>160.5</b>                      | <b>4,910</b>  | <b>156.9</b>                           | <b>4,771</b>   | <b>9,916</b>                             |
| Further netting potential not recognized on the balance sheet <sup>5</sup>                      | (146.5)                           |   | (141.0)                                |  |  |
| <i>of which: netting of recognized financial liabilities / assets</i>                           | <i>(116.0)</i>                    |   | <i>(116.0)</i>                         |  |  |
| <i>of which: netting with collateral received / pledged</i>                                     | <i>(30.5)</i>                     |   | <i>(24.9)</i>                          |  |  |
| <b>Total derivative financial instruments, after consideration of further netting potential</b> | <b>14.0</b>                       |   | <b>15.9</b>                            |  |  |

|   | Derivative<br>financial<br>assets | Notional values<br>related to derivative<br>financial assets <sup>1</sup> | Derivative<br>financial<br>liabilities | Notional values<br>related to derivative<br>financial liabilities <sup>1</sup> | Other<br>notional<br>values <sup>2</sup> |
|---|-----------------------------------|---|--|--|--|
| <i>As of 31.12.21, USD bn</i>   |                                   |   |  |  |  |
| <b>Derivative financial instruments</b>   |                                   |   |  |  |  |
| Interest rate   | 33.2                              | 991   | 28.7                                   | 943  | 8,675                                    |
| Credit derivatives  | 1.4                               | 45  | 1.8                                    | 46   | 0  |
| Foreign exchange  | 53.3                              | 3,031   | 54.1                                   | 2,939  | 1  |
| Equity / index  | 28.2                              | 457   | 34.9                                   | 604  | 80                                       |
| Commodities   | 1.6                               | 58  | 1.6                                    | 56   | 15                                       |
| Loan commitments measured at FVTPL  | 0.0                               | 1   | 0.0                                    | 8  |  |
| Unsettled purchases of non-derivative financial instruments <sup>3</sup>                        | 0.1                               | 13  | 0.2                                    | 11   |  |
| Unsettled sales of non-derivative financial instruments <sup>3</sup>                            | 0.2                               | 18  | 0.1                                    | 9  |  |
| <b>Total derivative financial instruments, based on IFRS netting<sup>4</sup></b>                | <b>118.1</b>                      | <b>4,614</b>  | <b>121.3</b>                           | <b>4,617</b>   | <b>8,771</b>                             |
| Further netting potential not recognized on the balance sheet <sup>5</sup>                      | (107.4)                           |   | (107.0)                                |  |  |
| <i>of which: netting of recognized financial liabilities / assets</i>                           | <i>(88.9)</i>                     |   | <i>(88.9)</i>                          |  |  |
| <i>of which: netting with collateral received / pledged</i>                                     | <i>(18.5)</i>                     |   | <i>(18.1)</i>                          |  |  |
| <b>Total derivative financial instruments, after consideration of further netting potential</b> | <b>10.7</b>                       |   | <b>14.3</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 any of the periods presented. <sup>3</sup> Changes in the fair value of purchased and sold non-derivative financial instruments between trade date and settlement date are recognized as derivative financial instruments. <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 22 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2021 for more information.



## Note 11 Derivative instruments (continued)

### b) Cash collateral on derivative instruments

| <i>USD bn</i>  | Receivables<br>30.9.22 | Payables<br>30.9.22 | Receivables<br>30.6.22 | Payables<br>30.6.22 | Receivables<br>31.12.21 | Payables<br>31.12.21 |
|--|------------------------|---------------------|------------------------|---------------------|-------------------------|----------------------|
| Cash collateral on derivative instruments, based on IFRS netting <sup>1</sup>                      | 48.2                   | 44.3                | 43.8                   | 40.5                | 30.5                    | 31.8                 |
| Further netting potential not recognized on the balance sheet <sup>2</sup>                         | (30.2)                 | (25.6)              | (23.2)                 | (22.6)              | (18.4)                  | (16.4)               |
| <i>of which: netting of recognized financial liabilities / assets</i>                              | <i>(28.2)</i>          | <i>(23.6)</i>       | <i>(20.4)</i>          | <i>(19.9)</i>       | <i>(15.2)</i>           | <i>(13.1)</i>        |
| <i>of which: netting with collateral received / pledged</i>  | <i>(2.1)</i>           | <i>(2.1)</i>        | <i>(2.8)</i>           | <i>(2.8)</i>        | <i>(3.3)</i>            | <i>(3.3)</i>         |
| <b>Cash collateral on derivative instruments, after consideration of further netting potential</b> | <b>18.0</b>            | <b>18.7</b>         | 20.6                   | 17.9                | 12.1                    | 15.4                 |

<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 22 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2021 for more information.

## Note 12 Other assets and liabilities

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

| <i>USD m</i>   | 30.9.22       | 30.6.22       | 31.12.21      |
|--|---------------|---------------|---------------|
| Debt securities <sup>1</sup>                                   | 39,259        | 29,812        | 18,858        |
| Loans to financial advisors                                    | 2,505         | 2,447         | 2,453         |
| Fee- and commission-related receivables                        | 1,867         | 1,965         | 1,966         |
| Finance lease receivables                                      | 1,270         | 1,283         | 1,356         |
| Settlement and clearing accounts                               | 611           | 500           | 455           |
| Accrued interest income  | 854           | 681           | 521           |
| Other  | 680           | 863           | 627           |
| <b>Total other financial assets measured at amortized cost</b> | <b>47,045</b> | <b>37,551</b> | <b>26,236</b> |

<sup>1</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 1 for more information.

### b) Other non-financial assets

| <i>USD m</i>  | 30.9.22      | 30.6.22      | 31.12.21     |
|---|--------------|--------------|--------------|
| Precious metals and other physical commodities  | 4,133        | 4,377        | 5,258        |
| Deposits and collateral provided in connection with litigation, regulatory and similar matters <sup>1</sup> | 2,018        | 2,150        | 1,526        |
| Prepaid expenses  | 785          | 731          | 717          |
| VAT and other tax receivables   | 445          | 410          | 591          |
| Properties and other non-current assets held for sale   | 239          | 257          | 32           |
| Assets of disposal groups held for sale <sup>2</sup>  |              | 823          | 1,093        |
| Other   | 899          | 819          | 618          |
| <b>Total other non-financial assets</b>   | <b>8,519</b> | <b>9,567</b> | <b>9,836</b> |

<sup>1</sup> Refer to Note 16 for more information. <sup>2</sup> In the third quarter of 2022, UBS AG completed the sale of its domestic wealth management business in Spain and the sale of UBS Swiss Financial Advisers AG.

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

| <i>USD m</i>  | 30.9.22      | 30.6.22       | 31.12.21     |
|---|--------------|---------------|--------------|
| Other accrued expenses  | 1,561        | 1,500         | 1,642        |
| Accrued interest expenses   | 1,186        | 1,238         | 1,134        |
| Settlement and clearing accounts                                    | 1,528        | 1,866         | 1,282        |
| Lease liabilities   | 3,014        | 3,140         | 3,438        |
| Other   | 2,701        | 2,773         | 2,269        |
| <b>Total other financial liabilities measured at amortized cost</b> | <b>9,990</b> | <b>10,516</b> | <b>9,765</b> |

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

| <i>USD m</i>  | 30.9.22       | 30.6.22       | 31.12.21      |
|---|---------------|---------------|---------------|
| Financial liabilities related to unit-linked investment contracts | 12,321        | 14,503        | 21,466        |
| Securities financing transactions                                 | 11,376        | 12,026        | 6,377         |
| Over-the-counter debt instruments                                 | 1,740         | 2,036         | 2,128         |
| Funding from UBS Group AG   | 1,679         | 1,807         | 2,340         |
| Other   |               |               | 103           |
| <b>Total other financial liabilities designated at fair value</b> | <b>27,116</b> | <b>30,373</b> | <b>32,414</b> |

## Note 12 Other assets and liabilities (continued)

### e) Other non-financial liabilities

| <i>USD m</i>  | 30.9.22      | 30.6.22      | 31.12.21     |
|---|--------------|--------------|--------------|
| Compensation-related liabilities                          | 3,844        | 3,338        | 4,795        |
| <i>of which: net defined benefit liability</i>            | 412          | 462          | 617          |
| Deferred tax liabilities                                  | 293          | 201          | 297          |
| Current tax liabilities                                   | 898          | 935          | 1,365        |
| VAT and other tax payables                                | 444          | 490          | 524          |
| Deferred income   | 248          | 233          | 225          |
| Liabilities of disposal groups held for sale <sup>1</sup> |              | 1,351        | 1,298        |
| Other   | 29           | 70           | 68           |
| <b>Total other non-financial liabilities</b>              | <b>5,757</b> | <b>6,618</b> | <b>8,572</b> |

<sup>1</sup> In the third quarter of 2022, UBS AG completed the sale of its domestic wealth management business in Spain and the sale of UBS Swiss Financial Advisers AG.

## Note 13 Debt issued designated at fair value

| <i>USD m</i>                                      | 30.9.22       | 30.6.22       | 31.12.21      |
|---|---------------|---------------|---------------|
| Equity-linked <sup>1</sup>                        | 37,785        | 39,629        | 47,059        |
| Rates-linked                                      | 16,559        | 16,916        | 16,369        |
| Credit-linked                                     | 2,330         | 2,147         | 1,723         |
| Fixed-rate  | 5,887         | 5,411         | 2,868         |
| Commodity-linked                                  | 4,350         | 4,640         | 2,911         |
| Other   | 784           | 1,715         | 529           |
| <b>Total debt issued designated at fair value</b> | <b>67,696</b> | <b>70,457</b> | <b>71,460</b> |

<sup>1</sup> Includes investment fund unit-linked instruments issued.

## Note 14 Debt issued measured at amortized cost

| <i>USD m</i>   | 30.9.22       | 30.6.22       | 31.12.21      |
|--|---------------|---------------|---------------|
| <b>Short-term debt<sup>1</sup></b>                                     | <b>24,849</b> | <b>31,525</b> | <b>43,098</b> |
| Senior unsecured debt other than TLAC                                  | 19,050        | 20,109        | 23,328        |
| Covered bonds  |               |               | 1,389         |
| Subordinated debt  | 2,959         | 5,008         | 5,163         |
| <i>of which: low-trigger loss-absorbing tier 2 capital instruments</i> | <i>2,427</i>  | <i>2,471</i>  | <i>2,596</i>  |
| <i>of which: non-Basel III-compliant tier 2 capital instruments</i>    | <i>531</i>    | <i>538</i>    | <i>547</i>    |
| Debt issued through the Swiss central mortgage institutions            | 8,567         | 9,177         | 9,454         |
| <b>Long-term debt<sup>2</sup></b>                                      | <b>30,576</b> | <b>34,294</b> | <b>39,334</b> |
| <b>Total debt issued measured at amortized cost<sup>3</sup></b>        | <b>55,425</b> | <b>65,820</b> | <b>82,432</b> |

<sup>1</sup> Debt with an original contractual maturity of less than one year, mainly consisting of 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 any of the periods presented.

## Note 15 Interest rate benchmark reform

During 2022, UBS AG has continued to manage the transition to alternative reference rates (ARRs). The transition of non-USD interbank offered rates (IBORs) is substantially complete, with efforts now focused on managing the transition of the remaining USD London Interbank Offered Rate (LIBOR) exposures.

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

In January 2022, UBS AG completed the transition of USD LIBOR-linked balances related to brokerage accounts. Substantially all US securities-based lending that was outstanding as of 31 December 2021 has been transitioned to the Secured Overnight Financing Rate (SOFR) and UBS AG continues to make good progress on the transition of the remaining USD LIBOR non-derivative assets and liabilities.

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 transition of USD LIBOR-cleared derivatives is planned to commence in the second quarter of 2023.

## Note 16 Provisions and contingent liabilities

### a) Provisions

The table below presents an overview of total provisions.

| <i>USD m</i>  | 30.9.22      | 30.6.22      | 31.12.21     |
|---|--------------|--------------|--------------|
| Provisions other than provisions for expected credit losses | 3,053        | 3,215        | 3,256        |
| Provisions for expected credit losses <sup>1</sup>          | 182          | 192          | 196          |
| <b>Total provisions</b>                                     | <b>3,235</b> | <b>3,407</b> | <b>3,452</b> |

<sup>1</sup> Refer to Note 9c 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> | Restructuring <sup>2</sup> | Other <sup>3</sup> | Total        |
|---|---|----------------------------|--------------------|--------------|
| <b>Balance as of 31 December 2021</b>                     | 2,798   | 137                        | 321                | 3,256        |
| <b>Balance as of 30 June 2022</b>                         | 2,798   | 114                        | 302                | 3,215        |
| Increase in provisions recognized in the income statement | 25  | 25                         | 10                 | 60           |
| Release of provisions recognized in the income statement  | (4)   | (5)                        | (5)                | (15)         |
| Provisions used in conformity with designated purpose     | (52)  | (40)                       | (10)               | (102)        |
| Foreign currency translation / unwind of discount         | (90)  | (4)                        | (12)               | (105)        |
| <b>Balance as of 30 September 2022</b>                    | <b>2,677</b>  | <b>90</b>                  | <b>285</b>         | <b>3,053</b> |

<sup>1</sup> Consists of provisions for losses resulting from legal, liability and compliance risks. <sup>2</sup> Consists of personnel-related restructuring provisions of USD 56m as of 30 September 2022 (30 June 2022: USD 75m; 31 December 2021: USD 90m) and provisions for onerous contracts of USD 34m as of 30 September 2022 (30 June 2022: USD 40m; 31 December 2021: USD 47m). <sup>3</sup> Mainly includes provisions related to real estate, employee benefits and operational risks.

Restructuring provisions relate to personnel-related provisions and onerous contracts. Personnel-related restructuring provisions are generally used within a short period of time. The level of personnel-related provisions can change when natural staff attrition reduces the number of people affected by a restructuring event, and therefore results in lower estimated costs. Onerous contracts for property are recognized when UBS is committed to pay for non-lease components, such as utilities, service charges, taxes and maintenance, when a property is vacated or not fully recovered from sub-tenants.

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

## Note 16 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" may, 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 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 16a 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 16 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 the UBS Group third quarter 2022 report.

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

| <i>USD m</i>  | Global Wealth<br>Manage-<br>ment | Personal &<br>Corporate<br>Banking | Asset<br>Manage-<br>ment | Investment<br>Bank | Group<br>Functions | Total        |
|---|----------------------------------|------------------------------------|--------------------------|--------------------|--------------------|--------------|
| <b>Balance as of 31 December 2021</b>                     | 1,338                            | 181                                | 8                        | 310                | 962                | 2,798        |
| <b>Balance as of 30 June 2022</b>                         | 1,289                            | 168                                | 8                        | 387                | 946                | 2,798        |
| Increase in provisions recognized in the income statement | 22                               | 0                                  | 0                        | 3                  | 0                  | 25           |
| Release of provisions recognized in the income statement  | (4)                              | 0                                  | 0                        | 0                  | 0                  | (4)          |
| Provisions used in conformity with designated purpose     | (44)                             | 0                                  | 0                        | 0                  | (8)                | (52)         |
| Foreign currency translation / unwind of discount         | (68)                             | (10)                               | 0                        | (11)               | (1)                | (90)         |
| <b>Balance as of 30 September 2022</b>                    | <b>1,195</b>                     | <b>158</b>                         | <b>8</b>                 | <b>378</b>         | <b>937</b>         | <b>2,677</b> |

<sup>1</sup> Provisions, if any, for the matters described in items 3 and 4 of this Note are recorded in Global Wealth Management, and provisions, if any, for the matters described in item 2 are recorded in Group Functions. Provisions, if any, for the matters described in items 1 and 6 of this Note are allocated between Global Wealth Management and Personal & Corporate Banking, provisions, if any, for the matters described in item 5 are allocated between the Investment Bank and Group Functions, and provisions, if any, for the matters described in item 7 are allocated between Global Wealth Management and the Investment Bank.

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

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

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

## Note 16 Provisions and contingent liabilities (continued)

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

Our balance sheet at 30 September 2022 reflected provisions with respect to this matter in an amount of EUR 1.1bn (USD 1.1bn). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

Our balance sheet at 30 September 2022 reflected provisions with respect to matters described in this item 1 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

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

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

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

Our balance sheet at 30 September 2022 reflected a provision with respect to matters described in this item 2 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 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).

## Note 16 Provisions and contingent liabilities (continued)

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 February 2019, the Court of Appeals reversed the dismissal of the BMIS Trustee's remaining claims, and the US Supreme Court subsequently denied a petition seeking review of the Court of Appeals' decision. The case has been remanded to the Bankruptcy Court for further proceedings.

### 4. Puerto Rico

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

Since then, UBS clients in Puerto Rico who own the funds or Puerto Rico municipal bonds and/or who used their UBS account assets as collateral for UBS non-purpose loans filed customer complaints and arbitration demands seeking aggregate damages of USD 3.4bn, of which USD 3.3bn have been resolved through settlements, arbitration or withdrawal of claims. Allegations include fraud, misrepresentation and unsuitability of the funds and of the loans.

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

In 2011, a purported derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico (System) against over 40 defendants, including UBS PR, which was named in connection with its underwriting and consulting services. Plaintiffs alleged that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of USD 3bn of bonds by the System in 2008 and sought damages of over USD 800m. In 2016, the court granted the System's request to join the action as a plaintiff. In 2017, the court denied defendants' motion to dismiss the complaint. In 2020, the court denied plaintiffs' motion for summary judgment. In 2022, UBS filed a motion to dismiss in the bankruptcy proceeding.

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

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

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

## Note 16 Provisions and contingent liabilities (continued)

Our balance sheet at 30 September 2022 reflected provisions with respect to matters described in this item 4 in amounts that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provisions that we have recognized.

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

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

*Foreign exchange-related civil litigation:* Putative class actions have been filed since 2013 in US federal courts and in other jurisdictions against UBS and other banks on behalf of putative classes of persons who engaged in foreign currency transactions with any of the defendant banks. UBS has resolved US federal court class actions relating to foreign currency transactions with the defendant banks and persons who transacted in foreign exchange futures contracts and options on such futures under a settlement agreement that provides for UBS to pay an aggregate of USD 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.

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

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

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



## Note 16 Provisions and contingent liabilities (continued)

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

*Other benchmark class actions in the US:*

*Yen LIBOR / Euroyen TIBOR* – In 2014, 2015 and 2017, the court in one of the Yen LIBOR / Euroyen TIBOR lawsuits dismissed certain of the plaintiffs' claims, including the plaintiffs' federal antitrust and racketeering claims. In August 2020, the court granted defendants' motion for judgment on the pleadings and dismissed the lone remaining claim in the action as impermissibly extraterritorial. In October 2022, the appeals court affirmed the dismissal on multiple grounds. In 2017, the court dismissed the other Yen LIBOR / Euroyen TIBOR action in its entirety on standing grounds. In April 2020, the appeals court reversed the dismissal and in August 2020 plaintiffs in that action filed an amended complaint focused on Yen LIBOR. The court granted in part and denied in part defendants' motion to dismiss the amended complaint in September 2021. In August 2022, the court granted UBS's motion for reconsideration and dismissed the case against UBS.

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

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

*SIBOR / SOR* – In October 2018, the court in the SIBOR / SOR action dismissed all but one of plaintiffs' claims against UBS. Plaintiffs filed an amended complaint, and the court granted a renewed motion to dismiss in July 2019. Plaintiffs appealed. In March 2021, the Second Circuit reversed the dismissal. Plaintiffs filed an amended complaint in October 2021, which defendants have moved to dismiss. In March 2022, plaintiffs reached a settlement in principle with the remaining defendants, including UBS. The court granted preliminary approval of the settlement in June 2022.

*BBSW* – In November 2018, the court dismissed the BBSW lawsuit as to UBS and certain other foreign defendants for lack of personal jurisdiction. Plaintiffs filed an amended complaint in April 2019, which UBS and other defendants moved to dismiss. In February 2020, the court granted in part and denied in part defendants' motions to dismiss the amended complaint. In August 2020, UBS and other BBSW defendants joined a motion for judgment on the pleadings, which the court denied in May 2021. In February 2022, plaintiffs reached a settlement in principle with the remaining defendants, including UBS. The court granted preliminary approval of the settlement in May 2022.

## Note 16 Provisions and contingent liabilities (continued)

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

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

In May 2021, the European Commission issued a decision finding that UBS and six other banks breached European Union antitrust rules in 2007–2011 relating to European government bonds. The European Commission fined UBS EUR 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 September 2022 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 6. Swiss retrocessions

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

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

Our balance sheet at 30 September 2022 reflected a provision with respect to matters described in this item 6 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

### 7. Communications recordkeeping

The SEC and CFTC conducted investigations of UBS and other financial institutions regarding compliance with records preservation requirements relating to business communications sent over unapproved electronic messaging channels. UBS cooperated with the investigations, and, in September 2022, UBS agreed to pay civil monetary penalties of USD 125m to the SEC and USD 75m to the CFTC to resolve these matters.

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