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).

20,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Alibaba Group Holding Limited with a Daily Leverage of 3x

UBS AG

(Incorporated with limited liability in Switzerland)

acting through its London Branch

Issue Price: US$1.55 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by UBS AG (the "**Issuer**") acting through its London branch, and is supplemental to and should be read in conjunction with a base listing document dated 28 June 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[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

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

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 16 June 2023.

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.

15 June 2023

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

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

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

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

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

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

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

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RISK FACTORS

The following risk factors are relevant to the Certificates:-

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

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

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

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

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

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

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

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

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

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

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

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

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

(n) investors should note that there may be an exchange rate risk where the Cash Settlement Amount may be converted from a foreign currency into United States 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 3 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

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

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

(s) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is an approximately 33% 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 approximately 33% 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 29 to 30 of this document for more information;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Discontinuance of, or changes to, benchmarks may require adjustments to the Issuer's agreements, systems and processes. The interbank offered rate(s) 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:	20,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Alibaba Group Holding Limited (the "**Underlying Stock**" or the "**Underlying**")
ISIN:	CH1227876336
Company:	Alibaba Group Holding Limited (RIC: 9988.HK)
Underlying Price[3] and Source:	HK$89.00 (Bloomberg)
Calculation Agent:	UBS AG acting through its London Branch
Strike Level:	Zero
Daily Leverage:	3x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	USD 1.55
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	7.50%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	8 June 2023
Closing Date:	15 June 2023

[3] These figures are calculated as at, and based on information available to the Issuer on or about 15 June 2023. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 15 June 2023.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Expected Listing Date:	16 June 2023
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 21 April 2025
Expiry Date:	28 April 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	25 April 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 33 to 47 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and

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

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

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

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

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

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

Initial Reference Level: 1,000

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

The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 16 to 20 below.

Initial Exchange Rate[3]: 0.1277669531

Final Exchange Rate: The rate for the conversion of HKD to USD 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 20% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 60% loss after a 3 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

	Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Air Bag Mechanism" section on pages 19 to 20 below and the "Description of Air Bag Mechanism" section on pages 39 to 40 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	United States Dollar ("**USD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited ("**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange Business Day:	A **"Business Day"** is a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may

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

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

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

In addition, the Conditions have been modified as follows:

Condition 4(c) is deleted and replaced with the following:

"(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the Warrant Agent who will then pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be dispatched by the Warrant Agent as soon as practicable and no later than five Settlement Business Days 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.

"**Settlement Business Day**" means a Business Day on which the banks are open for business in the United States."

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 3 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 3 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

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

Leverage Strategy Formula

$\mathbf{LSL_t}$	means, the Leverage Strategy Level as at the Leverage Reset Time (t), calculated in accordance with the following formulae: On Leverage Reset Time (1): $\mathrm{LSL_1} = 1000$ On each subsequent Leverage Reset Time (t): $\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{r(t)}} \times \left(1 + \mathrm{LR_{r(t),t}} - \mathrm{FC_{r(t),t}} - \mathrm{RC_{r(t),t}}\right), 0\right]$
Leverage Reset Time (t)	means 1) the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date; and 2) end of any Intraday Restrike Event Observation Period. Leverage Reset Time (1) is the scheduled close for the Relevant Stock Exchange for the Underlying Stock on Issue Date.
Leverage Reset Time r(t)	means the Leverage Reset Time immediately preceding the Leverage Reset Time (t).
$\mathbf{LR_{r(t),t}}$	means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows: $\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right)$
$\mathbf{FC_{r(t),t}}$	means, the Funding Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows: If the Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date, $\mathrm{FC_{r(t),t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{r(t)}} \times \mathrm{ACT(r(t), t)}}{\mathrm{DayCountBasisRate}}$ Otherwise, $\mathrm{FC_{r(t),t}} = 0$

$\mathbf{RC_{r(t),t}}$ means the Rebalancing Cost of the Leverage Strategy as at Leverage Reset Time (t), calculated as follows:

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

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

0.13%

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

Leverage 3

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

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

$\mathrm{S_t}$ is the Closing Price of the Underlying Stock as of such Observation Date.

Otherwise,

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

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

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

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

Otherwise,

$$\mathrm{Rfactor_t} = 1$$

Where

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

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

$$\mathrm{Rate_t} = \mathrm{CashRate_t} + \%\mathrm{SpreadLevel_t}$$

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

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

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

Benchmark Event means:

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

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

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

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

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

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

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

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

DayCountBasisRate 365

Air Bag Mechanism

Intraday Restrike Event means in respect of an Observation Date, the decrease at any Calculation Time of the Underlying Stock price by 20% or more compared with the amount of $S_{r(t)} \times \mathrm{Rfactor}_t$ where r(t) means the immediately preceding Leverage Reset Time prior to such Calculation Time.

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

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

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

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

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

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

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

TERMS AND CONDITIONS OF

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

1. Form, Status, Transfer and Title

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

(i) 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:

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

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

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

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

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

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the

Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

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

3. Expiry Date

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

4. Exercise of Certificates

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

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

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

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

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

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

5. Warrant Agent

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

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

6. Adjustments

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

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

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

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

(iii) an extraordinary dividend;

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Purchases

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

8. Meetings of Certificate Holders; Modification

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

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

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

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

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

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

9. Notices

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

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

10. Liquidation

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

11. Further Issues

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

12. Delisting

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

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

13. Early Termination

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

For the purposes of this Condition:

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

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

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

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

14. Governing Law

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

15. Prescription

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

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

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

SUMMARY OF THE ISSUE

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

Issuer:	UBS AG acting through its London Branch
Company:	Alibaba Group Holding Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	20,000,000 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 "**Master Instrument**") and executed by the Issuer and a master warrant agent agreement dated 27 February 2008 (the "**Master Warrant Agent Agreement**") and made between the Issuer and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	USD
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 16 June 2023.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted.

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

INFORMATION RELATING TO

THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

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

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

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

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

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

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

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

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

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

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

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

B) Trading the Certificates before Expiry

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

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

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

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

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

Illustration of the Calculation of Cash Settlement Amount

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

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

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

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

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

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

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

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[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

[8] Leverage Strategy daily performance is computed as the Leverage Strategy Level on Business Day (t) divided by the Leverage Strategy Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

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

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

Underlying Stock:	Ordinary shares of Alibaba Group Holding Limited
Expected Listing Date:	**01/02/2021**
Expiry Date:	**16/02/2021**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**1.55 USD**
Notional Amount per Certificate:	**1.55 USD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**7.50%**
Strike Level:	Zero

Hedging Fee Factor

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

HFF(0) = 100%

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

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

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 7.50\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9792\% \approx 99.9781\%$$

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

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

$$\text{HFF (2)} = 99.9781\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 7.50\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9781\% \times 99.9967\% \times 99.9375\% \approx 99.9122\%$$

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

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

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6713% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9781%
2/3/2021	99.9561%
2/4/2021	99.9342%
2/5/2021	99.9123%
2/8/2021	99.8465%
2/9/2021	99.8246%
2/10/2021	99.8027%
2/11/2021	99.7808%
2/12/2021	99.7589%
2/15/2021	99.6932%
2/16/2021	99.6713%

Cash Settlement Amount

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

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

= [(1200 x 1) / (1000 x 1) – 0] x 99.6713%

= 119.61%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.61% x 1.55 USD

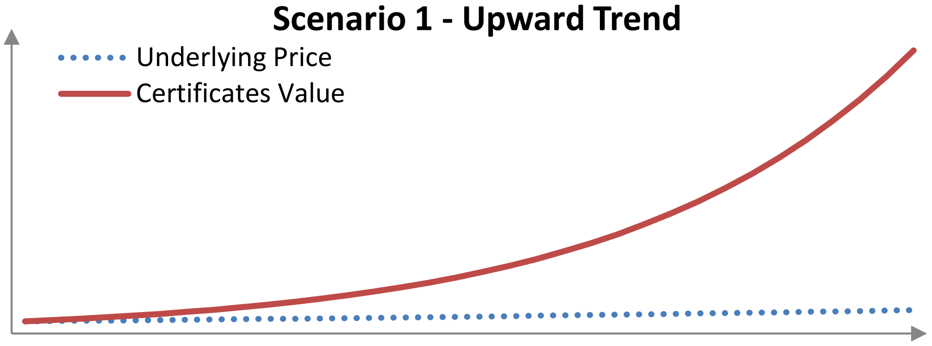
= 1.854 USD

Illustration on how returns and losses can occur under different scenarios

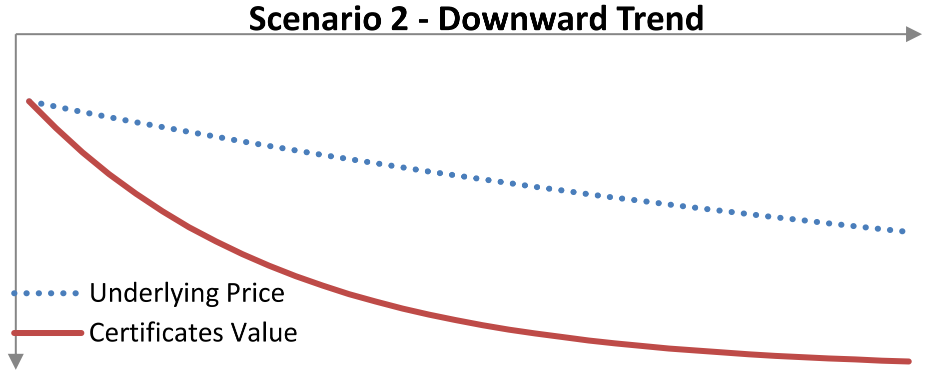
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends,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

1. Illustrative examples

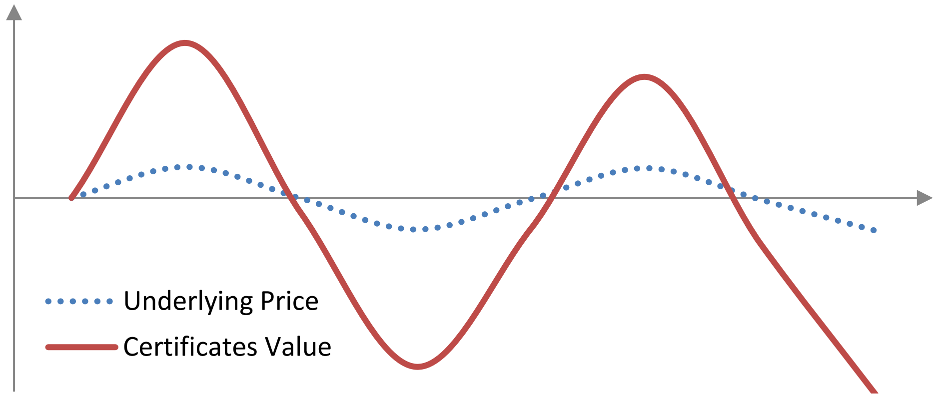
Scenario 1 - Upward Trend



Scenario 2 - Downward Trend



Scenario 3 - Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	2.00%	2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	10,404.00	10,612.08	10,824.32	11,040.81
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		6.00%	6.00%	6.00%	6.00%	6.00%
Price at end of day	1.55	1.64	1.74	1.85	1.96	2.07
Accumulated Return		6.00%	12.36%	19.10%	26.25%	33.82%

Scenario 2 – Downward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Value at end of day	10,000.00	9,800.00	9,604.00	9,411.92	9,223.68	9,039.21
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-6.00%	-6.00%	-6.00%	-6.00%	-6.00%
Price at end of day	1.55	1.46	1.37	1.29	1.21	1.14
Accumulated Return		-6.00%	-11.64%	-16.94%	-21.93%	-26.61%

Scenario 3 – Volatile Market

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	-2.00%	-2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	9,996.00	9,796.08	9,992.00	10,191.84
Accumulated Return		2.00%	-0.04%	-2.04%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		6.00%	-6.00%	-6.00%	6.00%	6.00%
Price at end of day	1.55	1.64	1.54	1.45	1.54	1.63
Accumulated Return		6.00%	-0.36%	-6.34%	-0.72%	5.24%

Description of Air Bag Mechanism

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

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

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

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

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

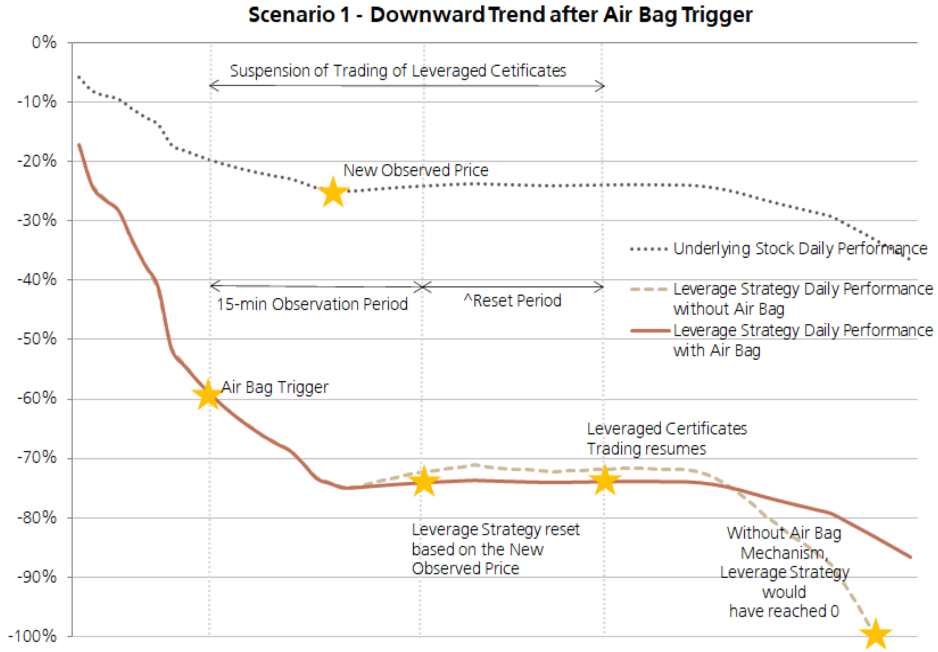
  For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST's approval to resume trading. If the Air Bag Mechanism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

With **Market Close** defined as:

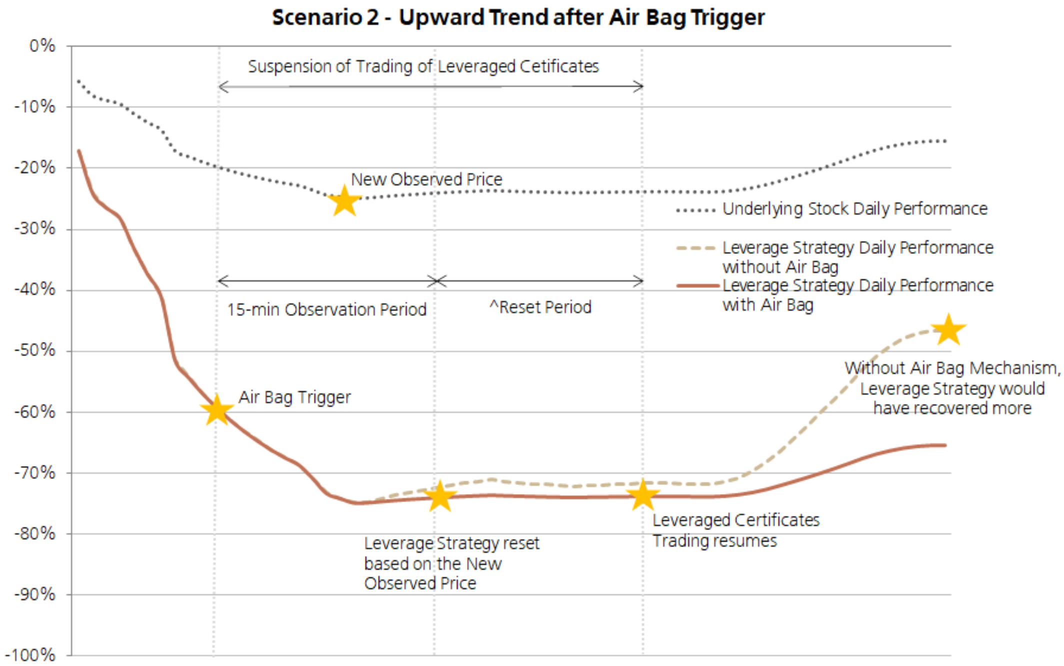
- Underlying Stock closing time with respect to the Observation Period including the closing auction session

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

Illustrative examples of the Air Bag Mechanism[9]



^ 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.

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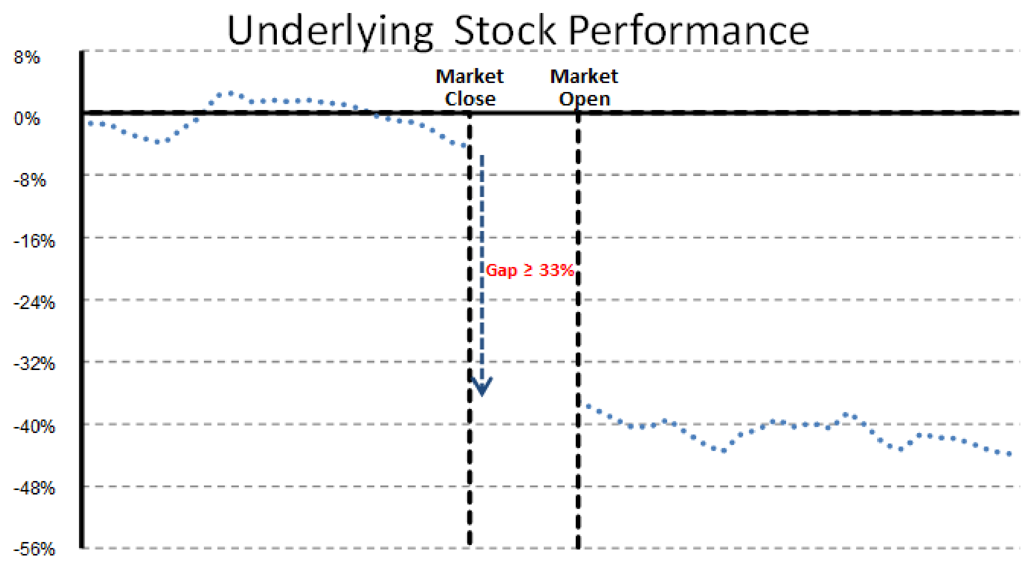
[9] The illustrative examples are not exhaustive.

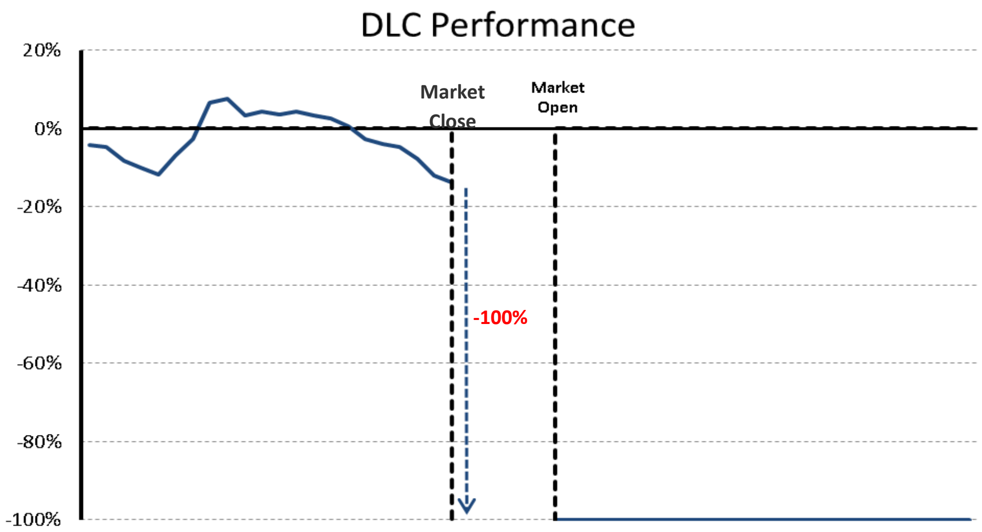
Scenarios where the investor may lose the entire value of the investment

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

<u>*Scenario 1 – Overnight fall of the Underlying Stock*</u>

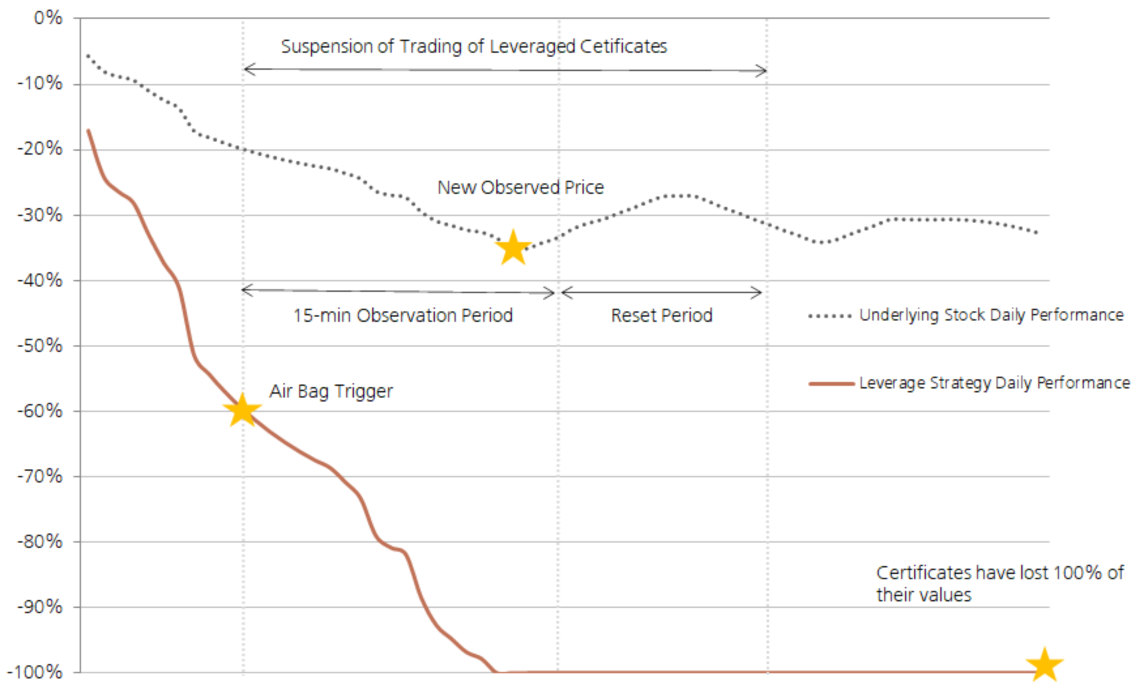
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is approximately 33% 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.





<u>Scenario 2 – Sharp intraday fall of the Underlying Stock</u>

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 approximately 33% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag events have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

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

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

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

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

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

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 20% exclusively because of the dilutive effect of a corporate action.

Where:

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

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

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

1. Stock split

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

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

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

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

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:

$\text{LR}_{\text{r(t),t}} = \text{Leverage} \times \left(\frac{\text{S}_{\text{t}}}{\text{S}_{\text{r(t)}} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 6\%$

$\text{S}_{\text{r(t)}}$	$\text{S}_{\text{r(t)}} \times Rfactor_t$	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)
1.55	1.643	6%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $40.0, which is 20% below $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

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

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

S_{t} = $202

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

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

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

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

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

As a consequence:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 3\%$$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.55	1.5965	3%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $160, which is 20% below $200, the Underlying Stock Reference Price.

3. Rights Issues

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

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

$\mathrm{S_t}$ = $84

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

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

As a consequence:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 15\%$$

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

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.55	1.7825	15%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $64, which is 20% below $80, the Underlying Stock Reference Price.

4. <u>Bonus Issues</u>

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

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

S_{t} = $85

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

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

R = $0

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

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

As a consequence:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S}_{\mathrm{t}}}{\mathrm{S}_{\mathrm{r(t)}} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 6\%$$

$\mathrm{S}_{\mathrm{r(t)}}$	$\mathrm{S}_{\mathrm{t(t)}} \times Rfactor_t$	S_{t}	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.55	1.643	6%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $66.66, which is 20% below $83.33, the Underlying Stock Reference Price.

5. <u>Extraordinary Dividend</u>

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

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

$\mathrm{S_t}$ = \$84

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$20$

R = \$0

M = 0

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

As a consequence:

$$\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 15\%$$

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

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates’ performance (excluding any cost and fees)
1.55	1.7825	15%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$64, which is 20% below \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

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

Alibaba Group Holding Limited (the "**Company**") is a holding company that provides the technology infrastructure and marketing reach to help merchants, brands and other businesses to leverage the power of new technology to engage with users and customers to operate. The Company operates four business segments. The Core Commerce segment provides China retail, China wholesale, International retail, International wholesale, Cainiao logistics services and local consumer services through Taobao Marketplace and Tmall. The Cloud Computing segment provides complete suite of cloud services, including database, storage, network virtualization services, big data analytics and others. The Digital Media and Entertainment segment provides consumer services beyond the core business operations. The Innovation Initiatives and Others segment is to innovate and deliver new services and products.

The information set out in Appendix I of this document relates to the unaudited financial results of the Company and its subsidiaries for the three months and the fiscal year ended 31 March 2023 and has been extracted and reproduced from an announcement by the Company dated 18 May 2023 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 US$10 and below: 10 ticks or US$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above US$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 first quarter ended 31 March 2023.

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

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

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 United States dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

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

5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 31 March 2023.

6. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and may be material to the issue of the Certificates:

   (a) the Master Instrument; and

   (b) the Master Warrant Agent Agreement.

   None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Allen & Gledhill LLP at One Marina Boulevard #28-00, Singapore 018989, during the period of 14 days from the date of this document:

   (a) the articles of association of the Issuer;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the Base Listing Document; and

(d) this document.

APPENDIX I

REPRODUCTION OF THE UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS AND THE FISCAL YEAR ENDED 31 MARCH 2023 OF ALIBABA GROUP HOLDING LIMITED AND ITS SUBSIDIARIES

We have one class of shares, and each holder of our shares is entitled to one vote per share. As the Alibaba Partnership's director nomination rights are categorized as a weighted voting rights structure (the "**WVR structure**") under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, we are deemed as a company with a WVR structure. Shareholders and prospective investors should be aware of the potential risks of investing in a company with a WVR structure. Our American depositary shares, each representing eight of our shares, are listed on the New York Stock Exchange in the United States under the symbol BABA.

Alibaba

Alibaba Group Holding Limited
阿里巴巴集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9988)

ANNOUNCEMENT OF THE MARCH QUARTER 2023 AND FISCAL YEAR 2023 RESULTS

We hereby announce our unaudited results for the three months ended March 31, 2023 ("**March Quarter 2023**") and the fiscal year ended March 31, 2023 ("**Fiscal Year 2023**"). The March Quarter 2023 and Fiscal Year 2023 unaudited results announcement is available for viewing on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.alibabagroup.com.

By order of the Board
Alibaba Group Holding Limited
Kevin Jinwei ZHANG
Secretary

Hong Kong, May 18, 2023

As at the date of this announcement, our board of directors comprises Mr. Daniel Yong ZHANG as the chairman, Mr. Joseph C. TSAI, Mr. J. Michael EVANS and Ms. Maggie Wei WU as directors, and Mr. Jerry YANG, Ms. Wan Ling MARTELLO, Mr. Weijian SHAN, Ms. Irene Yun-Lien LEE, Mr. Albert Kong Ping NG and Mr. Kabir MISRA as independent directors.

Alibaba Group Announces March Quarter and Full Fiscal Year 2023 Results

Hangzhou, China, May 18, 2023 – Alibaba Group Holding Limited (NYSE: BABA and HKEX: 9988, "Alibaba" or "Alibaba Group") today announced its financial results for the quarter and fiscal year ended March 31, 2023.

"In an increasingly complex world, we have proactively transformed our organization to strengthen the competitiveness of our businesses through greater independence to address the evolving needs of different customers and capture new opportunities," said Daniel Zhang, Chairman and Chief Executive Officer of Alibaba Group. "We are taking concrete steps towards unlocking value from our businesses and are pleased to announce that our board has approved a full spin-off of the Cloud Intelligence Group via a stock dividend distribution to shareholders, with intention for it to become an independent publicly listed company."

"We have established a capital management committee at the Alibaba board level to undertake a comprehensive capital management plan to enhance shareholder value. Alibaba is committed to improving shareholders' return through the implementation of a robust capital allocation framework," said Toby Xu, Chief Financial Officer of Alibaba Group. "We are delighted to share that our board has approved the process to start external financing for Alibaba International Digital Commerce Business Group; exploration of IPO for Cainiao Smart Logistics Group; and execution of IPO for Freshippo."

BUSINESS HIGHLIGHTS

In the quarter ended March 31, 2023:

- **Revenue** was RMB208,200 million (US$30,316 million), an increase of 2% year-over-year.

- **Income from operations** was RMB15,240 million (US$2,219 million), a decrease of 9% year-over-year. Excluding the impact of an item discussed in "March Quarter Other Financial Results — Income from operations and operating margin" below, income from operations would have increased by RMB11,569 million year-over-year. **Adjusted EBITA**, a non-GAAP measurement, increased by 60% or RMB9,469 million year-over-year to RMB25,280 million (US$3,681 million), primarily due to an increase in China commerce adjusted EBITA, as well as narrowed adjusted EBITA losses of Local consumer services and Digital media and entertainment.

- **Net income attributable to ordinary shareholders** was RMB23,516 million (US$3,424 million). **Net income** was RMB21,996 million (US$3,203 million), compared to net loss of RMB18,357 million in the same quarter last year, primarily due to net gains arising from the increases in the market prices of our equity investments in publicly-traded companies, compared to net losses from these investments in the same quarter last year, partly offset by the decrease in share of profit of equity method investees, the increase in impairment of investments and the decrease in income from operations as mentioned above. Except for the share of profit of equity method investees, we excluded these investment related net gains or losses from our non-GAAP measures. **Non-GAAP net income** was RMB27,375 million (US$3,986 million), an increase of 38% year-over-year.

- **Diluted earnings per ADS** was RMB9.00 (US$1.31) and **diluted earnings per share** was RMB1.12 (US$0.16 or HK$1.28). **Non-GAAP diluted earnings per ADS** was RMB10.71 (US$1.56), an increase of 35% year-over-year and **non-GAAP diluted earnings per share** was RMB1.34 (US$0.20 or HK$1.53), an increase of 35% year-over-year.

- **Net cash provided by operating activities** was RMB31,401 million (US$4,572 million). **Free cash flow**, a non-GAAP measurement of liquidity, was RMB32,267 million (US$4,698 million).

In the fiscal year ended March 31, 2023:

- **Revenue** was RMB868,687 million (US$126,491 million), an increase of 2% year-over-year.

- **Income from operations** was RMB100,351 million (US$14,612 million), an increase of 44% year-over-year. Excluding the impact of certain items discussed in "Full Fiscal Year Other Financial Results — Income from operations and operating margin" below, income from operations would have increased by RMB24,143 million year-over-year. **Adjusted EBITA**, a non-GAAP measurement, increased 13% or RMB17,514 million year-over-year to RMB147,911 million (US$21,538 million), primarily due to narrowed adjusted EBITA losses of Local consumer services, International commerce and Digital media and entertainment, as well as an increase in China commerce adjusted EBITA.

- **Net income attributable to ordinary shareholders** was RMB72,509 million (US$10,558 million) and **net income** was RMB65,573 million (US$9,548 million), showing year-over-year increases of 17% and 39%, respectively, primarily due to the increase in income from operations and the decrease in net losses arising from changes in the fair values of our equity investments, partly offset by the decrease in share of profit of equity method investees and the increase in impairment of investments. We excluded net gains or losses arising from the changes in fair value and impairment of our investments from our non-GAAP measures. **Non-GAAP net income** was RMB141,379 million (US$20,586 million), an increase of 4% year-over-year.

- **Diluted earnings per ADS** was RMB27.46 (US$4.00) and **diluted earnings per share** was RMB3.43 (US$0.50 or HK$3.92). **Non-GAAP diluted earnings per ADS** was RMB54.56 (US$7.94), an increase of 4% year-over-year and **non-GAAP diluted earnings per share** was RMB6.82 (US$0.99 or HK$7.79), an increase of 4% year-over-year.

- **Net cash provided by operating activities** was RMB199,752 million (US$29,086 million). **Free cash flow**, a non-GAAP measurement of liquidity, was RMB171,663 million (US$24,996 million).

Reconciliations of GAAP measures to non-GAAP measures presented above are included at the end of this results announcement.

BUSINESS AND STRATEGIC UPDATES

China Commerce

China commerce segment mainly includes our China commerce retail businesses such as Taobao, Tmall, Taobao Deals, Taocaicai, Freshippo, Tmall Supermarket, Sun Art, Tmall Global and Alibaba Health, as well as wholesale businesses including 1688.com.

For the quarter ended March 31, 2023, online physical goods GMV on Taobao and Tmall, excluding unpaid orders, declined mid-single-digit year-over-year. China's consumption gradually recovered throughout the quarter ended March 31, 2023. In the month of March, online physical goods GMV growth on Taobao and Tmall, excluding unpaid orders, turned positive, driven by strong growth of fashion & accessories and healthcare categories.

We remain focused on improving the customer value proposition of our Taobao app by (i) increasing media content that strengthens consumer engagement, (ii) being more price competitive through more effective targeting and introduction of new marketing features and (iii) catering to consumers' time-sensitive needs for high-frequency everyday necessities through our neighborhood retail businesses. In April, we started testing a new interface for Taobao app that aims at increasing front page exposure for livestreaming, channels for price competitive products and neighborhood shopping categories.

Taobao Deals, our value-for-money platform, continues to enrich product supply and enhance digital consumption experience for price sensitive consumers. For the quarter ended March 31, 2023, paid GMV of M2C products grew 26% year-over-year on Taobao and Taobao Deals. Taocaicai continues to drive category penetration in high purchase frequency categories of groceries and fresh produce on our China retail marketplaces. For the twelve months ended March 31, 2023, 62% of Taocaicai's annual active consumers were first-time fresh produce buyers on our various platforms. During the quarter, both Taobao Deals and Taocaicai continued to narrow losses year-over-year.

For the quarter ended March 31, 2023, our direct sales and others revenue was RMB71,788 million (US$ 10,453 million), decreasing slightly by 1% year-over-year, mainly due to decrease in offline store sales, which was negatively affected by COVID-19 disruption in January and seasonal volatility from an earlier Chinese New Year, as well as normalizing grocery demand due to decrease in consumer hoarding behavior post-COVID-19. During the quarter, Freshippo continued to strengthen its merchandising capabilities and improve its operating efficiency that resulted in positive operating results.

International Commerce

Our International commerce retail businesses include Lazada, AliExpress, Trendyol and Daraz platforms. The combined order volume of these businesses grew 15% year-over-year for the quarter ended March 31, 2023.

During the quarter, AliExpress launched *Choice*, a new service to global consumers. *Choice* offers consumers a curation of great value products across an extensive range of categories. Consumers in selected countries enjoy free shipping, free returns and quality delivery guarantees when placing orders on *Choice*. By leveraging chartered flights and utilizing overseas warehouses, AliExpress has been able to offer these value-added services with shortened delivery time in key strategic countries. As a result, in the March quarter, *Choice*'s daily orders ramped up rapidly and contributed to double-digit order growth for AliExpress during the quarter.

In Southeast Asia, Lazada recorded double-digit order growth year-over-year during the quarter ended March 31, 2023. Through continuous improvement of user engagement program to most of the markets, Lazada continued to increase its buyer base. Lazada also continued to improve its monetization rate by offering more value-added services that resulted in improving revenue growth.

During the quarter, Trendyol mobilized its resources to provide aid and support for those affected by the major earthquakes that struck Türkiye in February. Year-over-year order growth rate in the quarter remained resilient, driven by the normalization of the Turkish business from March onwards as well as the strong order growth in new businesses.

Local Consumer Services

For the quarter ended March 31, 2023, order growth of Local consumer services exceeded 20%. Segment losses continued to narrow driven by improving overall business efficiency.

To-Home

Starting in February, Ele.me's GMV growth and order growth substantially increased due to improving consumer demand, increasing number of active merchants and effective scaling of our delivery capacity. For the quarter ended March 31, 2023, Ele.me's unit economics per order continued to be positive and improved year-over-year due to increased average order value and reduced delivery cost per order.

To-Destination

For the quarter ended March 31, 2023, year-over-year order growth of "To-Destination" businesses, which included Amap and Fliggy, increased rapidly due to the strong recovery in commuting and travel demand. In March, the number of average daily active users of Amap reached a new record high of 150 million, driven by increasing intra-city commute and inter-city travel demand. In March, Fliggy’s domestic hotel booking value grew over 70% compared to the same period in 2019 driven by a surge in business and recreational travel demand.

Cainiao

For the quarter ended March 31, 2023, revenue from Cainiao, before inter-segment elimination, grew 15% year-over-year to RMB18,915 million (US$2,754 million). In the quarter ended March 31, 2023, 72% of Cainiao’s total revenue was generated from external customers. Revenue from Cainiao, after inter-segment elimination, grew 18% year-over-year to RMB13,619 million (US$1,983 million), primarily driven by increasing revenue per order from international fulfillment solution services as well as increasing demand for consumer logistics services.

Cainiao continues to expand its international logistics network by strengthening its end-to-end logistics capabilities. With the aim of providing merchants with stable and cost-effective services, Cainiao continues to upgrade its overseas warehouse network and offers a wide range of logistics solutions, including cargo collection in China, international line-haul, overseas feeder services, as well as overseas last-mile delivery services. These capabilities have successfully supported our internal and external customers. For AliExpress *Choice*, Cainiao has upgraded its warehouse network to improve its parcel bundling and direct shipping capabilities, enabling merchants to achieve full-scale global logistics management for worldwide shipping. In March, Cainiao became the first China logistics partner of the United Nations World Food Programme (WFP) , and through the partnership Cainiao will help WFP shorten delivery time of critical supplies during global emergency situations.

In China, Cainiao continues to expand its Cainiao Post network that offers a variety of value-added services. During the quarter ended March 31, 2023, Cainiao Post further increased its penetration of door-step parcel delivery service to customers, with door-step delivery parcels increasing by approximately 85% year-over-year.

Cloud

Our Cloud segment comprises Alibaba Cloud and DingTalk. For the quarter ended March 31, 2023, total revenue from our Cloud segment before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB24,559 million (US$3,576 million), a decline of 3% year-over-year. In the quarter ended March 31, 2023, revenue from our Cloud segment, after inter-segment elimination, was RMB18,582 million (US$2,706 million), a decline of 2% year-over-year. The year-over-year decrease in revenue of our Cloud segment reflected delays in delivery of hybrid cloud projects given the COVID-19 resurgence in January, normalization of CDN demand compared to the same period last year, as well as the impact from a top customer phasing out using our overseas cloud services for its international business due to non-product related reasons.

Our Cloud segment revenue is becoming more diversified with revenue contribution from non-Internet industries steadily increasing. During the quarter, after inter-segment elimination, revenue from non-internet industries grew healthily, driven by financial services, retail, media and automobile industries. For the quarter ended March 31, 2023, after inter-segment elimination, revenue contribution from non-Internet industries to Cloud segment revenue was 55%.

Alibaba Cloud

As a cloud computing product company, Alibaba Cloud has been committed to the research and development of core technologies of cloud computing, big data and AI as well as the promotion of computing power and AI. Through a series of initiatives we launched recently, we aim to further expand our public cloud customer base and increase cloud utilization, and to leverage the historic opportunity in generative AI to drive the growth of high-quality computing power for machine learning and services. We believe these initiatives will drive healthy and sustainable growth of Alibaba Cloud.

- **Generative AI:** In April, Alibaba Cloud unveiled its latest large language model (LLM), Tongyi Qianwen (通义千问). We plan to integrate new LLM into all business applications across Alibaba's ecosystem in the near future to further enhance user experience. To enable enterprise customers to reap the benefits of AI-driven innovation, Alibaba Cloud will offer its clients access to Tongyi Qianwen on cloud and enable them to develop customized LLMs for their business scenarios. Since the announcement of the model, we have received over 200,000 beta testing requests from enterprise users across a broad range of sectors.
- **Product Pricing:** Recently, Alibaba Cloud has endorsed multiple actions to make computing more accessible and affordable. We announced a new instance family that provides the same level of stability and offers up to 40% cost savings. For existing products, we reduced the prices of some of our core utility products, including computing, storage, networking and security products, by up to 50%. We believe these moves will help our customers increase public cloud adoption in China as well as unlock emerging opportunities to leverage AI technology for enterprises.
- **Partnership:** At the 2023 Alibaba Cloud Partner Conference, Alibaba Cloud unveiled several initiatives to our partners, including the promotion of commission to our ecosystem partners, in order to further integrate our proprietary technology and products into our partners' solutions to create value for our enterprise customers.

DingTalk

DingTalk, our intelligent collaboration workplace and application development platform, offers new ways of working, sharing and collaboration for modern enterprises and organizations. During the 2023 DingTalk Spring Summit on April 18, 2023, DingTalk unveiled the integration of intelligent capabilities based on Alibaba's Tongyi Qianwen LLM into its product. Users can activate multiple AI capabilities by typing the slash symbol (/), including article creation, meeting notes summary, image generation, DingTalk mini-app building and robot training. As a PaaS platform, DingTalk will further help customers and ecosystem partners to unlock the potential of AI capabilities.

Digital Media and Entertainment

For the quarter ended March 31, 2023, Youku's total subscription revenue grew 13% year-over-year, primarily driven by increasing ARPU as well as benefiting from high-quality original content such as Who Is He (他是谁) and The Blood of Youth (少年歌行). In the March quarter, demand for offline ticketing services normalized, resulting in strong growth in businesses such as Damai and Taopiaopiao.

Updates on ESG Initiatives

Progress in decarbonization

We have been committed to promoting decarbonization across our platform ecosystem. In the past quarter, we cooperated with the China National Institute of Standardization and other professional institutions to release four low-carbon related standards. On April 22 Earth Day, we launched "88 Decarbonization Day" to promote the importance and environmental benefits of low-carbon products to customers.

Supporting the building of socioeconomic resilience

In the past quarter, we helped small and medium enterprises and underdeveloped regions build resilience for better development.

- **Taobao and Tmall:** Taobao and Tmall helped new merchants improve their operations by offering them various operational assistance, including providing logistics support, business decision support, and development funding.
- **1688.com:** 1688.com launched the "Warm Spring Recovery" campaign to help manufacturers attract new customers and provide marketing, financial and logistics support.
- **Cainiao:** Cainiao opened rural medical emergency warehouses in six key cities across China and continued to increase investment in warehousing and transport capacity in rural areas to improve overall emergency logistics capabilities for rural areas.

Share Repurchases

During the quarter ended March 31, 2023, we repurchased 21.5 million ADSs (the equivalent of 172.4 million ordinary shares) for approximately US$1.9 billion under our share repurchase program. As of March 31, 2023, we had 20.5 billion ordinary shares (the equivalent of approximately 2.6 billion ADSs) outstanding, and approximately US$19.4 billion remaining under the current authorization, effective through March 2025.

THE RESTRUCTURING

On March 28, 2023, we announced a new organizational and governance structure to empower all our businesses to become more agile, enhance decision making, enable faster responses to market changes and promote innovation to capture opportunities, thereby unlocking shareholder value.

Business Group Directors and CEOs

Under our new structure, Alibaba Group is the holding company of the six major business groups and various other businesses. Each of the six major business groups is independently managed by its own chief executive officer and board of directors (or equivalent governing body). The director and CEO candidates of these major business groups are subject to the approval and appointment of Alibaba Group's board of directors.

The directors and CEOs of the six major business groups approved by Alibaba Group's board of directors are:

Business Group	Board of Directors
Cloud Intelligence Group (including cloud, AI, DingTalk and other businesses)	• Daniel Yong ZHANG, Chairman and Chief Executive Officer (Chairman and Chief Executive Officer, Alibaba Group) • Jian WANG, Director (Chairman, Group Technology Steering Committee) • Jessie Junfang ZHENG, Director (Chief Risk Officer, Cloud Intelligence Group) • Jane Fang JIANG, Director (Group Chief People Officer) • Zeming WU, Director (Group Chief Technology Officer)
Taobao & Tmall Group (including Taobao, Tmall, Taobao Deals, Taocaicai, 1688.com	• Eddie Yongming WU, Chairman (Partner, Alibaba Partnership) • Trudy Shan DAI, Director and Chief Executive Officer • Joseph C. TSAI, Director (Executive Vice Chairman, Alibaba Group) • Fan JIANG, Director (CEO, Alibaba International Digital Commerce Group) • Zeming WU, Director (Group Chief Technology Officer)

Business Group	Board of Directors
and other businesses)	
Local Services Group (including Amap, Ele.me and other businesses)	• Yongfu YU, Chairman and Chief Executive Officer • Lucy Lei PENG, Director (Partner, Alibaba Partnership) • Eddie Yongming WU, Director (Partner, Alibaba Partnership) • Zeming WU, Director (Group Chief Technology Officer) • Shunyan ZHU, Director (Chairman and Chief Executive Officer, Alibaba Health)
Alibaba International Digital Commerce Group (including Lazada, AliExpress, Trendyol, Daraz, Alibaba.com and other businesses)	• J. Michael EVANS, Chairman (Director and President, Alibaba Group) • Fan JIANG, Director and Chief Executive Officer • Lucy Lei PENG, Director (Partner, Alibaba Partnership) • Trudy Shan DAI, Director (Chief Executive Officer, Taobao & Tmall Group) • Eddie Yongming WU, Director (Partner, Alibaba Partnership)
Cainiao Smart Logistics Network Limited(1)	• Joseph C. TSAI, Chairman (Executive Vice Chairman, Alibaba Group) • Lin WAN, Director and Chief Executive Officer • Trudy Shan DAI, Director (Chief Executive Officer, Taobao & Tmall Group) • Fan JIANG, Director (Chief Executive Officer, Alibaba International Digital Commerce Group) • Jane Fang JIANG, Director (Group Chief People Officer)
Digital Media and Entertainment Group (including Youku, Alibaba Pictures and other businesses)	• Luyuan FAN, Chairman and Chief Executive Officer • Maggie Wei WU, Director (Director, Alibaba Group) • Judy Wenhong TONG, Director (Partner, Alibaba Partnership) • Sara Siying YU, Director (Group General Counsel) • Winnie Jia WEN, Director (President, Group Public Affairs)

(1) Cainiao Smart Logistics' board of directors also includes directors appointed by its external investors not shown in this table.

Capital Management Committee

Our board of directors has formed a new capital management committee to undertake a comprehensive capital management plan to enhance shareholder value. This committee will review and decide important matters relating to Alibaba Group's activities as a holding company, including capital market transactions, shareholder return initiatives, subsidiary equity incentive plans, fundraisings, initial public offerings and spin-offs. The committee is chaired by Mr. Daniel Zhang, Chairman and Chief Executive Officer, and the members are Mr. Joseph C. Tsai, Director and Executive Vice Chairman, Mr. J. Michael Evans, Director and President, and Ms. Maggie Wu, Director and former Chief Financial Officer.

Business Group Spin-offs and Capital Raisings

As previously announced, five of our major business groups will have the flexibility to raise external capital and potentially to seek its own initial public offering, with the exception of Taobao & Tmall Group, which will remain wholly-owned by Alibaba Group.

Our board of directors approved the following transactions as the initial phase of our capital management planning:

Cloud Intelligence Group Spin-Off

Our board of directors approved a full spin-off of the Cloud Intelligence Group via a stock dividend distribution to our shareholders. Prior to the spin-off, we plan to include external strategic investors in Cloud Intelligence Group through private financings. In connection with the spin-off, Cloud Intelligence Group intends to become an independent publicly listed company. The spin-off will be subject to restructuring of certain assets, liabilities and contracts, implementation of employee equity incentive plans, market conditions, as well as regulatory reviews and approvals in relevant jurisdictions. We intend to structure the spin-off in the most tax-efficient way for our shareholders. Subject to the transactions, conditions and approvals described above, we target to complete the spin-off in the next 12 months.

External Capital Raising for Alibaba International Digital Commerce Group

Our board of directors approved the commencement of a process to explore raising external capital for the Alibaba International Digital Commerce Group to support its development and growth. The capital raising will assist the business group to expand into new geographic markets, invest in new technologies, grow its consumer and supplier base, strengthen its management team and develop and enhance its products and services to its customers globally.

Initial Public Offering Plan of Cainiao Smart Logistics

Our board of directors approved the commencement of a process to explore an initial public offering of Cainiao Smart Logistics. The group provides supply chain, logistics and delivery services to consumers and merchants that are customers of Taobao & Tmall Group and Alibaba International Digital Commerce Group, as well as third party customers. Alibaba Group holds a 67% equity interest in Cainiao Smart Logistics. Other shareholders in the business group include strategic investors in the logistics industry and global institutional investors. We target to complete the initial public offering in the next 12 to 18 months.

Initial Public Offering Plan of Freshippo (Hema)

Our board of directors approved the commencement of a process to execute an initial public offering of Freshippo (Hema), our new retail business. We expect the initial public offering will be completed in the next 6 to 12 months.

The successful execution of the above transactions is subject to various factors, many of which are out of our control, including without limitation, successful restructurings of assets, liabilities and contracts, implementation of equity incentive plans, market conditions and regulatory reviews and approvals.

Compliance and Risk Committee

Our board of directors has established a compliance and risk committee to oversee Alibaba Group's overall regulatory compliance and risks in key areas other than financial reporting (financial reporting will continue to be overseen by the audit committee), such as cybersecurity, data privacy and security, IP protection and other regulatory compliance matters. A majority of the compliance and risk committee members are independent directors. The committee is chaired by Ms. Irene Lee, and the members are Mr. Albert Ng, Mr. Kabir Misra, Mr. Daniel Zhang and Mr. J. Michael Evans.

MARCH QUARTER SUMMARY FINANCIAL RESULTS

	Three months ended March 31,			
	2022	2023		
	RMB	RMB	US$	YoY % Change
	(in millions, except percentages and per share amounts)			
Revenue	204,052	208,200	30,316	2%
Income from operations	16,717	15,240	2,219	(9)%[(2)]
Operating margin	8%	7%		
Adjusted EBITDA[(1)]	23,373	32,123	4,677	37%[(3)]
Adjusted EBITDA margin[(1)]	11%	15%		
Adjusted EBITA[(1)]	15,811	25,280	3,681	60%[(3)]
Adjusted EBITA margin[(1)]	8%	12%		
Net (loss) income	(18,357)[(4)]	21,996[(4)]	3,203	N/A
Net (loss) income attributable to ordinary shareholders	(16,241)[(4)]	23,516[(4)]	3,424	N/A
Non-GAAP net income[(1)]	19,799	27,375	3,986	38%[(3)]
Diluted (loss) earnings per share[(5)]	(0.76)[(4)]	1.12 [(4)]	0.16	N/A
Diluted (loss) earnings per ADS[(5)]	(6.07)[(4)]	9.00 [(4)]	1.31	N/A
Non-GAAP diluted earnings per share[(1) (5)]	0.99	1.34	0.20	35% [(3) (6)]
Non-GAAP diluted earnings per ADS[(1) (5)]	7.95	10.71	1.56	35% [(3) (6)]

(1) See "Non-GAAP Financial Measures" and "Reconciliations of Non-GAAP Measures to the Nearest Comparable U.S. GAAP Measures" for more information about the non-GAAP measures referred to in this results announcement.

(2) Excluding the impact of an item discussed in "March Quarter Other Financial Results — Income from operations and operating margin," income from operations would have increased by RMB11,569 million year-over-year.

(3) The year-over-year increases were primarily due to an increase in China commerce adjusted EBITA, as well as narrowed adjusted EBITA losses of Local consumer services and Digital media and entertainment.

(4) The year-over-year changes were primarily due to net gains arising from the increases in the market prices of our equity investments in publicly-traded companies, compared to net losses from these investments in the same quarter last year, partly offset by the decrease in share of profit of equity method investees, the increase in impairment of investments and the decrease in income from operations.

(5) Each ADS represents eight ordinary shares.

(6) The year-over-year percentages as stated are calculated based on the exact amount and there may be minor differences from the year-over-year percentages calculated based on the RMB amounts after rounding.

MARCH QUARTER INFORMATION BY SEGMENTS

The table below sets forth selected financial information of our operating segments for the periods indicated:

	Three months ended March 31, 2023									
	China commerce[1]	International commerce	Local consumer services[1]	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated[2]	Consolidated	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	US$
	(in millions, except percentages)									
Revenue	**136,073**	**18,541**	**12,549**	**13,619**	**18,582**	**8,273**	**563**	**—**	**208,200**	**30,316**
YoY% change	(3)%	29%	17%	18%	(2)%	3%	47%	N/A	2%	
Income (Loss) from operations	**36,529**	**(2,974)**	**(6,599)**	**(1,167)**	**(910)**	**(1,702)**	**(2,437)**	**(5,500)**	**15,240**	**2,219**
Add: Share-based compensation expense	1,544	620	1,063	596	1,292	441	396	1,594	7,546	1,099
Add: Amortization of intangible assets	414	24	1,383	252	3	159	211	48	2,494	363
Adjusted EBITA	**38,487**	**(2,330)**	**(4,153)**	**(319)**	**385**	**(1,102)**	**(1,830)**	**(3,858)**	**25,280**	**3,681**
Adjusted EBITA YoY% change[3]	**19%**	**9%**	**25%**	**65%**	**39%**	**44%**	**25%**	**(19)%**	**60%**	
Adjusted EBITA margin	**28%**	**(13)%**	**(33)%**	**(2)%**	**2%**	**(13)%**	**(325)%**	**N/A**	**12%**	

	Three months ended March 31, 2022								
	China commerce[1]	International commerce	Local consumer services[1]	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated[2]	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(in millions, except percentages)								
Revenue	**140,079**	**14,335**	**10,696**	**11,582**	**18,971**	**8,005**	**384**	**—**	**204,052**
Income (Loss) from operations	**32,556**	**(1,918)**	**(6,588)**	**(1,081)**	**598**	**(2,170)**	**(2,727)**	**(1,953)**	**16,717**
Add: Share-based compensation expense	(902)	(664)	(479)	(85)	(326)	5	64	(1,350)	(3,737)
Add: Amortization of intangible assets	580	19	1,499	254	4	199	211	65	2,831
Adjusted EBITA	**32,234**	**(2,563)**	**(5,568)**	**(912)**	**276**	**(1,966)**	**(2,452)**	**(3,238)**	**15,811**
Adjusted EBITA margin	**23%**	**(18)%**	**(52)%**	**(8)%**	**1%**	**(25)%**	**(639)%**	**N/A**	**8%**

(1) Beginning on October 1, 2022, we reclassified the results of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, to Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

(2) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

(3) For a more intuitive presentation, widening of loss in YoY% is shown in terms of negative growth rate, and narrowing of loss in YoY% is shown in terms of positive growth rate.

(4) Following the implementation of the new organizational structure as mentioned in “The Restructuring” above, we will also update our segment reporting to reflect the new reporting structure that will be reviewed by our chief operating decision maker.

MARCH QUARTER SEGMENT RESULTS

Revenue

Revenue for the quarter ended March 31, 2023 was RMB208,200 million (US$30,316 million), an increase of 2% compared to RMB204,052 million in the same quarter of 2022.

The following table sets forth a breakdown of our revenue by segment for the periods indicated:

	Three months ended March 31,					
	2022		2023			
	RMB	% of Revenue	RMB	US$	% of Revenue	YoY % Change
	(in millions, except percentages)					
China commerce:						
China commerce retail						
- Customer management	63,421	31%	60,274	8,777	29%	(5)%
- Direct sales and others[(1) (2)]	72,275	36%	71,788	10,453	34%	(1)%
	135,696	67%	132,062	19,230	63%	(3)%
China commerce wholesale	4,383	2%	4,011	584	2%	(8)%
Total China commerce	140,079	69%	136,073	19,814	65%	(3)%
International commerce:						
International commerce retail	9,887	5%	13,967	2,034	7%	41%
International commerce wholesale	4,448	2%	4,574	666	2%	3%
Total International commerce	14,335	7%	18,541	2,700	9%	29%
Local consumer services[(1)]	10,696	5%	12,549	1,827	6%	17%
Cainiao	11,582	6%	13,619	1,983	7%	18%
Cloud	18,971	9%	18,582	2,706	9%	(2)%
Digital media and entertainment	8,005	4%	8,273	1,204	4%	3%
Innovation initiatives and others	384	0%	563	82	0%	47%
Total	204,052	100%	208,200	30,316	100%	2%

(1) Beginning on October 1, 2022, we reclassified the revenue of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, as revenue from Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

(2) Direct sales and others revenue under China commerce retail primarily represents our direct sales businesses, comprising mainly Sun Art, Freshippo, Tmall Supermarket and Alibaba Health's direct sales businesses, where revenue and the cost of inventory are recorded on a gross basis.

China Commerce

(i) Segment revenue

- ***China Commerce Retail Business***

Revenue from our China commerce retail business in the quarter ended March 31, 2023 was RMB132,062 million (US$19,230 million), a decrease of 3% compared to RMB135,696 million in the same quarter of 2022.

Customer management revenue decreased by 5% year-over-year, primarily due to the mid-single-digit decline of online physical goods GMV generated on Taobao and Tmall, excluding unpaid orders year-over-year.

Direct sales and others revenue under China commerce retail business in the quarter ended March 31, 2023 was RMB71,788 million (US$10,453 million), decreasing slightly by 1% year-over-year, compared to RMB72,275 million in the same quarter of 2022, mainly due to decrease in offline store sales, which was negatively affected by the COVID-19 disruption in January and seasonal volatility from an earlier Chinese New Year, as well as normalizing grocery demand due to decrease in consumer hoarding behavior post-COVID-19.

- ***China Commerce Wholesale Business***

Revenue from our China commerce wholesale business in the quarter ended March 31, 2023 was RMB4,011 million (US$584 million), a decrease of 8% compared to RMB4,383 million in the same quarter of 2022.

(ii) Segment adjusted EBITA

China commerce adjusted EBITA increased by 19% to RMB38,487 million (US$5,604 million) in the quarter ended March 31, 2023, compared to RMB32,234 million in the same quarter of 2022. The increase was primarily due to reduced loss of Taobao Deals, Taocaicai and Freshippo. Adjusted EBITA margin increased from 23% in the quarter ended March 31, 2022 to 28% in the quarter ended March 31, 2023. During the quarter ended March 31, 2023, Taobao Deals and Taocaicai significantly narrowed losses year-over-year, mainly driven by optimized spending in user acquisition and improving overall operating efficiency. Freshippo continued to strengthen its merchandising capabilities and improve its operating efficiency that resulted in positive operating results that resulted in positive operating results.

<u>International Commerce</u>

(i) Segment revenue

- ***International Commerce Retail Business***

Revenue from our International commerce retail business in the quarter ended March 31, 2023 was RMB13,967 million (US$2,034 million), an increase of 41% compared to RMB9,887 million in the same quarter of 2022. The increase was primarily due to the growth in revenue generated by Trendyol, Lazada and AliExpress. The increase in revenue from Trendyol resulted from more efficient use of subsidies and robust year-over-year order growth. The increase in revenue from Lazada is driven by the continuous improvement in monetization rate by offering more value-added services and the robust year-over-year order growth. The increase in revenue from AliExpress was driven by the double-digit order growth of AliExpress, accelerated by the direct sales and fulfillment services, with the launch of a new service *Choice* to global consumers.

- ***International Commerce Wholesale Business***

Revenue from our International commerce wholesale business in the quarter ended March 31, 2023 was RMB4,574 million (US$666 million), an increase of 3% compared to RMB4,448 million in the same quarter of 2022.

(ii) Segment adjusted EBITA

International commerce adjusted EBITA was a loss of RMB2,330 million (US$339 million) in the quarter ended March 31, 2023, compared to a loss of RMB2,563 million in the same quarter of 2022. The decrease in loss year-over-year was primarily due to the reduced loss from Trendyol, partly offset by the increased loss from Lazada. The reduced loss from Trendyol is primarily due to revenue growth and enhanced operating efficiency. The increased loss from Lazada is primarily due to a one-off early termination expense in connection with renegotiating new service contracts to reduce future operating costs, which was partly offset by the continuous improvement in monetization rate by offering more value-added services as well as enhanced operating efficiency.

Local Consumer Services

(i) Segment revenue

Revenue from Local consumer services, which includes "To-Home" and "To-Destination" businesses such as Ele.me, Amap and Fliggy, was RMB12,549 million (US$1,827 million) in the quarter ended March 31, 2023, an increase of 17% compared to RMB10,696 million in the same quarter of 2022, primarily due to GMV growth of Ele.me driven by order growth and higher average order value.

(ii) Segment adjusted EBITA

Local consumer services adjusted EBITA was a loss of RMB4,153 million (US$605 million) in the quarter ended March 31, 2023, compared to a loss of RMB5,568 million in the same quarter of 2022, primarily due to the continued narrowing of loss from our "To-Home" business driven by Ele.me's improved unit economics per order, which was due to increased average order value and reduced delivery cost per order year-over-year.

Cainiao

(i) Segment revenue

Revenue from Cainiao, which represents revenue from its domestic and international one-stop-shop logistics services and supply chain management solutions, after inter-segment elimination, was RMB13,619 million (US$1,983 million) in the quarter ended March 31, 2023, an increase of 18% compared to RMB11,582 million in the same quarter of 2022, primarily driven by increasing revenue per order from international fulfillment solution services as well as increasing demand for consumer logistics services.

Total revenue generated by Cainiao, before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB18,915 million (US$2,754 million), an increase of 15% compared to RMB16,451 million in the same quarter of 2022.

(ii) Segment adjusted EBITA

Cainiao adjusted EBITA was a loss of RMB319 million (US$46 million) in the quarter ended March 31, 2023, compared to a loss of RMB912 million in the same quarter of 2022.

Cloud

(i) Segment revenue

Revenue from our Cloud segment, after inter-segment elimination, was RMB18,582 million (US$2,706 million) in the quarter ended March 31, 2023, a decline of 2% compared to RMB18,971 million in the same quarter of 2022. The year-over-year decrease in revenue of our Cloud segment reflected delays in delivery of hybrid cloud projects given the COVID-19 resurgence in January and normalization of CDN demand compared to the same period last year, as well as the impact from a top customer phasing out using our overseas cloud services for its international business due to non-product related reasons.

Total revenue from our Cloud business, before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB24,559 million (US$3,576 million), decrease of 3% compared to RMB25,230 million in the same quarter of 2022.

(ii) Segment adjusted EBITA

Cloud adjusted EBITA was RMB385 million (US$56 million) in the quarter ended March 31, 2023, compared to RMB276 million in the same quarter of 2022.

Digital Media and Entertainment

(i) Segment revenue

Revenue from our Digital media and entertainment segment in the quarter ended March 31, 2023 was RMB8,273 million (US$1,204 million), an increase of 3%, compared to RMB8,005 million in the same quarter of 2022.

(ii) Segment adjusted EBITA

Digital media and entertainment adjusted EBITA in the quarter ended March 31, 2023 was a loss of RMB1,102 million (US$160 million), compared to a loss of RMB1,966 million in the same quarter of 2022, primarily due to the narrowing of loss from Youku driven by disciplined investment in content and production capability.

Innovation Initiatives and Others

(i) Segment revenue

Revenue from Innovation initiatives and others was RMB563 million (US$82 million) in the quarter ended March 31, 2023, an increase of 47% compared to RMB384 million in the same quarter of 2022.

(ii) Segment adjusted EBITA

Innovation initiatives and others adjusted EBITA in the quarter ended March 31, 2023 was a loss of RMB1,830 million (US$267 million), compared to a loss of RMB2,452 million in the same quarter of 2022.

MARCH QUARTER OTHER FINANCIAL RESULTS

Costs and Expenses

The following tables set forth a breakdown of our costs and expenses, share-based compensation expense and costs and expenses excluding share-based compensation expense by function for the periods indicated.

	Three months ended March 31,					% of Revenue YoY change
	2022		2023			
	RMB	% of Revenue	RMB	US$	% of Revenue	
	(in millions, except percentages)					
Costs and expenses:						
Cost of revenue	138,945	68%	138,823	20,214	67%	(1)%
Product development expenses	10,944	5%	13,880	2,021	7%	2%
Sales and marketing expenses	27,200	13%	24,931	3,630	12%	(1)%
General and administrative expenses	7,415	4%	12,832	1,869	6%	2%
Amortization of intangible assets	2,831	2%	2,494	363	1%	(1)%
Total costs and expenses	187,335	92%	192,960	28,097	93%	1%
Share-based compensation expense:						
Cost of revenue	(692)	0%	1,235	180	1%	1%
Product development expenses	(1,407)	(1)%	2,938	428	2%	3%
Sales and marketing expenses	(199)	0%	858	125	0%	0%
General and administrative expenses	(1,439)	(1)%	2,515	366	1%	2%
Total share-based compensation expense	(3,737)	(2)%	7,546	1,099	4%	6%
Costs and expenses excluding share-based compensation expense:						
Cost of revenue	139,637	68%	137,588	20,034	66%	(2)%
Product development expenses	12,351	6%	10,942	1,593	5%	(1)%
Sales and marketing expenses	27,399	13%	24,073	3,505	12%	(1)%
General and administrative expenses	8,854	5%	10,317	1,503	5%	0%
Amortization of intangible assets	2,831	2%	2,494	363	1%	(1)%
Total costs and expenses excluding share-based compensation expense	191,072	94%	185,414	26,998	89%	(5)%

Cost of revenue – Cost of revenue in the quarter ended March 31, 2023 was RMB138,823 million (US$20,214 million), or 67% of revenue, compared to RMB138,945 million, or 68% of revenue, in the same quarter of 2022. Without the effect of share-based compensation expense, cost of revenue as a percentage of revenue would have decreased from 68% in the quarter ended March 31, 2022 to 66% in the quarter ended March 31, 2023.

Product development expenses – Product development expenses in the quarter ended March 31, 2023 were RMB13,880 million (US$2,021 million), or 7% of revenue, compared to RMB10,944 million, or 5% of revenue, in the same quarter of 2022. Without the effect of share-based compensation expense, product development expenses as a percentage of revenue would have decreased from 6% in the quarter ended March 31, 2022 to 5% in the quarter ended March 31, 2023.

Sales and marketing expenses – Sales and marketing expenses in the quarter ended March 31, 2023 were RMB24,931 million (US$3,630 million), or 12% of revenue, compared to RMB27,200 million, or 13% of revenue, in the same quarter of 2022. Without the effect of share-based compensation expense, sales and marketing expenses as a percentage of revenue would have decreased from 13% in the quarter ended March 31, 2022 to 12% in the quarter ended March 31, 2023.

General and administrative expenses – General and administrative expenses in the quarter ended March 31, 2023 were RMB12,832 million (US$1,869 million), or 6% of revenue, compared to RMB7,415 million, or 4% of revenue, in the same quarter of 2022. Without the effect of share-based compensation expense, general and administrative expenses as a percentage of revenue would have remained stable at 5% in the quarter ended March 31, 2023 compared to the quarter ended March 31, 2022.

Share-based compensation expense – Total share-based compensation expense included in the cost and expense items above in the quarter ended March 31, 2023 was RMB7,546 million (US$1,099 million), compared to a net reversal of RMB3,737 million in the same quarter of 2022.

The following table sets forth our analysis of share-based compensation expense for the periods indicated by type of share-based awards:

	Three months ended March 31,					
	2022		**2023**			**% Change**
	RMB	**% of Revenue**	**RMB**	**US$**	**% of Revenue**	**YoY**
	(in millions, except percentages)					
By type of awards:						
Alibaba Group share-based awards[(1)]	7,597	4%	5,972	870	3%	(21)%
Ant Group share-based awards[(2)]	(12,683)	(6)%	126	18	0%	N/A
Others[(3)]	1,349	0%	1,448	211	1%	7%
Total share-based compensation expense	(3,737)	(2)%	7,546	1,099	4%	N/A

(1) This represents Alibaba Group share-based awards granted to our employees.
(2) This represents Ant Group share-based awards granted to our employees, which is subject to mark-to-market accounting treatment.
(3) This represents share-based awards of our subsidiaries.

Share-based compensation expense related to Alibaba Group share-based awards decreased in the quarter ended March 31, 2023 compared to the same quarter of 2022. This decrease was primarily due to the general decrease in the average fair market value of the awards granted.

Share-based compensation expense related to Ant Group share-based awards was a net reversal for the quarter ended March 31, 2022 because we recognized a decrease in the value of such awards.

We expect that our share-based compensation expense will continue to be affected by changes in the fair value of the underlying awards and the quantity of awards we grant in the future.

Amortization of intangible assets – Amortization of intangible assets in the quarter ended March 31, 2023 was RMB2,494 million (US$363 million), a decrease of 12% from RMB2,831 million in the same quarter of 2022.

Income from operations and operating margin

Income from operations in the quarter ended March 31, 2023 was RMB15,240 million (US$2,219 million), or 7% of revenue, compared to RMB16,717 million, or 8% of revenue, in the same quarter of 2022. The year-over-year decrease was primarily due to a reversal of share-based compensation expense of RMB13,046 million related to the mark-to-market adjustment of Ant Group share-based awards granted to our employees in the same quarter last year, partly offset by an increase in adjusted EBITA. We excluded share-based compensation expense from our non-GAAP measurements. Excluding the impact of the reversal of share-based compensation expense, our income from operations would have increased by RMB11,569 million year-over-year, from RMB3,671 million in the quarter ended March 31, 2022 to RMB15,240 million (US$2,219 million) in the quarter ended March 31, 2023.

Adjusted EBITDA and Adjusted EBITA

Adjusted EBITDA increased 37% year-over-year to RMB32,123 million (US$4,677 million) in the quarter ended March 31, 2023, compared to RMB23,373 million in the same quarter of 2022. Adjusted EBITA increased 60% or RMB9,469 million year-over-year to RMB25,280 million (US$3,681 million) in the quarter ended March 31, 2023, compared to RMB15,811 million in the same quarter of 2022. The year-over-year increases were primarily due to an increase in China commerce adjusted EBITA, as well as narrowed adjusted EBITA losses of Local consumer services and Digital media and entertainment. A reconciliation of net income to adjusted EBITDA and adjusted EBITA is included at the end of this results announcement.

Adjusted EBITA and adjusted EBITA margin by segments

Adjusted EBITA and adjusted EBITA margin by segments as well as a reconciliation of income from operations to adjusted EBITA are set forth in "March Quarter Information by Segments" above.

Interest and investment income, net

Interest and investment income, net in the quarter ended March 31, 2023 was a gain of RMB10,496 million (US$1,528 million), compared to a loss of RMB36,708 million in the quarter ended March 31, 2022, primarily due to net gains arising from the increases in the market prices of our equity investments in publicly-traded companies, compared to net losses from these investments in the same quarter last year, which is generally consistent with the market trend.

The above-mentioned gains and losses were excluded from our non-GAAP net income.

Other income, net

Other income, net in the quarter ended March 31, 2023 was RMB1,308 million (US$191 million), compared to RMB1,620 million in the same quarter of 2022.

Income tax expenses

Income tax expenses in the quarter ended March 31, 2023 were RMB3,758 million (US$547 million), compared to RMB2,079 million in the same quarter of 2022.

Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments, as well as the deferred tax effects on basis differences arising from our equity method investees, our effective tax rate would have been 17% in the quarter ended March 31, 2023.

Share of results of equity method investees

Share of results of equity method investees in the quarter ended March 31, 2023 was RMB446 million (US$65 million), compared to RMB3,282 million in the same quarter of 2022. The following table sets forth a breakdown of share of results of equity method investees for the periods indicated.

	Three months ended March 31,		
	2022	2023	
	RMB	RMB	US$
		(in millions)	
Share of profit (loss) of equity method investees			
- Ant Group	7,275	3,180	463
- Others	(973)	(183)	(27)
Impairment loss	(2,624)	(989)	(144)
Others(1)	(396)	(1,562)	(227)
Total	3,282	446	65

(1) "Others" mainly include basis differences arising from equity method investees, share-based compensation expense related to share-based awards granted to employees of our equity method investees, as well as gain or loss arising from the dilution of our investments in equity method investees.

We record our share of results of all equity method investees one quarter in arrears. The year-over-year decrease in share of profit of Ant Group was mainly due to decrease in net investment gains from the investments of Ant Group previously made.

Net income and Non-GAAP net income

Our net income in the quarter ended March 31, 2023 was RMB21,996 million (US$3,203 million), compared to net loss of RMB18,357 million in the same quarter of 2022, primarily attributable to net gains arising from the increases in the market prices of our equity investments in publicly-traded companies, compared to net losses from these investments in the same quarter last year, partly offset by the decrease in share of profit of equity method investees, the increase in impairment of investments and the decrease in income from operations.

Excluding the share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and certain other items, non-GAAP net income in the quarter ended March 31, 2023 was RMB27,375 million (US$3,986 million), an increase of 38% compared to RMB19,799 million in the same quarter of 2022. A reconciliation of net income to non-GAAP net income is included at the end of this results announcement.

Net income attributable to ordinary shareholders

Net income attributable to ordinary shareholders in the quarter ended March 31, 2023 was RMB23,516 million (US$3,424 million), compared to net loss of RMB16,241 million in the same quarter of 2022. The year-over-year increase was primarily attributable to net gains arising from the increases in the market prices of our equity investments in publicly-traded companies, compared to net losses from these investments in the same quarter last year, partly offset by the decrease in share of profit of equity method investees, the increase in impairment of investments and the decrease in income from operations.

Diluted earnings per ADS/share and non-GAAP diluted earnings per ADS/share

Diluted earnings per ADS in the quarter ended March 31, 2023 was RMB9.00 (US$1.31), compared to diluted loss per ADS of RMB6.07 in the same quarter in 2022. Excluding the share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and certain other items, non-GAAP diluted earnings per ADS in the quarter ended March 31, 2023 was RMB10.71 (US$1.56), an increase of 35% compared to RMB7.95 in the same quarter of 2022.

Diluted earnings per share in the quarter ended March 31, 2023 was RMB1.12 (US$0.16 or HK$1.28), compared to diluted loss per share of RMB0.76 in the same quarter of 2022. Excluding the share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and certain other items, non-GAAP diluted earnings per share in the quarter ended March 31, 2023 was RMB1.34 (US$0.20 or HK$1.53), an increase of 35% compared to RMB0.99 in the same quarter of 2022.

A reconciliation of diluted earnings per ADS/share to non-GAAP diluted earnings per ADS/share is included at the end of this results announcement. Each ADS represents eight ordinary shares.

Net cash provided by operating activities and free cash flow

Net cash from operating activities in the quarter ended March 31, 2023 was an inflow of RMB31,401 million (US$4,572 million), compared to an outflow of RMB7,040 million in the same quarter of 2022. Free cash flow, a non-GAAP measurement of liquidity, was an inflow of RMB32,267 million (US$4,698 million) in the quarter ended March, 2023, compared to an outflow of RMB15,070 million in the same quarter of 2022, during which we made a payment of the final installment in the amount of RMB9,114 million of the RMB18,228 million Anti-monopoly Fine. The year-over-year increase also reflected the dividend received from Ant Group of RMB10,519 million (US$1,532 million) in the quarter ended March 31, 2023, narrowing losses of certain businesses driven by improving operating efficiency, as well as the decrease in capital expenditure. A reconciliation of net cash provided by operating activities to free cash flow is included at the end of this results announcement.

Net cash used in investing activities

During the quarter ended March 31, 2023, net cash used in investing activities of RMB26,808 million (US$3,904 million) primarily reflected (i) an increase in other treasury investments by RMB12,803 million (US$1,864 million), (ii) an increase in short-term investments by RMB11,863 million (US$1,727 million), (iii) cash outflow of RMB7,492 million (US$1,091 million) for investment and acquisition activities, and (iv) capital expenditures of RMB3,478 million (US$506 million). These cash outflows were partially offset by cash inflow of RMB8,970 million (US$1,306 million) from disposal of investments.

Net cash used in financing activities

During the quarter ended March 31, 2023, net cash used in financing activities of RMB9,319 million (US$1,357 million) primarily reflected cash used in repurchase of ordinary shares of RMB12,611 million (US$1,836 million), partially offset by net proceeds from bank borrowings of RMB3,294 million (US$480million).

Employees

As of March 31, 2023, we had a total of 235,216 employees, compared to 239,740 as of December 31, 2022.

FULL FISCAL YEAR SUMMARY FINANCIAL RESULTS

	Year ended March 31,			
	2022	2023		
	RMB	RMB	US$	YoY % Change
	(in millions, except percentages and per share amounts)			
Revenue	853,062	868,687	126,491	2%
Income from operations	69,638	100,351	14,612	44% (2)
Operating margin	8%	12%		
Adjusted EBITDA(1)	158,205	175,710	25,585	11%(3)
Adjusted EBITDA margin(1)	19%	20%		
Adjusted EBITA(1)	130,397	147,911	21,538	13%(3)
Adjusted EBITA margin(1)	15%	17%		
Net income	47,079	65,573	9,548	39% (4)
Net income attributable to ordinary shareholders	61,959	72,509	10,558	17%(4)
Non-GAAP net income(1)	136,388	141,379	20,586	4%(3)
Diluted earnings per share(5)	2.84	3.43	0.50	21%(4) (6)
Diluted earnings per ADS(5)	22.74	27.46	4.00	21%(4) (6)
Non-GAAP diluted earnings per share(1) (5)	6.59	6.82	0.99	4% (3) (6)
Non-GAAP diluted earnings per ADS(1) (5)	52.69	54.56	7.94	4% (3) (6)

(1) See "Non-GAAP Financial Measures" and "Reconciliations of Non-GAAP Measures to the Nearest Comparable U.S. GAAP Measures" for more information about the non-GAAP measures referred to in this results announcement.

(2) Excluding the impact of certain items, income from operations would have increased by RMB24,143 million year-over-year. Please refer to "Full Fiscal Year Other Financial Results — Income from operations and operating margin" below for details.

(3) The year-over-year increases were primarily due to narrowed adjusted EBITA losses of Local consumer services, International commerce and Digital media and entertainment, as well as an increase in China commerce adjusted EBITA.

(4) The year-over-year increases were primarily due to the increase in income from operations and the decrease in net losses arising from changes in the fair values of our equity investments, partly offset by the decrease in share of profit of equity method investees and the increase in impairment of investments.

(5) Each ADS represents eight ordinary shares.

(6) The year-over-year percentages as stated are calculated based on the exact amount and there may be minor differences from the year-over-year percentages calculated based on the RMB amounts after rounding.

FULL FISCAL YEAR INFORMATION BY SEGMENTS

The table below sets forth selected financial information of our operating segments for fiscal year 2023:

	Year ended March 31, 2023									
	China commerce[1]	International commerce	Local consumer services[1]	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated[2]	Consolidated	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	US$
	(in millions, except percentages)									
Revenue	**582,731**	**69,204**	**50,112**	**55,681**	**77,203**	**31,482**	**2,274**	**—**	**868,687**	**126,491**
YoY% change	(1)%	13%	12%	21%	4%	(2)%	(20)%	N/A	2%	
Income (Loss) from operations	**172,191**	**(8,429)**	**(23,302)**	**(3,622)**	**(5,151)**	**(4,638)**	**(9,409)**	**(17,289)**	**100,351**	**14,612**
Add: Share-based compensation expense	7,969	2,716	3,672	2,218	6,561	1,756	1,658	4,281	30,831	4,489
Add: Amortization and impairment of intangible assets	4,702	93	5,609	1,013	12	1,008	844	223	13,504	1,967
Add: Impairment of goodwill	—	—	—	—	—	—	—	2,714	2,714	395
Add: Equity-settled donation expense	—	—	—	—	—	—	—	511	511	75
Adjusted EBITA	**184,862**	**(5,620)**	**(14,021)**	**(391)**	**1,422**	**(1,874)**	**(6,907)**	**(9,560)**	**147,911**	**21,538**
Adjusted EBITA YoY% change[3]	**1%**	**37%**	**37%**	**73%**	**24%**	**60%**	**3%**	**(8)%**	**13%**	
Adjusted EBITA margin	**32%**	**(8)%**	**(28)%**	**(1)%**	**2%**	**(6)%**	**(304)%**	**N/A**	**17%**	

	Year ended March 31, 2022								
	China commerce[1]	International commerce	Local consumer services[1]	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated[2]	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(in millions, except percentages)								
Revenue	**591,580**	**61,078**	**44,616**	**46,107**	**74,568**	**32,272**	**2,841**	**—**	**853,062**
Income (Loss) from operations	**172,536**	**(10,655)**	**(30,802)**	**(3,920)**	**(5,167)**	**(7,019)**	**(9,424)**	**(35,911)**	**69,638**
Add: Share-based compensation expense	7,078	1,569	2,556	1,396	6,297	1,520	1,839	1,716	23,971
Add: Amortization of intangible assets	2,817	95	6,154	1,059	16	809	456	241	11,647
Add: Impairment of goodwill	—	—	—	—	—	—	—	25,141	25,141
Adjusted EBITA	**182,431**	**(8,991)**	**(22,092)**	**(1,465)**	**1,146**	**(4,690)**	**(7,129)**	**(8,813)**	**130,397**
Adjusted EBITA margin	**31%**	**(15)%**	**(50)%**	**(3)%**	**2%**	**(15)%**	**(251)%**	**N/A**	**15%**

(1) Beginning on October 1, 2022, we reclassified the results of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, to Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

(2) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments. The goodwill impairment, and the equity-settled donation expense related to the allotment of shares to a charitable trust, are presented as unallocated items in the segment information because our management does not consider these as part of the segment operating performance measure.

(3) For a more intuitive presentation, widening of loss in YoY% is shown in terms of negative growth rate, and narrowing of loss in YoY% is shown in terms of positive growth rate.

(4) Following the implementation of the new organizational structure as mentioned in "The Restructuring" above, we will also update our segment reporting to reflect the new reporting structure that will be reviewed by our chief operating decision maker.

FULL FISCAL YEAR SEGMENT RESULTS

Revenue

Revenue in fiscal year 2023 was RMB868,687 million (US$126,491 million), an increase of 2% compared to RMB853,062 million in fiscal year 2022.

The following table sets forth a breakdown of our revenue by segment for the periods indicated:

	Year ended March 31,					
	2022		2023			
	RMB	% of Revenue	RMB	US$	% of Revenue	YoY % Change
	(in millions, except percentages)					
China commerce:						
China commerce retail						
- Customer management	315,038	37%	290,378	42,282	33%	(8)%
- Direct sales and others[(1) (2)]	259,830	30%	274,954	40,037	32%	6%
	574,868	67%	565,332	82,319	65%	(2)%
China commerce wholesale	16,712	2%	17,399	2,533	2%	4%
Total China commerce	591,580	69%	582,731	84,852	67%	(1)%
International commerce:						
International commerce retail	42,668	5%	49,873	7,262	6%	17%
International commerce wholesale	18,410	2%	19,331	2,815	2%	5%
Total International commerce	61,078	7%	69,204	10,077	8%	13%
Local consumer services[(1)]	44,616	5%	50,112	7,297	6%	12%
Cainiao	46,107	5%	55,681	8,108	6%	21%
Cloud	74,568	9%	77,203	11,242	9%	4%
Digital media and entertainment	32,272	4%	31,482	4,584	4%	(2)%
Innovation initiatives and others	2,841	1%	2,274	331	0%	(20)%
Total	853,062	100%	868,687	126,491	100%	2%

(1) Beginning on October 1, 2022, we reclassified the revenue of our Instant Supermarket Delivery (全能超市) business, which was previously reported under China commerce segment, as revenue from Local consumer services segment following the strategy refinement of Instant Supermarket Delivery business to focus on building customer mindshare for grocery delivery services through Ele.me platform. This reclassification conforms to the way that we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

(2) Direct sales and others revenue under China commerce retail primarily represents our direct sales businesses, comprising mainly Sun Art, Tmall Supermarket, Freshippo, and Alibaba Health's direct sales businesses where revenue and the cost of inventory are recorded on a gross basis.

China Commerce

(i) Segment revenue

- ***China Commerce Retail Business***

  Revenue from our China commerce retail business in fiscal year 2023 was RMB565,332 million (US$82,319 million), a decrease of 2% compared to RMB574,868 million in fiscal year 2022. Customer management revenue decreased by 8% year-over-year, primarily due to mid-single-digit decline of online physical goods GMV generated on Taobao and Tmall, excluding unpaid orders year-over-year, which was mainly due to soft consumption demand and ongoing competition as well as supply chain and logistics disruptions due to COVID-19.

Direct sales and others revenue under China commerce retail business in fiscal year 2023 was RMB274,954 million (US$40,037 million), an increase of 6% compared to RMB259,830 million in fiscal year 2022, primarily due to the revenue growth contributed by our Freshippo and Alibaba Health's direct sales businesses.

- ***China Commerce Wholesale Business***

  Revenue from our China commerce wholesale business in fiscal year 2023 was RMB17,399 million (US$2,533 million), an increase of 4% compared to RMB16,712 million in fiscal year 2022. The increase was primarily due to the increase in revenue from value-added services to paying members.

(ii) Segment adjusted EBITA

China commerce adjusted EBITA increased by 1% to RMB184,862 million (US$26,918 million) in fiscal year 2023, compared to RMB182,431 million in fiscal year 2022. The increase was primarily due to reduced losses of Taobao Deals, Freshippo and Taocaicai, partly offset by a decrease in profit from customer management services. Adjusted EBITA margin increased from 31% in fiscal year 2022 to 32% in fiscal year 2023. During fiscal year 2023, Taobao Deals significantly narrowed losses year-over-year, driven by optimized spending in user acquisition. Freshippo significantly narrowed losses year-over-year, as Freshippo continued to strengthen its merchandising capabilities and improve its operating efficiency. Taocaicai significantly narrowed losses year-over-year, driven by improving overall operating efficiency.

International Commerce

(i) Segment revenue

- ***International Commerce Retail Business***

  Revenue from our International commerce retail business in fiscal year 2023 was RMB49,873 million (US$7,262 million), an increase of 17% compared to RMB42,668 million in fiscal year 2022. The increase was mainly attributable to the growth in revenue generated by Trendyol and Lazada. The increase in revenue from Trendyol resulted from more efficient use of subsidies and robust year-over-year order growth. Increase in revenue contributed by Lazada was the result of continuous improvement in monetization rate by offering more value-added services.

- ***International Commerce Wholesale Business***

  Revenue from our International commerce wholesale business in fiscal year 2023 was RMB19,331 million (US$2,815 million), an increase of 5% compared to RMB18,410 million in fiscal year 2022. The increase was primarily due to increases in revenue generated by cross-border related value-added services.

(ii) Segment adjusted EBITA

International commerce adjusted EBITA was a loss of RMB5,620 million (US$818 million) in fiscal year 2023, compared to a loss of RMB8,991 million in fiscal year 2022. The decrease in loss year-over-year was primarily due to the reduced losses from Trendyol and Lazada. The reduced loss from Trendyol is primarily due to revenue growth and enhanced operating efficiency. Narrowing of loss from Lazada was a result of continuous improvement in monetization rate by offering more value-added services as well as enhanced operating efficiency.

Local Consumer Services

(i) Segment revenue

Revenue from Local consumer services was RMB50,112 million (US$7,297 million) in fiscal year 2023, an increase of 12% compared to RMB44,616 million in fiscal year 2022, primarily driven by higher average order value of Ele.me and strong order growth of Amap.

(ii) Segment adjusted EBITA

Local consumer services adjusted EBITA was a loss of RMB14,021 million (US$2,041 million) in fiscal year 2023, compared to a loss of RMB22,092 million in fiscal year 2022, primarily due to the continued narrowing of loss from our "To-Home" business. Narrowing of loss from our "To-Home" business was driven by Ele.me's improved unit economics per order, which was due to increased average order value and reduced delivery cost per order year-over-year.

Cainiao

(i) Segment revenue

Revenue from Cainiao, which represents revenue from its domestic and international one-stop-shop logistics services and supply chain management solutions, after inter-segment elimination, was RMB55,681 million (US$8,108 million) in fiscal year 2023, an increase of 21% compared to RMB46,107 million in fiscal year 2022, primarily contributed by the increase in revenue from domestic consumer logistics services as a result of service model upgrade since late 2021 whereby Cainiao took on more responsibilities throughout the logistics process to better serve customers and enhance customer experience, as well as the increase in revenue from international fulfillment solution services.

Total revenue generated by Cainiao, before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB77,512 million (US$11,287 million), an increase of 16% compared to RMB66,808 million in fiscal year 2022.

(ii) Segment adjusted EBITA

Cainiao adjusted EBITA was a loss of RMB391 million (US$57 million) in fiscal year 2023, compared to a loss of RMB1,465 million in fiscal year 2022, mainly due to improved operating results from International fulfillment solution service and improved operating efficiency in consumer logistics services and domestic fulfillment solution services.

Cloud

(i) Segment revenue

Revenue from our Cloud segment, after inter-segment elimination, was RMB77,203 million (US$11,242 million) in fiscal year 2023, an increase of 4% year-over-year compared to RMB74,568 million in fiscal year 2022. Year-over-year revenue growth of our Cloud segment reflected the revenue growth from non-Internet industries driven by solid growth of revenue from financial services, automobile and retail industries, which was partially offset by the decline in revenue from customers in the Internet industry mainly driven by declining revenue from a top customer in the

Internet industry phasing out using our overseas cloud services for its international business due to non-product related reasons.

Total revenue from our Cloud business, before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB101,950 million (US$14,845 million), an increase of 2% compared to RMB100,180 million in fiscal year 2022.

(ii) Segment adjusted EBITA

Cloud adjusted EBITA was RMB1,422 million (US$207 million) in fiscal year 2023, compared to RMB1,146 million in fiscal year 2022.

Digital Media and Entertainment

(i) Segment revenue

Revenue from our Digital media and entertainment segment in fiscal year 2023 was RMB31,482 million (US$4,584 million), a decrease of 2%, compared to RMB32,272 million in fiscal year 2022.

(ii) Segment adjusted EBITA

Digital media and entertainment adjusted EBITA in fiscal year 2023 was a loss of RMB1,874 million (US$273 million), compared to a loss of RMB4,690 million in fiscal year 2022, primarily due to the narrowing of loss from Youku driven by disciplined investment in content and production capability.

Innovation Initiatives and Others

(i) Segment revenue

Revenue from Innovation initiatives and others was RMB2,274 million (US$331 million) in fiscal year 2023, a decrease of 20% compared to RMB2,841 million in fiscal year 2022.

(ii) Segment adjusted EBITA

Innovation initiatives and others adjusted EBITA in fiscal year 2023 was a loss of RMB6,907 million (US$1,006 million), compared to a loss of RMB7,129 million in fiscal year 2022.

FULL FISCAL YEAR OTHER FINANCIAL RESULTS

Costs and Expenses

The following tables set forth a breakdown of our costs and expenses, share-based compensation expense and costs and expenses excluding share-based compensation expense by function for the periods indicated.

	Year ended March 31,					% of Revenue YoY change
	2022		2023			
	RMB	% of Revenue	RMB	US$	% of Revenue	
	(in millions, except percentages)					
Costs and expenses:						
Cost of revenue	539,450	63%	549,695	80,042	63%	0%
Product development expenses	55,465	7%	56,744	8,263	7%	0%
Sales and marketing expenses	119,799	14%	103,496	15,070	12%	(2)%
General and administrative expenses	31,922	4%	42,183	6,142	5%	1%
Amortization and impairment of intangible assets	11,647	1%	13,504	1,967	1%	0%
Impairment of goodwill	25,141	3%	2,714	395	0%	(3)%
Total costs and expenses	783,424	92%	768,336	111,879	88%	(4)%
Share-based compensation expense:						
Cost of revenue	5,725	1%	5,710	831	1%	0%
Product development expenses	11,035	1%	13,514	1,968	2%	1%
Sales and marketing expenses	3,050	0%	3,710	540	0%	0%
General and administrative expenses	4,161	1%	7,897	1,150	1%	0%
Total share-based compensation expense	23,971	3%	30,831	4,489	4%	1%
Costs and expenses excluding share-based compensation expense:						
Cost of revenue	533,725	62%	543,985	79,211	62%	0%
Product development expenses	44,430	6%	43,230	6,295	5%	(1)%
Sales and marketing expenses	116,749	14%	99,786	14,530	12%	(2)%
General and administrative expenses	27,761	3%	34,286	4,992	4%	1%
Amortization and impairment of intangible assets	11,647	1%	13,504	1,967	1%	0%
Impairment of goodwill	25,141	3%	2,714	395	0%	(3)%
Total costs and expenses excluding share-based compensation expense	759,453	89%	737,505	107,390	84%	(5)%

Cost of revenue – Cost of revenue in fiscal year 2023 was RMB549,695 million (US$80,042 million), or 63% of revenue, compared to RMB539,450 million, or 63% of revenue, in fiscal year 2022. Without the effect of share-based compensation expense, cost of revenue as a percentage of revenue would have remained stable at 62% in fiscal year 2023 compared to fiscal year 2022.

Product development expenses – Product development expenses in fiscal year 2023 were RMB56,744 million (US$8,263 million), or 7% of revenue, compared to RMB55,465 million, or 7% of revenue, in fiscal year 2022. Without the effect of share-based compensation expense, product development expenses as a percentage of revenue would have decreased from 6% in fiscal year 2022 to 5% in fiscal year 2023.

Sales and marketing expenses – Sales and marketing expenses in fiscal year 2023 were RMB103,496 million (US$15,070 million), or 12% of revenue, compared to RMB119,799 million, or 14% of revenue, in fiscal year 2022. Without the effect of share-based compensation expense, sales and marketing expenses as a percentage of revenue would have decreased from 14% in fiscal year 2022 to 12% in fiscal year 2023.

General and administrative expenses – General and administrative expenses in fiscal year 2023 were RMB42,183 million (US$6,142 million), or 5% of revenue, compared to RMB31,922 million, or 4% of revenue. Without the effect of share-based compensation expense, general and administrative expenses as a percentage of revenue would have increased from 3% in fiscal year 2022 to 4% in fiscal year 2023.

Share-based compensation expense – Total share-based compensation expense included in the cost and expense items above in fiscal year 2023 was RMB30,831 million (US$4,489 million), an increase of 29% compared to RMB23,971 million in fiscal year 2022. Share-based compensation expense as a percentage of revenue increased to 4% in fiscal year 2023, as compared to 3% in fiscal year 2022.

The following table sets forth our analysis of share-based compensation expense for the periods indicated by type of share-based awards:

	Year ended March 31,					% Change
	2022		2023			
	RMB	% of Revenue	RMB	US$	% of Revenue	YoY
	(in millions, except percentages)					
By type of awards:						
Alibaba Group share-based awards(1)	30,576	4%	24,900	3,626	3%	(19)%
Ant Group share-based awards(2)	(11,585)	(1)%	668	97	0%	N/A
Others(3)	4,980	0%	5,263	766	1%	6%
Total share-based compensation expense	23,971	3%	30,831	4,489	4%	29%

(1) This represents Alibaba Group share-based awards granted to our employees.
(2) This represents Ant Group share-based awards granted to our employees, which is subject to mark-to-market accounting treatment.
(3) This represents share-based awards of our subsidiaries.

Share-based compensation expense related to Alibaba Group share-based awards decreased in fiscal year 2023 compared to fiscal year 2022. This decrease was primarily due to the general decrease in the average fair market value of the awards granted.

Share-based compensation expense related to Ant Group share-based awards was a net reversal in fiscal year 2022 because we recognized a decrease in the value of such awards.

We expect that our share-based compensation expense will continue to be affected by changes in the fair value of the underlying awards and the quantity of awards we grant in the future.

Amortization and impairment of intangible assets – Amortization and impairment of intangible assets in fiscal year 2023 was RMB13,504 million (US$1,967 million), an increase of 16% from RMB11,647 million in fiscal year 2022, primarily due to impairment losses of intangible assets recorded in fiscal year 2023.

Impairment of goodwill – Impairment of goodwill in fiscal year 2023 was RMB2,714 million (US$395 million), a decrease of 89% or RMB22,427 million from RMB25,141 million in fiscal year 2022.

Impairment recorded in both years represents the amount by which the carrying value of certain reporting units within Digital media and entertainment segment exceeds their fair value, based on an annual goodwill impairment assessment.

Income from operations and operating margin

Income from operations in fiscal year 2023 was RMB100,351 million (US$14,612 million), or 12% of revenue, an increase of 44% compared to RMB69,638 million, or 8% of revenue, in fiscal year 2022. During fiscal year 2023, we recorded a RMB2,714 million (US$395 million) impairment of goodwill in relation to Digital media and entertainment segment, and a RMB2,811 million (US$409 million) impairment of intangible assets. During fiscal year 2022, we recorded a RMB25,141 million impairment of goodwill in relation to Digital media and entertainment segment and a RMB13,046 million reversal of share-based compensation expense related to the mark-to-market adjustment of Ant Group share-based awards granted to our employees.

All of these impacts were excluded from our non-GAAP measures of profitability. Excluding these impacts, income from operations would have increased by RMB24,143 million year-over-year, from RMB81,733 million in fiscal year 2022 to RMB105,876 million (US$15,417 million) in fiscal year 2023, primarily due to the narrowed adjusted EBITA losses of Local consumer services, International commerce and Digital media and entertainment, as well as an increase in China commerce adjusted EBITA.

Adjusted EBITDA and Adjusted EBITA

Adjusted EBITDA increased 11% year-over-year to RMB175,710 million (US$25,585 million) in fiscal year 2023, compared to RMB158,205 million in fiscal year 2022. Adjusted EBITA increased 13% or RMB17,514 million year-over-year to RMB147,911 million (US$21,538 million) in fiscal year 2023, compared to RMB130,397 million in fiscal year 2022. The year-over-year increases were primarily due to the narrowed adjusted EBITA losses of Local consumer services, International commerce and Digital media and entertainment, as well as an increase in China commerce adjusted EBITA. A reconciliation of net income to adjusted EBITDA and adjusted EBITA is included at the end of this results announcement.

Adjusted EBITA and Adjusted EBITA margin by segments

Adjusted EBITA and adjusted EBITA margin by segments as well as a reconciliation of income from operations to adjusted EBITA are set forth in “Full Fiscal Year Information by Segments” above.

Interest and investment income, net

Interest and investment income, net in fiscal year 2023 was a loss of RMB11,071 million (US$1,612 million), compared to a loss of RMB15,702 million in fiscal year 2022. The year-over-year decrease in loss was primarily due to the decrease in net losses arising from the changes in fair value of our equity investments.

The above-mentioned gains and losses were excluded from our non-GAAP net income.

Other income, net

Other income, net in fiscal year 2023 was RMB5,823 million (US$848 million), compared to RMB10,523 million in fiscal year 2022. The year-over-year decrease was primarily due to the net exchange losses in fiscal year 2023, compared to net exchange gains in fiscal year 2022.

Income tax expenses

Income tax expenses in fiscal year 2023 were RMB15,549 million (US$2,264 million), compared to RMB26,815 million in fiscal year 2022.

Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of goodwill and investments, as well as the deferred tax effects on basis differences arising from equity method investees, our effective tax rate would have been 17% in fiscal year 2023.

Share of results of equity method investees

Share of results of equity method investees in fiscal year 2023 was a loss of RMB8,063 million (US$1,174 million), compared to a profit of RMB14,344 million in fiscal year 2022. The following table sets forth a breakdown of share of results of equity method investees for the periods indicated.

	Year ended March 31,		
	2022	2023	
	RMB	RMB	US$
		(in millions)	
Share of profit (loss) of equity method investees			
- Ant Group	24,084	10,294	1,499
- Others	(89)	(5,481)	(798)
Impairment loss	(6,201)	(8,310)	(1,210)
Others[(1)]	(3,450)	(4,566)	(665)
Total	14,344	(8,063)	(1,174)

(1) "Others" mainly include basis differences arising from equity method investees, share-based compensation expense related to share-based awards granted to employees of our equity method investees, as well as gain or loss arising from the dilution of our investment in equity method investees.

We record our share of results of all equity method investees one quarter in arrears. In connection with our share of profit of Ant Group, the year-over-year decrease was mainly due to decrease in net investment gains from the investments held by Ant Group and decrease in Ant Group's operating profit. The decrease in share of results of other equity method investments was mainly due to the general decline in financial performance of our equity method investees.

Net income and Non-GAAP net income

Our net income in fiscal year 2023 was RMB65,573 million (US$9,548 million), an increase of 39% or RMB18,494 million, compared to RMB47,079 million in fiscal year 2022. The year-over-year increase was primarily due to the increase in income from operations and the decrease in net losses arising from changes in the fair values of our equity investments, partly offset by the decrease in share of profit of equity method investees and the increase in impairment of investments.

Excluding the share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of goodwill and investments and certain other items, non-GAAP net income in fiscal year 2023 was RMB141,379 million (US$20,586 million), an increase of 4% compared to RMB136,388 million in fiscal year 2022. A reconciliation of net income to non-GAAP net income is included at the end of this results announcement.

Net income attributable to ordinary shareholders

Net income attributable to ordinary shareholders in fiscal year 2023 was RMB72,509 million (US$10,558 million), compared to RMB61,959 million in fiscal year 2022. The year-over-year increase was primarily due to the increase in income from operations and the decrease in net losses arising from changes in the fair values of our equity investments, partly offset by the decrease in share of profit of equity method investees and the increase in impairment of investments.

Diluted earnings per ADS/share and non-GAAP diluted earnings per ADS/share

Diluted earnings per ADS in fiscal year 2023 was RMB27.46 (US$4.00), an increase of 21% compared to RMB22.74 in fiscal year 2022. Excluding the share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of goodwill and investments and certain other items, non-GAAP diluted earnings per ADS in fiscal year 2023 was RMB54.56 (US$7.94), an increase of 4% compared to RMB52.69 in fiscal year 2022.

Diluted earnings per share in fiscal year 2023 was RMB3.43 (US$0.50 or HK$3.92), an increase of 21% compared to RMB2.84 in fiscal year 2022. Excluding the share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of goodwill and investments and certain other items, non-GAAP diluted earnings per share in fiscal year 2023 was RMB6.82 (US$0.99 or HK$7.79), an increase of 4%, compared to RMB6.59 in fiscal year 2022.

A reconciliation of diluted earnings per ADS/share to non-GAAP diluted earnings per ADS/share is included at the end of this results announcement. Each ADS represents eight ordinary shares.

Cash and cash equivalents, short-term investments and other treasury investments

As of March 31, 2023, cash and cash equivalents, short-term investments and other treasury investments included in equity securities and other investments on the consolidated balance sheets, were RMB560,314 million (US$81,588 million), compared to RMB446,412 million as of March 31, 2022. Other treasury investments consist of fixed deposits and certificate of deposits with original maturities over one year. The increase in cash and cash equivalents, short-term investments and other treasury investments during the fiscal year ended March 31, 2023 was primarily due to free cash flow generated from operations of RMB171,663 million (US$24,996 million), and effect of exchange rate changes of RMB12,332 million (US$1,796 million) mainly due to the appreciation of the U.S. dollar against Renminbi, partly offset by cash used in repurchase of ordinary shares of RMB74,746 million (US$10,884 million).

Net cash provided by operating activities and free cash flow

Net cash provided by operating activities in fiscal year 2023 was RMB199,752 million (US$29,086 million), an increase of 40% compared to RMB142,759 million in fiscal year 2022. Free cash flow increased by 74% in fiscal year 2023 to RMB171,663 million (US$24,996 million), from RMB98,874 million in fiscal year 2022, during which we made the full payment of the Anti-monopoly Fine in the amount of RMB18,228 million. The year-over-year increase also reflected narrowing losses of certain businesses driven by improving operating efficiency, dividend received from Ant Group of RMB14,464 million (US$2,106 million), as well as the decrease in capital expenditure. A reconciliation of net cash provided by operating activities to free cash flow is included at the end of this results announcement.

Net cash used in investing activities

During fiscal year 2023, net cash used in investing activities of RMB135,506 million (US$19,731 million) primarily reflected (i) an increase in short-term investments by RMB61,086 million (US$8,895 million), (ii) an increase in other treasury investments by RMB40,794 million (US$5,940 million), (iii) capital expenditures of RMB34,330 million (US$4,999 million), as well as (iv) cash outflow of RMB23,574 million (US$3,433 million) for investment and acquisition activities. These cash outflows were partially offset by cash inflow of RMB22,734 million (US$3,310 million) from disposal of investments.

Net cash used in financing activities

During fiscal year 2023, net cash used in financing activities of RMB65,619 million (US$9,555 million) primarily reflected cash used in repurchase of ordinary shares of RMB74,746 million (US$10,884 million), partially offset by the net proceeds from bank borrowings and other borrowings of RMB11,342 million (US$1,652 million).

WEBCAST AND CONFERENCE CALL INFORMATION

Alibaba Group's management will hold a conference call to discuss the financial results at 7:30 a.m. U.S. Eastern Time (7:30 p.m. Hong Kong Time) on May 18, 2023.

All participants must pre-register to join this conference call using the Participant Registration link below:
English: https://s1.c-conf.com/diamondpass/10030391-nl9h5r.html
Chinese: https://s1.c-conf.com/diamondpass/10030392-8esjhx.html

Upon registration, each participant will receive details for the conference call, including dial-in numbers, conference call passcode and a unique access PIN. To join the conference, please dial the number provided, enter the passcode followed by your PIN, and you will join the conference.

A live webcast of the earnings conference call can be accessed at https://www.alibabagroup.com/en/ir/earnings. An archived webcast will be available through the same link following the call. A replay of the conference call will be available for one week from the date of the conference (Dial-in number: +1 855 883 1031; English conference PIN 10030391; Chinese conference PIN 10030392).

Please visit Alibaba Group's Investor Relations website at https://www.alibabagroup.com/en/ir/home on May 18, 2023 to view the earnings release and accompanying slides prior to the conference call.

About Alibaba Group

Alibaba Group's mission is to make it easy to do business anywhere. The company aims to build the future infrastructure of commerce. It envisions that its customers will meet, work and live at Alibaba, and that it will be a good company that lasts for 102 years.

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EXCHANGE RATE INFORMATION

This results announcement contains translations of certain Renminbi ("RMB") amounts into U.S. dollars ("US$") and Hong Kong dollars ("HK$") for the convenience of the reader. Unless otherwise stated, all translations of RMB into US$ were made at RMB6.8676 to US$1.00, the exchange rate on March 31, 2023 as set forth in the H.10 statistical release of the Federal Reserve Board, and all translations of RMB into HK$ were made at RMB0.87541 to HK$1.00, the middle rate on March 31, 2023 as published by the People's Bank of China. The percentages stated in this announcement are calculated based on the RMB amounts and there may be minor differences due to rounding.

SAFE HARBOR STATEMENTS

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "may," "will," "expect," "anticipate," "future," "aim," "estimate," "intend," "seek," "plan," "believe," "potential," "continue," "ongoing," "target," "guidance," "is/are likely to" and similar statements. In addition, statements that are not historical facts, including statements about Alibaba Group's new organizational and governance structure, strategic benefits of this new structure and future spin-off or capital raising plans, statements about Alibaba's strategies and business plans, Alibaba's beliefs, expectations and guidance regarding the growth of its business and its revenue, the business outlook and quotations from management in this announcement, as well as Alibaba's strategic and operational plans, are or contain forward-looking statements. Alibaba may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the "SEC"), in announcements made on the website of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors include but are not limited to the following: Alibaba's corporate structure, including the VIE structure it uses to operate certain businesses in the PRC, Alibaba's ability to maintain the trusted status of its ecosystem; risks associated with sustained investments in Alibaba's businesses; Alibaba's ability to maintain or grow its revenue or business, including expanding its international and cross border businesses and operations; risks associated with Alibaba's acquisitions, investments and alliances; uncertainties arising from competition among countries and geopolitical tensions, including protectionist or national security policies; uncertainties and risks associated with a broad range of complex laws and regulations (including in the areas of anti-monopoly and anti-unfair competition, consumer protection, data security and privacy protection and regulation of Internet platforms) in the PRC and globally; cybersecurity risks; fluctuations in general economic and business conditions in China and globally; impacts of the COVID-19 pandemic and assumptions underlying or related to any of the foregoing. In particular, the timing and implementation details of Alibaba Group's new structure, whether the new structure will yield the expected strategic benefits, and the successful execution of spin-off or capital raising plans are subject to uncertainties and factors that may be beyond our control, including without limitation, successful restructurings of assets, liabilities and contracts, implementation of equity incentive plans, market conditions and regulatory reviews and approvals. Further information regarding these and other risks is included in Alibaba's filings with the SEC and announcements on the website of the Hong Kong Stock Exchange. All information provided in this results announcement is as of the date of this results announcement and are based on assumptions that we believe to be reasonable as of this date, and Alibaba does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

NON-GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: for our consolidated results, adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow. For more information on these non-GAAP financial measures, please refer to the table captioned "Reconciliations of Non-GAAP Measures to the Nearest Comparable U.S. GAAP Measures" in this results announcement.

We believe that adjusted EBITDA, adjusted EBITA, non-GAAP net income and non-GAAP diluted earnings per share/ADS help identify underlying trends in our business that could otherwise be distorted by the effect of certain income or expenses that we include in income from operations, net income and diluted earnings per share/ADS. We believe that these non-GAAP measures provide useful information about our core operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making. We present three different income measures, namely adjusted EBITDA, adjusted EBITA and non-GAAP net income in order to provide more information and greater transparency to investors about our operating results.

We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic corporate transactions, including investing in our new business initiatives, making strategic investments and acquisitions and strengthening our balance sheet.

Adjusted EBITDA, adjusted EBITA, non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow should not be considered in isolation or construed as an alternative to income from operations, net income, diluted earnings per share/ADS, cash flows or any other measure of performance or as an indicator of our operating performance. These non-GAAP financial measures presented here do not have standardized meanings prescribed by U.S. GAAP and may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data.

Adjusted EBITDA represents net income before (i) interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity method investees, (ii) certain non-cash expenses, consisting of share-based compensation expense, amortization and impairment of intangible assets, depreciation and impairment of property and equipment, operating lease cost relating to land use rights and impairment of goodwill, as well as equity-settled donation expense, which we do not believe are reflective of our core operating performance during the periods presented.

Adjusted EBITA represents net income before (i) interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity method investees, (ii) certain non-cash expenses, consisting of share-based compensation expense, amortization and impairment of intangible assets and impairment of goodwill, as well as equity-settled donation expense, which we do not believe are reflective of our core operating performance during the periods presented.

Non-GAAP net income represents net income before share-based compensation expense, amortization and impairment of intangible assets, impairment of goodwill and investments, gain or loss on deemed disposals/disposals/revaluation of investments, equity-settled donation expense and others, as adjusted for the tax effects.

Non-GAAP diluted earnings per share represents non-GAAP net income attributable to ordinary shareholders divided by the weighted average number of shares for computing non-GAAP diluted earnings per share, on a diluted basis. **Non-GAAP diluted earnings per ADS** represents non-GAAP diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.

Free cash flow represents net cash provided by operating activities as presented in our consolidated cash flow statement less purchases of property and equipment (excluding acquisition of land use rights and construction in progress relating to office campuses) and intangible assets (excluding those acquired through acquisitions), as well as adjustments to exclude from net cash provided by operating activities the consumer protection fund deposits from merchants on our marketplaces. We deduct certain items of cash flows from investing activities in order to provide greater transparency into cash flow from our revenue-generating business operations. We exclude "acquisition of land use rights and construction in progress relating to office campuses" because the office campuses are used by us for corporate and administrative purposes and are not directly related to our revenue-generating business operations. We also exclude consumer protection fund deposits from merchants on our marketplaces because these deposits are restricted for the purpose of compensating consumers for claims against merchants.

The table captioned "Reconciliations of Non-GAAP Measures to the Nearest Comparable U.S. GAAP Measures" in this results announcement have more details on the non-GAAP financial measures that are most directly comparable to GAAP financial measures and the related reconciliations between these financial measures.

ALIBABA GROUP HOLDING LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENTS

	Three months ended March 31,			Year ended March 31,		
	2022	2023		2022	2023	
	RMB	RMB	US$	RMB	RMB	US$
	(in millions, except per share data)			(in millions, except per share data)		
Revenue	204,052	208,200	30,316	853,062	868,687	126,491
Cost of revenue	(138,945)	(138,823)	(20,214)	(539,450)	(549,695)	(80,042)
Product development expenses	(10,944)	(13,880)	(2,021)	(55,465)	(56,744)	(8,263)
Sales and marketing expenses	(27,200)	(24,931)	(3,630)	(119,799)	(103,496)	(15,070)
General and administrative expenses	(7,415)	(12,832)	(1,869)	(31,922)	(42,183)	(6,142)
Amortization and impairment of intangible assets	(2,831)	(2,494)	(363)	(11,647)	(13,504)	(1,967)
Impairment of goodwill	—	—	—	(25,141)	(2,714)	(395)
Income from operations	16,717	15,240	2,219	69,638	100,351	14,612
Interest and investment income, net	(36,708)	10,496	1,528	(15,702)	(11,071)	(1,612)
Interest expense	(1,189)	(1,736)	(253)	(4,909)	(5,918)	(862)
Other income, net	1,620	1,308	191	10,523	5,823	848
(Loss) Income before income tax and share of results of equity method investees	(19,560)	25,308	3,685	59,550	89,185	12,986
Income tax expenses	(2,079)	(3,758)	(547)	(26,815)	(15,549)	(2,264)
Share of results of equity method investees	3,282	446	65	14,344	(8,063)	(1,174)
Net (loss) income	(18,357)	21,996	3,203	47,079	65,573	9,548
Net loss attributable to noncontrolling interests	2,241	1,648	240	15,170	7,210	1,050
Net (loss) income attributable to Alibaba Group Holding Limited	(16,116)	23,644	3,443	62,249	72,783	10,598
Accretion of mezzanine equity	(125)	(128)	(19)	(290)	(274)	(40)
Net (loss) income attributable to ordinary shareholders	(16,241)	23,516	3,424	61,959	72,509	10,558
(Loss) Earnings per share attributable to ordinary shareholders(1)						
Basic	(0.76)	1.14	0.17	2.87	3.46	0.50
Diluted	(0.76)	1.12	0.16	2.84	3.43	0.50
(Loss) Earnings per ADS attributable to ordinary shareholders(1)						
Basic	(6.07)	9.11	1.33	22.99	27.65	4.03
Diluted	(6.07)	9.00	1.31	22.74	27.46	4.00
Weighted average number of shares used in calculating earnings per ordinary share (million shares)(1)						
Basic	21,401	20,651		21,558	20,980	
Diluted	21,401	20,882		21,787	21,114	

(1) Each ADS represents eight ordinary shares.

ALIBABA GROUP HOLDING LIMITED
UNAUDITED CONSOLIDATED BALANCE SHEETS

	As of March 31,	As of March 31,	
	2022	2023	
	RMB	RMB	US$
		(in millions)	
Assets			
Current assets:			
Cash and cash equivalents	189,898	193,086	28,115
Short-term investments	256,514	326,492	47,541
Restricted cash and escrow receivables	37,455	36,424	5,304
Equity securities and other investments	8,673	4,892	712
Prepayments, receivables and other assets[(1)]	145,995	137,072	19,960
Total current assets	638,535	697,966	101,632
Equity securities and other investments	223,611	245,737	35,782
Prepayments, receivables and other assets	113,147	110,926	16,152
Investment in equity method investees	219,642	207,380	30,197
Property and equipment, net	171,806	176,031	25,632
Intangible assets, net	59,231	46,913	6,831
Goodwill	269,581	268,091	39,037
Total assets	1,695,553	1,753,044	255,263
Liabilities, Mezzanine Equity and Shareholders' Equity			
Current liabilities:			
Current bank borrowings	8,841	7,466	1,087
Current unsecured senior notes	—	4,800	699
Income tax payable	21,753	12,543	1,826
Accrued expenses, accounts payable and other liabilities	271,460	275,950	40,182
Merchant deposits	14,747	13,297	1,936
Deferred revenue and customer advances	66,983	71,295	10,381
Total current liabilities	383,784	385,351	56,111

ALIBABA GROUP HOLDING LIMITED
UNAUDITED CONSOLIDATED BALANCE SHEETS (CONTINUED)

	As of March 31, 2022	As of March 31, 2023	
	RMB	RMB	US$
		(in millions)	
Deferred revenue	3,490	3,560	518
Deferred tax liabilities	61,706	61,745	8,991
Non-current bank borrowings	38,244	52,023	7,575
Non-current unsecured senior notes	94,259	97,065	14,134
Other liabilities	31,877	30,379	4,424
Total liabilities	613,360	630,123	91,753
Commitments and contingencies			
Mezzanine equity	9,655	9,858	1,435
Shareholders' equity:			
Ordinary shares	1	1	—
Additional paid-in capital	410,506	416,880	60,702
Treasury shares at cost	(2,221)	(28,763)	(4,188)
Subscription receivables	(46)	(49)	(7)
Statutory reserves	9,839	12,977	1,890
Accumulated other comprehensive loss	(33,157)	(10,417)	(1,517)
Retained earnings	563,557	599,028	87,225
Total shareholders' equity	948,479	989,657	144,105
Noncontrolling interests	124,059	123,406	17,970
Total equity	1,072,538	1,113,063	162,075
Total liabilities, mezzanine equity and equity	1,695,553	1,753,044	255,263

(1) Includes dividend from Ant Group in the amount of RMB3,945 million as of March 31, 2022. Ant Group declared a dividend to its shareholders in March 2022 following shareholder approval.

ALIBABA GROUP HOLDING LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,			Year ended March 31,		
	2022	2023		2022	2023	
	RMB	RMB	US$	RMB	RMB	US$
		(in millions)			(in millions)	
Net cash (used in) provided by operating activities	(7,040)	31,401	4,572	142,759	199,752	29,086
Net cash used in investing activities	(87,254)	(26,808)	(3,904)	(198,592)	(135,506)	(19,731)
Net cash used in financing activities	(10,614)	(9,319)	(1,357)	(64,449)	(65,619)	(9,555)
Effect of exchange rate changes on cash and cash equivalents, restricted cash and escrow receivables	(913)	(1,201)	(174)	(8,834)	3,530	514
(Decrease) Increase in cash and cash equivalents, restricted cash and escrow receivables	(105,821)	(5,927)	(863)	(129,116)	2,157	314
Cash and cash equivalents, restricted cash and escrow receivables at beginning of period	333,174	235,437	34,282	356,469	227,353	33,105
Cash and cash equivalents, restricted cash and escrow receivables at end of period	227,353	229,510	33,419	227,353	229,510	33,419

ALIBABA GROUP HOLDING LIMITED
RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE U.S. GAAP MEASURES

The table below sets forth a reconciliation of our net (loss) income to adjusted EBITA and adjusted EBITDA for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2022	2023		2022	2023	
	RMB	RMB	US$	RMB	RMB	US$
		(in millions)			(in millions)	
Net (loss) income	**(18,357)**	**21,996**	**3,203**	**47,079**	**65,573**	**9,548**
Adjustments to reconcile net (loss) income to adjusted EBITA and adjusted EBITDA:						
Interest and investment income, net	36,708	(10,496)	(1,528)	15,702	11,071	1,612
Interest expense	1,189	1,736	253	4,909	5,918	862
Other income, net	(1,620)	(1,308)	(191)	(10,523)	(5,823)	(848)
Income tax expenses	2,079	3,758	547	26,815	15,549	2,264
Share of results of equity method investees	(3,282)	(446)	(65)	(14,344)	8,063	1,174
Income from operations	**16,717**	**15,240**	**2,219**	**69,638**	**100,351**	**14,612**
Share-based compensation expense	(3,737)	7,546	1,099	23,971	30,831	4,489
Amortization and impairment of intangible assets	2,831	2,494	363	11,647	13,504	1,967
Impairment of goodwill	—	—	—	25,141	2,714	395
Equity-settled donation expense	—	—	—	—	511	75
Adjusted EBITA	**15,811**	**25,280**	**3,681**	**130,397**	**147,911**	**21,538**
Depreciation and impairment of property and equipment, and operating lease cost relating to land use rights	7,562	6,843	996	27,808	27,799	4,047
Adjusted EBITDA	**23,373**	**32,123**	**4,677**	**158,205**	**175,710**	**25,585**

ALIBABA GROUP HOLDING LIMITED
RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE U.S. GAAP MEASURES (CONTINUED)

The table below sets forth a reconciliation of our net (loss) income to non-GAAP net income for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2022	2023		2022	2023	
	RMB	RMB	US$	RMB	RMB	US$
		(in millions)			(in millions)	
Net (loss) income	**(18,357)**	**21,996**	**3,203**	**47,079**	**65,573**	**9,548**
Adjustments to reconcile net (loss) income to non-GAAP net income:						
Share-based compensation expense	(3,737)	7,546	1,099	23,971	30,831	4,489
Amortization and impairment of intangible assets	2,831	2,494	363	11,647	13,504	1,967
Impairment of goodwill and investments	5,303	7,290	1,061	40,264	24,351	3,546
Loss (Gain) on deemed disposals/disposals/ revaluation of investments and others	37,845	(11,804)	(1,719)	21,671	13,857	2,017
Equity-settled donation expense	-	-	-	-	511	75
Tax effects [(1)]	(4,086)	(147)	(21)	(8,244)	(7,248)	(1,056)
Non-GAAP net income	**19,799**	**27,375**	**3,986**	**136,388**	**141,379**	**20,586**

(1) Tax effects primarily comprises tax effects relating to share-based compensation expense, amortization and impairment of intangible assets and certain gains and losses from investments, and others.

ALIBABA GROUP HOLDING LIMITED
RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE U.S. GAAP MEASURES (CONTINUED)

The table below sets forth a reconciliation of our diluted (loss) earnings per share/ADS to non-GAAP diluted earnings per share/ADS for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2022	2023		2022	2023	
	RMB	RMB	US$	RMB	RMB	US$
	(in millions, except per share data)			(in millions, except per share data)		
Net (loss) income attributable to ordinary shareholders – basic	**(16,241)**	**23,516**	**3,424**	**61,959**	**72,509**	**10,558**
Dilution effect on earnings arising from share-based awards operated by equity method investees and subsidiaries	(8)	(29)	(4)	(37)	(38)	(5)
Net (loss) income attributable to ordinary shareholders – diluted	(16,249)	23,487	3,420	61,922	72,471	10,553
Non-GAAP adjustments to net income attributable to ordinary shareholders(1)	37,703	4,469	651	81,593	71,520	10,414
Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS	**21,454**	**27,956**	**4,071**	**143,515**	**143,991**	**20,967**
Weighted average number of shares on a diluted basis for computing non-GAAP diluted earnings per share/ADS (million shares)(4)	**21,599**	**20,882**		**21,787**	**21,114**	
Diluted (loss) earnings per share(2)(4)	**(0.76)**	**1.12**	**0.16**	**2.84**	**3.43**	**0.50**
Non-GAAP diluted earnings per share(3)(4)	**0.99**	**1.34**	**0.20**	**6.59**	**6.82**	**0.99**
Diluted (loss) earnings per ADS(2)(4)	**(6.07)**	**9.00**	**1.31**	**22.74**	**27.46**	**4.00**
Non-GAAP diluted earnings per ADS(3)(4)	**7.95**	**10.71**	**1.56**	**52.69**	**54.56**	**7.94**

(1) See the table above for the reconciliation of net (loss) income to non-GAAP net income for more information of these non-GAAP adjustments.

(2) Diluted (loss) earnings per share is derived from dividing net (loss) income attributable to ordinary shareholders by the weighted average number of shares, on a diluted basis. Diluted (loss) earnings per ADS is derived from the diluted (loss) earnings per share after adjusting for the ordinary share-to-ADS ratio.

(3) Non-GAAP diluted earnings per share is derived from dividing non-GAAP net income attributable to ordinary shareholders by the weighted average number of shares for computing non-GAAP diluted earnings per share, on a diluted basis. Non-GAAP diluted earnings per ADS is derived from the non-GAAP diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.

(4) Each ADS represents eight ordinary shares.

ALIBABA GROUP HOLDING LIMITED
RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE U.S. GAAP MEASURES (CONTINUED)

The table below sets forth a reconciliation of net cash (used in) provided by operating activities to free cash flow for the periods indicated:

	Three months ended March 31,			Year ended March 31,		
	2022	2023		2022	2023	
	RMB	RMB	US$	RMB	RMB	US$
		(in millions)			(in millions)	
Net cash (used in) provided by operating activities	**(7,040)**	**31,401**	**4,572**	**142,759**	**199,752**	**29,086**
Less: Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(9,201)	(2,513)	(366)	(42,028)	(30,373)	(4,423)
Less: Purchase of intangible assets (excluding those acquired through acquisitions)	—	—	—	(15)	(22)	(3)
Less: Changes in the consumer protection fund deposits	1,171	3,379	492	(1,842)	2,306	336
Free cash flow	**(15,070)**	**32,267**	**4,698**	**98,874**	**171,663**	**24,996**

APPENDIX II

RECENT DEVELOPMENTS IN THE ISSUER'S BUSINESS

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

1. Overview

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

On 31 March 2023, UBS Group's common equity tier 1 ("**CET1**") capital ratio was 13.9%, the CET1 leverage ratio was 4.40%, and the total loss-absorbing capacity ratio was 34.3%.[1] On the same date, invested assets stood at USD 4,160 billion, equity attributable to shareholders was USD 56,754 million and market capitalisation was USD 64,322 million. On the same date, UBS employed 73,814 people.[2]

On 31 March 2023, UBS AG consolidated CET1 capital ratio was 13.3%, the CET1 leverage ratio was 4.20%, and the total loss-absorbing capacity ratio was 33.5%.[1] On the same date, invested assets stood at USD 4,160 billion and equity attributable to UBS AG shareholders was USD 58,386 million. On the same date, UBS AG Group employed 48,105 people. [1]

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

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

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

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

No profit forecasts or estimates are included in this document.

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

2. Information about the Issuer

2.1 Corporate Information

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

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

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

According to article 2 of the articles of association of UBS AG dated as of 4 April 2023 ("**Articles of Association**"), the purpose of UBS AG is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, trading and service activities in Switzerland and abroad. UBS AG may establish branches and representative offices as well as banks, finance companies and other enterprises of any kind in Switzerland and abroad, hold equity interests in these companies, and conduct their management. UBS AG is authorized to acquire, mortgage and sell real estate and building rights in Switzerland and abroad. UBS AG may borrow and invest money on the capital markets. UBS AG is part of the group of companies controlled by the group parent company UBS Group AG. It may promote the interests of the group parent company or other group companies. It may provide loans, guarantees and other kinds of financing and security for group companies.

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, 8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, 4051 Basel, Switzerland, telephone +41 61 288 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 2022.

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. On 12 June 2023, Credit Suisse Group AG merged with and into UBS Group AG (Absorptionsfusion), becoming the holding company of Credit Suisse AG. UBS expects further changes to the Group's legal structure following such acquisition.

UBS Group AG's interests in subsidiaries and other entities as of 31 December 2022, including interests in significant subsidiaries, are discussed in "Note 28 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 2022 published on 06 March 2023 ("**Annual Report 2022**").

UBS AG's interests in subsidiaries and other entities as of 31 December 2022, including interests in significant subsidiaries, are discussed in "Note 28 Interests in subsidiaries and other entities" to the UBS AG's consolidated financial statements included in the Annual Report 2022.

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 2022.

- *Global Wealth Management* provides financial services, advice and solutions to private wealth clients. Its offering ranges from investment management to estate planning and corporate finance advice, in addition to specific wealth management and banking products and services.
- *Personal & Corporate Banking* serves its private, corporate, and institutional clients' needs, from banking to retirement, financing, investments and strategic transactions, in Switzerland, through its branch network and digital channels.

- *Asset Management* is a global, large-scale and diversified asset manager. It offers investment capabilities and styles across all major traditional and alternative asset classes, as well as advisory support to institutions, wholesale intermediaries and wealth management clients.
- *The Investment Bank* provides a range of services to institutional, corporate and wealth management clients globally, to help them raise capital, grow their businesses, invest and manage risks. Its offering includes research, advisory services, facilitating clients raising debt and equity from the public and private markets and capital markets, cash and derivatives trading across equities and fixed income, and financing.
- *Group Functions* is made up of the following major areas: Group Services (which consists of Chief Digital and Information Office, Communications & Branding, Compliance, Finance, Group Sustainability and Impact, Human Resources, Group Legal, Regulatory & Governance, and Risk Control), 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 2022, 2021, and 2020 from the Annual Report 2022, except where noted. The selected consolidated financial information included in the table below for the quarter ended 31 March 2023 and 31 March 2022 was derived from the UBS AG First Quarter 2023 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 2022, 2021, and 2020 which is indicated as being unaudited in the table below was included in the Annual Report 2022, 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 2022 and the UBS AG First Quarter 2023 Report and should not rely solely on the summarized information set out below.

	As of or for the quarter ended		As of or for the year ended		
USD million, except where indicated	31.3.23	31.3.22	31.12.22	31.12.21	31.12.20
	unaudited		*audited, except where indicated*		
Results					
Income statement					

Total revenues [1]	8,844	9,494	34,915	35,828	33,474
Net interest income	1,388	1,746	6,517	6,605	5,788
Net fee and commission income	4,628	5,384	19,023	22,438	19,207
Other net income from financial instruments measured at fair value through profit or loss	2,673	2,225	7,493	5,844	6,930
Credit loss expense / (release)	38	18	29	(148)	695
Operating expenses	7,350	6,916	25,927	27,012	25,081
Operating profit / (loss) before tax	1,456	2,559	8,960	8,964	7,699
Net profit / (loss) attributable to shareholders	1,004	2,004	7,084	7,032	6,196
Balance sheet					
Total assets	1,056,758		1,105,436	1,116,145	1,125,327
Total financial liabilities measured at amortized cost	692,071		705,442	744,762	732,364
of which: customer deposits	507,844		527,171	544,834	527,929
of which: debt issued measured at amortized cost	54,733		59,499	82,432	85,351
of which: subordinated debt [2]	2,975		2,968	5,163	7,744
Total financial liabilities measured at fair value through profit or loss	297,391		333,382	300,916	325,080
of which: debt issued designated at fair value	74,974		71,842	71,460	59,868
Loans and advances to customers	395,429		390,027	398,693	380,977
Total equity	58,738		56,940	58,442	58,073
Equity attributable to shareholders	58,386		56,598	58,102	57,754
Profitability and growth					
Return on equity (%) [3]	7.0	13.8	12.6*	12.3*	10.9*
Return on tangible equity (%) [4]	7.8	15.5	14.2*	13.9*	12.4*
Return on common equity tier 1 capital (%) [5]	9.4	19.3	16.8*	17.6*	16.6*
Return on leverage ratio denominator, gross (%) [6, 7]	3.5	3.5	3.4*	3.4*	3.4*
Cost / income ratio (%) [8]	83.1	72.8	74.3*	75.4*	74.9*
Net profit growth (%) [9]	(49.9)	17.2	0.7*	13.5*	56.3*
Resources					
Common equity tier 1 capital [10]	42,801	41,577	42,929	41,594	38,181
Risk-weighted assets [10]	321,224	309,374	317,823*	299,005*	286,743*
Common equity tier 1 capital ratio (%) [10]	13.3	13.4	13.5*	13.9*	13.3*
Going concern capital ratio (%) [10]	17.2	18.1	17.2*	18.5*	18.3*
Total loss-absorbing capacity ratio (%) [10]	33.5	33.1	32.0*	33.3*	34.2*
Leverage ratio denominator [6, 10]	1,018,023	1,072,766	1,029,561*	1,067,679*	1,036,771*
Common equity tier 1 leverage ratio (%) [6, 10]	4.20	3.88	4.17*	3.90*	3.68*
Other					
Invested assets (USD billion) [11]	4,160	4,380	3,957	4,596	4,187
Personnel (full-time equivalents)	48,105	47,139	47,628*	47,067*	47,546*

* unaudited

[1] 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*.
[2] Information for year ended 31 December 2020 is derived from the Annual Report 2021.
[3] 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.
[4] 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.
[5] 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.
[6] Leverage ratio denominators and leverage ratios for year 2020 do not reflect the effects of the temporary exemption that applied from 25 March 2020 until 1 January 2021 and was granted by FINMA in connection with COVID-19.
[7] Calculated as annualized 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.
[8] 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.
[9] Calculated as the change in net profit attributable to shareholders from continuing operations between current and comparison periods divided by net profit attributable to shareholders from continuing operations of the comparison period. This measure provides information about profit growth since the comparison period.
[10] Based on the applicable Swiss systemically relevant bank framework as of 1 January 2020.
[11] Consists of invested assets for Global Wealth Management, Asset Management and Personal & Corporate Banking. Calculated as the sum of managed fund assets, managed institutional assets, discretionary and advisory wealth management portfolios, fiduciary deposits, time deposits, savings accounts, and wealth management securities or brokerage accounts. This measure provides information about the volume of client assets managed by or deposited with UBS for investment purposes.

3.4.2 Regulatory, legal and other developments

Refer to "*Recent developments*" and "*Acquisition of Credit Suisse*" in the UBS Group First Quarter 2023 Report and to the registration statement of UBS Group AG filed with the SEC on Form F-4 on 9 June 2023, and any subsequent amendment, excluding the annexes thereto, as well as to "*Our environment*" and "*Regulatory and legal developments*" in the Annual Report 2022, for further information on key regulatory, legal and other developments.

3.5 Trend Information

For information on trends, refer to "*Outlook*" under "*Group performance*" in the UBS Group First Quarter 2023 Report, as well as to the "*Our environment*" section, and to "*Top and emerging risks*" in the "*Risk management and control*" section of the Annual Report 2022. In addition, please refer to the "*Risk factors*" and the "*Recent Developments*" sections of the Annual Report 2022 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.

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

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

4.1 Board of Directors

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

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

4.1.1 Members of the Board of Directors

The current members of the BoD are listed below.

Member	Title	Term of office	Current principal activities outside UBS AG
Colm Kelleher	Chairman	2024	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; member of the Chief Executive's Advisory Council (Hong Kong).
Lukas Gähwiler	Vice Chairman	2024	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; 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 board of the Swiss Finance Council; member of the Board of Trustees of Avenir Suisse.
Jeremy Anderson	Member	2024	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	2024	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	2024	Member of the Board of Directors of UBS Group AG; member of the board of Treliant LLC; senior advisor to the Griswold Center for Economic Policy Studies at Princeton

			University; member of the Group of Thirty; member of the Council on Foreign Relations; chair of the Bretton Woods Committee board of directors; member of the board of the Council for Economic Education; Opinion writer and consultant to Bloomberg Economics, Bloomberg.
Patrick Firmenich	Member	2024	Member of the Board of Directors of UBS Group AG; vice chairman of the board of DSM-Firmenich (chair of the nomination committee); 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	2024	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; 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	2024	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	2024	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; member of the Board of Directors of Fondation Leopold Bellan.
Julie G. Richardson	Member	2024	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; member of the Board of Checkout.com.
Dieter Wemmer	Member	2024	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	2024	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
Sergio P. Ermotti UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	President of the Executive Board	Member of the Group Executive Board and Group Chief Executive Officer of UBS Group AG; member of the Board of Ermenegildo Zegna N.V. (Lead Non-Executive Director); member of the Board of Innosuisse – Swiss Innovation Agency.
Michelle Bereaux UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Integration Officer	Member of the Group Executive Board and Group Integration Officer of UBS Group AG.
Christian Bluhm UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	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 UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Operations and Technology Officer	Member of the Group Executive Board and Group Chief Operations and Technology Officer of UBS Group AG; President of the Executive Board and board member of UBS Business Solutions AG; member of the Board of UBS Optimus Foundation; member of the Board of Directors of Done Next Holdings AG; member of the Board of Trustees of the Inter-Community School Zurich.
Suni Harford UBS AG, 1285 Avenue of the Americas, New 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.
Naureen Hassan UBS AG, 1285 Avenue of the Americas, New York, NY 10019 USA	President UBS Americas	Member of the Group Executive Board and President UBS Americas of UBS Group AG; CEO and member of the Board of UBS Americas Holding LLC; member of the Board of the Securities Industry and Financial Markets Association; member of the Board of Ownership Works.
Robert Karofsky	President Investment Bank	Member of the Group Executive Board and President Investment Bank of UBS Group AG; member of the board of UBS Americas Holding

UBS AG, 1285 Avenue of the Americas, New York, NY 10019, USA		LLC; member of the board of UBS Optimus Foundation; trustee of the UBS Americas Inc. Political Action Committee.
Iqbal Khan UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	President Global Wealth Management	Member of the Group Executive Board, President Global Wealth Management of UBS Group AG; member of the Supervisory Board of UBS Europe SE; member of the board of UBS Optimus Foundation; board member of Room to Read Switzerland.
Edmund Koh UBS AG, One Raffles Quay North Tower, Singapore 048583	President UBS Asia Pacific	Member of the Group Executive Board and President UBS Asia Pacific of UBS Group AG; member of the Board of Trustees of the Wealth Management Institute, Singapore; board member of Next50 Limited, Singapore; board member of Medico Suites (S) Pte Ltd; board member of Curbside 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.
Barbara Levi UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	General Counsel	Member of the Group Executive Board and Group General Counsel of UBS Group AG; member of the 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.
Beatriz Martin Jimenez UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Head Non-Core and Legacy and President UBS Europe, Middle East and Africa	Member of the Group Executive Board, Head Non-Core and Legacy and President UBS Europe, Middle East and Africa of UBS Group AG; member of the Advisory Board of the Frankfurt School of Finance & Management, Frankfurt; member of the Leadership Council, TheCityUK, London.
Markus Ronner UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Compliance and Governance Officer	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.
Stefan Seiler UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Head Human Resources and Corporate Services	Member of the Group Executive Board and Group Head Human Resources and Corporate Services of UBS Group AG; member of the UBS Center for Economics in Society at the University of Zurich Foundation Council; chairman of the Foundation Board of the Swiss Finance Institute; member of the Foundation Board of the UBS Swiss Pension Fund; Adjunct Professor for Leadership and

		Strategic Human Resource Management, Nanyang Business School, Singapore.
Todd Tuckner UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland	Chief Financial Officer	Member of the Group Executive Board and Group Chief Financial Officer of UBS Group AG.

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 7 April 2021, 5 April 2022 and 4 April 2023, 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 2022 is available in the section "*UBS AG consolidated financial statements*" of the Annual Report 2022 and in the UBS AG's standalone financial statements for the year ended 31 December 2022 (the "**Standalone Financial Statements 2022**"), respectively; and for financial year 2021 it is available in the "*UBS AG consolidated financial statements*" section of the UBS Group AG and UBS AG annual report 2021, published on 6 March 2022 ("**Annual Report 2021**") and in the UBS AG's standalone financial statements for the year ended 31 December 2021 published on 6 March 2022 (the "**Standalone Financial Statements 2021**"). 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 2022 and 2021 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 377-382 (inclusive) of the Annual Report 2022. 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 35-39 (inclusive) of the Standalone Financial Statements 2022.

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 2022.

7.3 Interim Financial Information

Reference is also made to the UBS Group AG first quarter 2023 report published on 25 April 2023 ("**UBS Group First Quarter 2023 Report**"), and the UBS AG first quarter 2023 report published on 27 April 2023 ("**UBS AG First Quarter 2023 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 2023. 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 13 Provisions and contingent liabilities*" to the UBS AG unaudited interim consolidated financial statements included in the UBS AG First Quarter 2023 Report. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

7.5 Material Contracts

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

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

Except as otherwise indicated in this document (including the documents incorporated herein by reference), no material changes have occurred in UBS AG's assets and liabilities, financial position or profits and losses since 31 March 2023.

8. Share Capital

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

9. Documents Available

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

APPENDIX III

EXTRACT OF
THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
UBS AG AND ITS SUBSIDIARIES
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

UBS AG interim consolidated financial statements (unaudited)

Income statement

		For the quarter ended		
USD m	Note	31.3.23	31.12.22	31.3.22
Interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	3	4,815	4,196	2,145
Interest expense from financial instruments measured at amortized cost	3	(3,853)	(2,989)	(809)
Net interest income from financial instruments measured at fair value through profit or loss and other	3	426	365	410
Net interest income	3	1,388	1,572	1,746
Other net income from financial instruments measured at fair value through profit or loss		2,673	1,856	2,225
Fee and commission income	4	5,076	4,772	5,868
Fee and commission expense	4	(447)	(413)	(485)
Net fee and commission income	4	4,628	4,360	5,384
Other income		155	290	139
Total revenues		8,844	8,078	9,494
Credit loss expense / (release)	8	38	7	18
Personnel expenses	5	3,898	3,468	4,233
General and administrative expenses	6	2,983	2,327	2,233
Depreciation, amortization and impairment of non-financial assets		469	488	449
Operating expenses		7,350	6,282	6,916
Operating profit / (loss) before tax		1,456	1,788	2,559
Tax expense / (benefit)	7	445	267	547
Net profit / (loss)		1,012	1,522	2,012
Net profit / (loss) attributable to non-controlling interests		8	4	8
Net profit / (loss) attributable to shareholders		1,004	1,518	2,004

Statement of comprehensive income

	For the quarter ended		
USD m	31.3.23	31.12.22	31.3.22
Comprehensive income attributable to shareholders			
Net profit / (loss)	1,004	1,518	2,004
Other comprehensive income that may be reclassified to the income statement			
Foreign currency translation			
Foreign currency translation movements related to net assets of foreign operations, before tax	224	1,687	(465)
Effective portion of changes in fair value of hedging instruments designated as net investment hedges, before tax	(126)	(794)	212
Foreign currency translation differences on foreign operations reclassified to the income statement	(1)	0	0
Effective portion of changes in fair value of hedging instruments designated as net investment hedges reclassified to the income statement	(1)	3	0
Income tax relating to foreign currency translations, including the effect of net investment hedges	(2)	(10)	2
Subtotal foreign currency translation, net of tax	95	886	(251)
Financial assets measured at fair value through other comprehensive income			
Net unrealized gains / (losses), before tax[1]	2	5	(439)
Net realized (gains) / losses reclassified to the income statement from equity	0	0	0
Income tax relating to net unrealized gains / (losses)	0	0	112
Subtotal financial assets measured at fair value through other comprehensive income, net of tax	2	6	(327)
Cash flow hedges of interest rate risk			
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	387	59	(2,465)[2]
Net (gains) / losses reclassified to the income statement from equity	349	210	(237)
Income tax relating to cash flow hedges	(130)	(43)	518
Subtotal cash flow hedges, net of tax	606	225	(2,184)
Cost of hedging			
Cost of hedging, before tax	(5)	(69)	77
Income tax relating to cost of hedging	0	3	0
Subtotal cost of hedging, net of tax	(5)	(66)	77
Total other comprehensive income that may be reclassified to the income statement, net of tax	698	1,051	(2,685)
Other comprehensive income that will not be reclassified to the income statement			
Defined benefit plans			
Gains / (losses) on defined benefit plans, before tax	33	(361)	128
Income tax relating to defined benefit plans	4	27	(17)
Subtotal defined benefit plans, net of tax	38	(333)	110
Own credit on financial liabilities designated at fair value			
Gains / (losses) from own credit on financial liabilities designated at fair value, before tax	69	(304)	423
Income tax relating to own credit on financial liabilities designated at fair value	(17)	71	0
Subtotal own credit on financial liabilities designated at fair value, net of tax	51	(233)	423
Total other comprehensive income that will not be reclassified to the income statement, net of tax	89	(566)	533
Total other comprehensive income	787	485	(2,152)
Total comprehensive income attributable to shareholders	1,791	2,003	(148)
Comprehensive income attributable to non-controlling interests			
Net profit / (loss)	8	4	8
Total other comprehensive income that will not be reclassified to the income statement, net of tax	5	13	18
Total comprehensive income attributable to non-controlling interests	13	17	26
Total comprehensive income			
Net profit / (loss)	1,012	1,522	2,012
Other comprehensive income	792	499	(2,134)
of which: other comprehensive income that may be reclassified to the income statement	*698*	*1,051*	*(2,685)*
of which: other comprehensive income that will not be reclassified to the income statement	*94*	*(553)*	*551*
Total comprehensive income	1,804	2,020	(121)

1 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. As a result, the related cumulative fair value losses of USD 449m pre-tax and USD 333m post-tax, previously recognized in Other comprehensive income, have been removed from equity and adjusted against the value of the assets at the reclassification date. 2 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	31.3.23	31.12.22
Assets			
Cash and balances at central banks		144,183	169,445
Loans and advances to banks		14,773	14,671
Receivables from securities financing transactions measured at amortized cost		60,010	67,814
Cash collateral receivables on derivative instruments	10	32,726	35,033
Loans and advances to customers	8	395,429	390,027
Other financial assets measured at amortized cost	11	49,289	53,389
Total financial assets measured at amortized cost		696,411	730,379
Financial assets at fair value held for trading	9	118,009	108,034
of which: assets pledged as collateral that may be sold or repledged by counterparties		*37,569*	*36,742*
Derivative financial instruments	9,10	114,253	150,109
Brokerage receivables	9	21,025	17,576
Financial assets at fair value not held for trading	9	66,511	59,408
Total financial assets measured at fair value through profit or loss		319,799	335,127
Financial assets measured at fair value through other comprehensive income	9	2,241	2,239
Investments in associates		1,114	1,101
Property, equipment and software		11,274	11,316
Goodwill and intangible assets		6,272	6,267
Deferred tax assets		9,281	9,354
Other non-financial assets	11	10,367	9,652
Total assets		1,056,758	1,105,436
Liabilities			
Amounts due to banks		13,595	11,596
Payables from securities financing transactions measured at amortized cost		9,870	4,202
Cash collateral payables on derivative instruments	10	32,240	36,436
Customer deposits		507,844	527,171
Funding from UBS Group AG measured at amortized cost	12	63,093	56,147
Debt issued measured at amortized cost	14	54,733	59,499
Other financial liabilities measured at amortized cost	11	10,695	10,391
Total financial liabilities measured at amortized cost		692,071	705,442
Financial liabilities at fair value held for trading	9	34,374	29,515
Derivative financial instruments	9,10	116,113	154,906
Brokerage payables designated at fair value	9	43,911	45,085
Debt issued designated at fair value	9,13	74,974	71,842
Other financial liabilities designated at fair value	9,11	28,018	32,033
Total financial liabilities measured at fair value through profit or loss		297,391	333,382
Provisions	15	3,886	3,183
Other non-financial liabilities	11	4,673	6,489
Total liabilities		998,021	1,048,496
Equity			
Share capital		338	338
Share premium		24,644	24,648
Retained earnings		32,863	31,746
Other comprehensive income recognized directly in equity, net of tax		541	(133)
Equity attributable to shareholders		58,386	56,598
Equity attributable to non-controlling interests		352	342
Total equity		58,738	56,940
Total liabilities and equity		1,056,758	1,105,436

Statement of changes in equity

USD m	Share capital and share premium	Retained earnings	OCI recognized directly in equity, net of tax[1]	*of which: foreign currency translation*	*of which: cash flow hedges*	Total equity attributable to shareholders
Balance as of 1 January 2023[2]	24,985	31,746	(133)	*4,098*	*(4,234)*	56,598
Premium on shares issued and warrants exercised	(5)[3]					(5)
Tax (expense) / benefit	1					1
Translation effects recognized directly in retained earnings		24	(24)		*(24)*	0
Share of changes in retained earnings of associates and joint ventures		0				0
New consolidations / (deconsolidations) and other increases / (decreases)	0					0
Total comprehensive income for the period		1,093	698	*95*	*606*	1,791
of which: net profit / (loss)		*1,004*				*1,004*
of which: OCI, net of tax		*89*	*698*	*95*	*606*	*787*
Balance as of 31 March 2023[2]	24,982	32,863	541	*4,193*	*(3,652)*	58,386
Non-controlling interests as of 31 March 2023						352
Total equity as of 31 March 2023						58,738
Balance as of 1 January 2022[2]	24,991	27,912	5,200	*4,617*	*628*	58,102
Tax (expense) / benefit	3					3
Translation effects recognized directly in retained earnings		1	(1)		*(1)*	0
Share of changes in retained earnings of associates and joint ventures		0				0
New consolidations / (deconsolidations) and other increases / (decreases)	5					5
Total comprehensive income for the period		2,537	(2,685)	*(251)*	*(2,184)*	(148)
of which: net profit / (loss)		*2,004*				*2,004*
of which: OCI, net of tax		*533*	*(2,685)*	*(251)*	*(2,184)*	*(2,152)*
Balance as of 31 March 2022[2]	24,998	30,450	2,514	*4,366*	*(1,556)*	57,962
Non-controlling interests as of 31 March 2022						356
Total equity as of 31 March 2022						58,319

1 Excludes other comprehensive income related to defined benefit plans and own credit that is recorded directly in Retained earnings. 2 Excludes non-controlling interests. 3 Includes decreases related to recharges by UBS Group AG for share-based compensation awards granted to employees of UBS AG or its subsidiaries.

Statement of cash flows

	Year-to-date	
USD m	31.3.23	31.3.22
Cash flow from / (used in) operating activities		
Net profit / (loss)	1,012	2,012
Non-cash items included in net profit and other adjustments:		
Depreciation, amortization and impairment of non-financial assets	469	449
Credit loss expense / (release)	38	0
Share of net profits of associates and joint ventures and impairment related to associates	(10)	4
Deferred tax expense / (benefit)	(37)	212
Net loss / (gain) from investing activities	(87)	19
Net loss / (gain) from financing activities	3,440	(4,599)
Other net adjustments	(806)	1,920
Net change in operating assets and liabilities:		
Loans and advances to banks and amounts due to banks	1,855	3,869
Securities financing transactions measured at amortized cost	13,493	7,011
Cash collateral on derivative instruments	(1,889)	(959)
Loans and advances to customers and customer deposits	(25,038)	3,793
Financial assets and liabilities at fair value held for trading and derivative financial instruments	(6,183)	8,197
Brokerage receivables and payables	(4,618)	5,081
Financial assets at fair value not held for trading and other financial assets and liabilities	(7,663)	(52)
Provisions and other non-financial assets and liabilities	(1,251)	(1,415)
Income taxes paid, net of refunds	(523)	(644)
Net cash flow from / (used in) operating activities	(27,798)	24,899
Cash flow from / (used in) investing activities		
Purchase of property, equipment and software	(330)	(371)
Purchase of financial assets measured at fair value through other comprehensive income	(1,092)	(1,645)
Disposal and redemption of financial assets measured at fair value through other comprehensive income	1,102	1,092
Net (purchase) / redemption of debt securities measured at amortized cost	(2,030)	(2,547)
Net cash flow from / (used in) investing activities	(2,350)	(3,472)
Cash flow from / (used in) financing activities		
Net short-term debt issued / (repaid)	(2,429)	(5,188)
Issuance of debt designated at fair value and long-term debt measured at amortized cost[1]	27,237	24,824
Repayment of debt designated at fair value and long-term debt measured at amortized cost[1]	(23,175)	(21,201)
Net cash flows from other financing activities	(120)	(219)
Net cash flow from / (used in) financing activities	1,513	(1,784)
Total cash flow		
Cash and cash equivalents at the beginning of the period	195,200	207,755
Net cash flow from / (used in) operating, investing and financing activities	(28,635)	19,644
Effects of exchange rate differences on cash and cash equivalents	746	(2,729)
Cash and cash equivalents at the end of the period[2]	167,311	224,669
of which: cash and balances at central banks[3]	144,099	*206,666*
of which: loans and advances to banks	13,311	*16,485*
of which: money market paper[4]	9,901	*1,518*
Additional information		
Net cash flow from / (used in) operating activities includes:		
Interest received in cash	7,064	2,889
Interest paid in cash	5,926	1,428
Dividends on equity investments, investment funds and associates received in cash[5]	525	456

1 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). 2 USD 4,137m and USD 4,359m of cash and cash equivalents (mainly reflected in Loans and advances to banks) were restricted as of 31 March 2023 and 31 March 2022, respectively. Refer to "Note 22 Restricted and transferred financial assets" in the "Consolidated financial statements" section of the Annual Report 2022 for more information. 3 Includes only balances with an original maturity of three months or less. 4 Money market paper is included in the balance sheet under Financial assets at fair value not held for trading (31 March 2023: USD 9,644m; 31 March 2022: USD 1,202m), Other financial assets measured at amortized cost (31 March 2023: USD 218m; 31 March 2022: USD 138m), Financial assets at fair value held for trading (31 March 2023: USD 39m; 31 March 2022: USD 63m), and Financial assets measured at fair value through other comprehensive income (31 March 2023: USD 0m; 31 March 2022: USD 115m). 5 Includes dividends received from associates reported within Net cash flow from / (used in) investing activities.

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

Note 1 Basis of accounting

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, and are presented in US dollars. These interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*.

In preparing these interim financial statements, the same accounting policies and methods of computation have been applied as in the UBS AG consolidated annual financial statements for the period ended 31 December 2022, except for the changes described in this Note. These interim financial statements are unaudited and should be read in conjunction with UBS AG's audited consolidated financial statements in the Annual Report 2022. In the opinion of management, all necessary adjustments have been made for a fair presentation of UBS AG's financial position, results of operations and cash flows.

Preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on the best available information. Actual results in the future could differ from such estimates and differences may be material to the financial statements. Revisions to estimates, based on regular reviews, are recognized in the period in which they occur. For more information about areas of estimation uncertainty that are considered to require critical judgment, refer to "Note 1a Material accounting policies" in the "Consolidated financial statements" section of the Annual Report 2022.

IFRS 17, *Insurance Contracts*

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

Other amendments to IFRS

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

Currency translation rates

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

	Closing exchange rate			Average rate[1]		
	As of			For the quarter ended		
	31.3.23	31.12.22	31.3.22	31.3.23	31.12.22	31.3.22
1 CHF	1.09	1.08	1.08	1.08	1.05	1.08
1 EUR	1.08	1.07	1.11	1.08	1.04	1.12
1 GBP	1.23	1.21	1.31	1.22	1.19	1.33
100 JPY	0.75	0.76	0.82	0.75	0.73	0.85

1 Monthly income statement items of operations with a functional currency other than the US dollar are translated into US dollars using month-end rates. Disclosed average rates for a quarter represent an average of three month-end rates, weighted according to the income and expense volumes of all operations of UBS AG with the same functional currency for each month. Weighted average rates for individual business divisions may deviate from the weighted average rates for UBS AG.

Note 2 Segment reporting

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	UBS AG
For the quarter ended 31 March 2023[1]						
Net interest income	1,491	705	(8)	(500)	(301)	1,388
Non-interest income	3,301	572	510	2,845	228	7,456
Total revenues	4,792	1,278	502	2,345	(73)	8,844
Credit loss expense / (release)	15	16	0	7	0	38
Operating expenses	3,578	665	408	1,883	816	7,350
Operating profit / (loss) before tax	**1,199**	**597**	**94**	**455**	**(889)**	**1,456**
Tax expense / (benefit)						445
Net profit / (loss)						**1,012**
As of 31 March 2023[1]						
Total assets	**376,644**	**238,131**	**18,175**	**362,219**	**61,589**	**1,056,758**
For the quarter ended 31 March 2022[1]						
Net interest income	1,141	535	(4)	133	(60)	1,746
Non-interest income	3,763	552	582	2,777	74	7,748
Total revenues	4,904	1,087	578	2,910	14	9,494
Credit loss expense / (release)	(7)	23	0	4	0	18
Operating expenses	3,629	644	402	1,999	242	6,916
Operating profit / (loss) before tax	**1,283**	**420**	**176**	**908**	**(227)**	**2,559**
Tax expense / (benefit)						547
Net profit / (loss)						**2,012**
As of 31 December 2022[1]						
Total assets	**388,624**	**235,330**	**16,971**	**391,495**	**73,016**	**1,105,436**

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

Note 3 Net interest income

	For the quarter ended		
USD m	31.3.23	31.12.22	31.3.22
Interest income from loans and deposits[1]	4,145	3,562	1,661
Interest income from securities financing transactions measured at amortized cost[2]	766	636	118
Interest income from other financial instruments measured at amortized cost	259	207	72
Interest income from debt instruments measured at fair value through other comprehensive income	23	14	41
Interest income from derivative instruments designated as cash flow hedges	(376)	(223)	253
Total interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	4,815	4,196	2,145
Interest expense on loans and deposits[3]	2,909	2,216	429
Interest expense on securities financing transactions measured at amortized cost[4]	365	295	224
Interest expense on debt issued	555	455	135
Interest expense on lease liabilities	25	24	22
Total interest expense from financial instruments measured at amortized cost	3,853	2,989	809
Total net interest income from financial instruments measured at amortized cost and fair value through other comprehensive income	962	1,207	1,336
Net interest income from financial instruments measured at fair value through profit or loss and other	426	365	410
Total net interest income	1,388	1,572	1,746

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

Note 4 Net fee and commission income

	For the quarter ended		
USD m	31.3.23	31.12.22	31.3.22
Underwriting fees	149	121	203
M&A and corporate finance fees	178	196	237
Brokerage fees	880	759	1,078
Investment fund fees	1,178	1,148	1,388
Portfolio management and related services	2,210	2,121	2,463
Other	480	427	501
Total fee and commission income[1]	5,076	4,772	5,868
of which: recurring	*3,413*	*3,324*	*3,860*
of which: transaction-based	*1,639*	*1,424*	*1,989*
of which: performance-based	*24*	*24*	*19*
Fee and commission expense	447	413	485
Net fee and commission income	4,628	4,360	5,384

1 Reflects third-party fee and commission income for the first quarter of 2023 of USD 3,145m for Global Wealth Management (fourth quarter of 2022: USD 2,965m; first quarter of 2022: USD 3,637m), USD 449m for Personal & Corporate Banking (fourth quarter of 2022: USD 390m; first quarter of 2022: USD 447m), USD 687m for Asset Management (fourth quarter of 2022: USD 676m; first quarter of 2022: USD 762m), USD 791m for the Investment Bank (fourth quarter of 2022: USD 738m; first quarter of 2022: USD 1,018m) and USD 3m for Group Functions (fourth quarter of 2022: USD 4m; first quarter of 2022: USD 4m).

Note 5 Personnel expenses

	For the quarter ended		
USD m	31.3.23	31.12.22	31.3.22
Salaries and variable compensation[1]	3,356	3,013	3,685
of which: variable compensation – financial advisors[2]	*1,111*	*1,073*	*1,220*
Contractors	27	32	28
Social security	220	159	228
Post-employment benefit plans	174	113	182
Other personnel expenses	122	151	109
Total personnel expenses	3,898	3,468	4,233

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

Note 6 General and administrative expenses

	For the quarter ended		
USD m	31.3.23	31.12.22	31.3.22
Outsourcing costs	124	120	106
Technology costs	132	133	122
Consulting, legal and audit fees	108	151	104
Real estate and logistics costs	119	135	124
Market data services	99	94	93
Marketing and communication	34	76	31
Travel and entertainment	49	55	19
Litigation, regulatory and similar matters[1]	721	50	57
Other	1,596	1,514	1,577
of which: shared services costs charged by UBS Group AG or its subsidiaries	*1,385*	*1,288*	*1,390*
Total general and administrative expenses	2,983	2,327	2,233

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

Note 7 Income taxes

UBS AG recognized income tax expenses of USD 445m for the first quarter of 2023, representing an effective tax rate of 30.5%, compared with USD 547m and an effective tax rate of 21.4% for the first quarter of 2022.

Current tax expenses were USD 481m, compared with USD 335m. Current tax expenses included USD 359m in respect of the taxable profits of UBS Switzerland AG and other entities and USD 122m in respect of the US Corporate Alternative Minimum Tax (CAMT) that was introduced effective 1 January 2023.

There was a net deferred tax benefit of USD 37m, compared with a deferred tax expense of USD 212m. This includes a benefit of USD 122m that resulted from the recognition of deferred tax assets (DTAs) for tax credits carried forward in relation to CAMT and a benefit of USD 60m in respect of an increase in the expected value of future tax deductions for deferred compensation awards, due to an increase in the Group's share price during the quarter. These benefits were partly offset by expenses of USD 145m that primarily relate to the amortization of DTAs previously recognized in relation to tax losses carried forward and deductible temporary differences of UBS Americas Inc. The pre-tax expense that was recognized in respect of the increase in provisions related to the US residential mortgage-backed securities litigation matter did not result in any tax benefit.

Note 8 Expected credit loss measurement

a) Credit loss expense / release

Total net credit loss expenses in the first quarter of 2023 were USD 38m, reflecting USD 26m net credit loss expenses related to stage 1 and 2 positions and USD 12m net credit loss expenses related to stage 3 positions, primarily in the Investment Bank.

Stage 1 and 2 net expenses of USD 26m included scenario-update-related expenses of USD 21m, primarily for real estate lending due to less optimistic house price forecasts and, to a lesser extent, lending to SME clients due to rising interest rates.

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

Scenarios and scenario weights

The expected credit loss (ECL) scenarios, along with their related macroeconomic factors and market data, were reviewed in light of the economic and political conditions prevailing in the first quarter of 2023 through a series of governance meetings, with input and feedback from UBS AG Risk and Finance experts across the business divisions and regions. UBS AG decided to apply the same scenarios (baseline, stagflationary geopolitical crisis, global crisis, asset price inflation) and weights in the first quarter of 2023 as in the fourth quarter of 2022. Refer to the table below for scenarios and weights applied.

The baseline scenario was updated with the latest macroeconomic data as of 31 March 2023. The assumptions on a calendar-year basis are included in the table below and imply a weaker economic forecast for 2023, mainly in the US, and less optimistic house price forecasts in the US and Switzerland, compared with 31 December 2022.

The global crisis scenario, the stagflationary geopolitical crisis scenario and the asset price inflation scenario were updated with current macroeconomic factors, resulting overall in modest allowances increases in real estate lending.

Post-model adjustments

Total stage 1 and 2 allowances and provisions amounted to USD 555m as of 31 March 2023 and included post-model adjustments (PMA) of USD 128m (31 December 2022: USD 131m).

The PMA represent uncertainty and risk, heightened geopolitical tensions, stagflation, and recession risk, as well as the recent volatility in the banking system, which cannot be fully and reliably modeled.

Comparison of shock factors

	Baseline		
Key parameters	2022	2023	2024
Real GDP growth (annual percentage change)			
US	2.0	0.6	0.3
Eurozone	3.5	0.8	1.0
Switzerland	2.0	0.7	1.0
Unemployment rate (%, annual average)			
US	3.7	3.8	5.1
Eurozone	6.7	6.7	6.9
Switzerland	2.2	2.2	2.5
Fixed income: 10-year government bonds (%, Q4)			
USD	3.9	3.4	3.3
EUR	2.6	2.2	2.2
CHF	1.6	1.3	1.4
Real estate (annual percentage change, Q4)			
US	6.4	(2.3)	2.0
Eurozone	3.4	(2.0)	2.8
Switzerland	3.6	1.5	0.0

Economic scenarios and weights applied

	Assigned weights in %		
ECL scenario	31.3.23	31.12.22	31.3.22
Asset price inflation	0.0	0.0	0.0
Baseline	60.0	60.0	55.0
Severe global interest rate steepening	–	–	25.0
Stagflationary geopolitical crisis	25.0	25.0	–
Global crisis	15.0	15.0	20.0

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

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

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

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

Note 8 Expected credit loss measurement (continued)

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

1 The carrying amount of financial assets measured at amortized cost represents the total gross exposure net of the respective ECL allowances. 2 Effective 1 April 2022, a portfolio of assets previously classified as Financial assets measured at fair value through other comprehensive income was reclassified to Other financial assets measured at amortized cost. Refer to Note 10a for more information.

Note 8 Expected credit loss measurement (continued)

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

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

Coverage ratios for core loan portfolio — 31.3.23

	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	159,580	149,744	9,102	734	11	3	113	9	344
Real estate financing	48,714	45,177	3,529	8	9	4	69	9	22
Total real estate lending	208,294	194,921	12,631	742	10	3	101	9	341
Large corporate clients	13,082	11,236	1,424	422	106	18	115	29	2,424
SME clients	13,853	11,811	1,461	581	175	25	168	41	3,253
Total corporate lending	26,936	23,047	2,886	1,003	142	22	142	35	2,904
Lombard	128,985	128,912	0	74	2	1	0	1	2,286
Credit cards	1,868	1,426	391	52	201	56	255	99	3,793
Commodity trade finance	3,149	3,028	20	101	305	18	11	17	9,001
Other loans and advances to customers	27,002	26,085	825	92	18	7	24	8	3,117
Loans to financial advisors	2,626	2,329	123	174	206	26	145	32	2,659
Total other lending	163,630	161,778	1,360	492	16	3	101	4	4,109
Total[1]	398,859	379,746	16,876	2,237	22	4	108	9	2,319

	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	6,377	6,163	212	3	6	5	28	6	340
Real estate financing	9,298	9,101	197	0	7	8	0	7	0
Total real estate lending	15,675	15,263	409	3	6	7	0	6	340
Large corporate clients	31,375	28,390	2,821	165	38	18	190	34	830
SME clients	7,674	7,124	470	80	55	30	245	44	1,114
Total corporate lending	39,049	35,514	3,290	245	41	21	198	36	923
Lombard	12,456	12,455	0	1	1	1	0	1	0
Credit cards	9,567	9,078	486	3	8	6	36	8	0
Commodity trade finance	2,187	2,187	0	0	4	4	0	4	0
Financial intermediaries and hedge funds	18,159	17,680	479	0	7	5	80	7	0
Other off-balance sheet commitments	11,483	11,086	380	17	18	7	66	9	0
Total other lending	53,852	52,485	1,345	22	8	5	60	6	0
Total[2]	108,576	103,263	5,044	269	20	10	143	17	1,232
Total on- and off-balance sheet[3]	507,435	483,009	21,920	2,506	21	6	116	10	2,202

1 Includes Loans and advances to customers and Loans to financial advisors which are presented on the balance sheet line Other financial assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements. 3 Includes on-balance-sheet exposure, gross and off-balance-sheet exposure (notional) and the related ECL coverage ratio (bps).

Note 8 Expected credit loss measurement (continued)

Coverage ratios for core loan portfolio — 31.12.22

	Gross carrying amount (USD m)				ECL coverage (bps)				
On-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	157,091	147,678	8,686	727	10	2	123	9	381
Real estate financing	46,511	43,129	3,372	9	9	4	70	9	232
Total real estate lending	203,602	190,807	12,059	736	10	2	108	9	379
Large corporate clients	12,356	10,757	1,204	395	105	22	120	32	2,325
SME clients	14,154	12,237	1,364	553	177	22	161	36	3,664
Total corporate lending	26,510	22,994	2,567	949	144	22	142	34	3,106
Lombard	132,313	132,205	0	108	2	1	0	1	1,580
Credit cards	1,869	1,427	393	50	190	46	256	91	3,779
Commodity trade finance	3,367	3,266	0	101	285	18	0	18	8,901
Other loans and advances to customers	23,149	22,333	748	68	18	6	38	7	3,769
Loans to financial advisors	2,670	2,364	130	176	221	28	124	33	2,870
Total other lending	163,368	161,595	1,270	503	16	3	114	3	4,016
Total[1]	**393,480**	**375,396**	**15,896**	**2,188**	**21**	**4**	**114**	**8**	**2,398**

	Gross exposure (USD m)				ECL coverage (bps)				
Off-balance sheet	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 1&2	Stage 3
Private clients with mortgages	6,535	6,296	236	3	5	4	18	4	1,183
Real estate financing	10,054	9,779	275	0	6	7	0	6	0
Total real estate lending	16,589	16,075	511	3	6	6	2	6	1,288
Large corporate clients	32,126	28,950	3,013	163	38	18	165	32	1,263
SME clients	7,122	6,525	499	98	47	30	214	43	304
Total corporate lending	39,247	35,475	3,513	260	40	20	172	34	903
Lombard	12,919	12,918	0	1	2	1	0	1	0
Credit cards	9,390	8,900	487	3	7	5	36	7	0
Commodity trade finance	2,459	2,459	0	0	3	3	0	3	0
Financial intermediaries and hedge funds	18,128	16,464	1,664	0	7	6	25	7	0
Other off-balance sheet commitments	11,803	11,454	346	3	11	8	68	9	0
Total other lending	54,700	52,195	2,498	7	6	5	33	6	0
Total[2]	**110,537**	**103,745**	**6,522**	**270**	**18**	**10**	**106**	**16**	**980**
Total on- and off-balance sheet[3]	**504,016**	**479,140**	**22,418**	**2,458**	**21**	**5**	**112**	**10**	**2,242**

1 Includes Loans and advances to customers and Loans to financial advisors which are presented on the balance sheet line Other financial assets measured at amortized cost. 2 Excludes Forward starting reverse repurchase and securities borrowing agreements. 3 Includes on-balance-sheet exposure, gross and off-balance-sheet exposure (notional) and the related ECL coverage ratio (bps).

Note 9 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 three months of 2023, assets and liabilities that were transferred from Level 2 to Level 1, or from Level 1 to Level 2, and were held for the entire reporting period were not material.

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

	31.3.23				31.12.22			
USD m	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value on a recurring basis								
Financial assets at fair value held for trading	104,793	12,118	1,099	118,009	96,263	10,284	1,488	108,034
of which: Equity instruments	*87,722*	*295*	*177*	*88,193*	*83,095*	*789*	*126*	*84,010*
of which: Government bills / bonds	*8,902*	*1,534*	*23*	*10,460*	*5,496*	*950*	*18*	*6,464*
of which: Investment fund units	*7,187*	*536*	*10*	*7,733*	*6,673*	*596*	*61*	*7,330*
of which: Corporate and municipal bonds	*977*	*7,702*	*442*	*9,121*	*976*	*6,509*	*541*	*8,026*
of which: Loans	*0*	*1,812*	*329*	*2,141*	*0*	*1,179*	*628*	*1,807*
of which: Asset-backed securities	*4*	*239*	*118*	*360*	*22*	*261*	*114*	*397*
Derivative financial instruments	879	112,066	1,309	114,253	769	147,876	1,464	150,109
of which: Foreign exchange	*515*	*51,733*	*3*	*52,251*	*575*	*84,882*	*2*	*85,459*
of which: Interest rate	*0*	*36,339*	*398*	*36,737*	*0*	*39,345*	*460*	*39,805*
of which: Equity / index	*1*	*21,180*	*578*	*21,759*	*1*	*21,542*	*653*	*22,195*
of which: Credit	*0*	*944*	*309*	*1,253*	*0*	*719*	*318*	*1,038*
of which: Commodities	*0*	*1,780*	*20*	*1,800*	*0*	*1,334*	*30*	*1,365*
Brokerage receivables	0	21,025	0	21,025	0	17,576	0	17,576
Financial assets at fair value not held for trading	32,279	30,398	3,834	66,511	26,572	29,110	3,725	59,408
of which: Financial assets for unit-linked investment contracts	*14,004*	*97*	*0*	*14,101*	*13,071*	*1*	*0*	*13,072*
of which: Corporate and municipal bonds	*86*	*13,601*	*241*	*13,928*	*35*	*14,101*	*230*	*14,366*
of which: Government bills / bonds	*17,824*	*3,140*	*0*	*20,965*	*13,103*	*3,638*	*0*	*16,741*
of which: Loans	*0*	*3,706*	*810*	*4,516*	*0*	*3,602*	*736*	*4,337*
of which: Securities financing transactions	*0*	*9,670*	*108*	*9,779*	*0*	*7,590*	*114*	*7,704*
of which: Auction rate securities	*0*	*0*	*1,321*	*1,321*	*0*	*0*	*1,326*	*1,326*
of which: Investment fund units	*295*	*183*	*288*	*766*	*307*	*178*	*190*	*675*
of which: Equity instruments	*70*	*0*	*879*	*949*	*57*	*0*	*792*	*849*
Financial assets measured at fair value through other comprehensive income on a recurring basis								
Financial assets measured at fair value through other comprehensive income	60	2,181	0	2,241	57	2,182	0	2,239
of which: Commercial paper and certificates of deposit	*0*	*1,921*	*0*	*1,921*	*0*	*1,878*	*0*	*1,878*
of which: Corporate and municipal bonds	*60*	*233*	*0*	*293*	*57*	*278*	*0*	*335*
Non-financial assets measured at fair value on a recurring basis								
Precious metals and other physical commodities	4,506	0	0	4,506	4,471	0	0	4,471
Non-financial assets measured at fair value on a non-recurring basis								
Other non-financial assets[2]	0	0	18	18	0	0	21	21
Total assets measured at fair value	142,516	177,787	6,260	326,563	128,132	207,028	6,698	341,858

Note 9 Fair value measurement (continued)

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

	31.3.23				31.12.22			
USD m	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value on a recurring basis								
Financial liabilities at fair value held for trading	28,332	5,941	101	34,374	23,578	5,823	114	29,515
of which: Equity instruments	*19,411*	*370*	*58*	*19,839*	*16,521*	*352*	*78*	*16,951*
of which: Corporate and municipal bonds	*33*	*4,610*	*38*	*4,681*	*36*	*4,643*	*27*	*4,707*
of which: Government bills / bonds	*7,919*	*728*	*0*	*8,647*	*5,880*	*706*	*1*	*6,587*
of which: Investment fund units	*969*	*204*	*3*	*1,176*	*1,141*	*84*	*3*	*1,229*
Derivative financial instruments	967	113,051	2,095	116,113	640	152,582	1,684	154,906
of which: Foreign exchange	*529*	*52,706*	*33*	*53,267*	*587*	*87,897*	*24*	*88,508*
of which: Interest rate	*0*	*34,317*	*360*	*34,677*	*0*	*37,429*	*116*	*37,545*
of which: Equity / index	*1*	*23,207*	*1,365*	*24,573*	*0*	*24,963*	*1,184*	*26,148*
of which: Credit	*0*	*1,057*	*286*	*1,343*	*0*	*920*	*279*	*1,199*
of which: Commodities	*0*	*1,592*	*33*	*1,625*	*0*	*1,309*	*52*	*1,361*
Financial liabilities designated at fair value on a recurring basis								
Brokerage payables designated at fair value	0	43,911	0	43,911	0	45,085	0	45,085
Debt issued designated at fair value	0	65,845	9,130	74,974	0	62,603	9,240	71,842
Other financial liabilities designated at fair value	0	26,083	1,935	28,018	0	30,055	1,978	32,033
of which: Financial liabilities related to unit-linked investment contracts	*0*	*14,243*	*0*	*14,243*	*0*	*13,221*	*0*	*13,221*
of which: Securities financing transactions	*0*	*9,707*	*0*	*9,707*	*0*	*15,333*	*0*	*15,333*
of which: Funding from UBS Group AG	*0*	*903*	*1,356*	*2,259*	*0*	*508*	*1,287*	*1,796*
of which: Over-the-counter debt instruments and others	*0*	*1,230*	*579*	*1,809*	*0*	*993*	*691*	*1,684*
Total liabilities measured at fair value	29,299	254,831	13,260	297,391	24,219	296,148	13,015	333,382

1 Bifurcated embedded derivatives are presented on the same balance sheet lines as their host contracts and are not included in this table. The fair value of these derivatives was not material for any of the periods presented. 2 Other non-financial assets primarily consist of properties and other non-current assets held for sale, which are measured at the lower of their net carrying amount or fair value less costs to sell.

b) Valuation adjustments

The table below summarizes the 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

	For the quarter ended		
USD m	31.3.23	31.12.22	31.3.22
Reserve balance at the beginning of the period	422	426	418
Profit / (loss) deferred on new transactions	91	54	75
(Profit) / loss recognized in the income statement	(113)	(61)	(69)
Foreign currency translation	0	2	0
Reserve balance at the end of the period	399	422	425

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

Other valuation adjustment reserves on the balance sheet

	As of	
USD m	31.3.23	31.12.22
Own credit adjustments on financial liabilities designated at fair value	624	556
of which: debt issued designated at fair value	*276*	*289*
of which: other financial liabilities designated at fair value	*347*	*266*
Credit valuation adjustments[1]	(33)	(33)
Funding valuation adjustments	(108)	(50)
Debit valuation adjustments	6	4
Other valuation adjustments	(801)	(839)
of which: liquidity	*(299)*	*(311)*
of which: model uncertainty	*(502)*	*(529)*

1 Amount does not include reserves against defaulted counterparties.

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 31 March 2023 and unobservable, and a range of values for those unobservable inputs.

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

The significant unobservable inputs disclosed in the table below are consistent with those included in "Note 20 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2022.

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

	Fair value						Range of inputs						
	Assets		Liabilities				31.3.23			31.12.22			
USD bn	31.3.23	31.12.22	31.3.23	31.12.22	Valuation technique(s)	Significant unobservable input(s)[1]	low	high	weighted average[2]	low	high	weighted average[2]	unit[1]
Financial assets and liabilities at fair value held for trading and Financial assets at fair value not held for trading													
Corporate and municipal bonds	*0.7*	*0.8*	*0.0*	*0.0*	Relative value to market comparable	Bond price equivalent	1	102	85	14	112	85	points
					Discounted expected cash flows	Discount margin	437	437		412	412		basis points
Traded loans, loans measured at fair value, loan commitments and guarantees	*1.3*	*1.7*	*0.0*	*0.0*	Relative value to market comparable	Loan price equivalent	44	100	98	30	100	97	points
					Discounted expected cash flows	Credit spread	200	200	200	200	200	200	basis points
					Market comparable and securitization model	Credit spread	185	1,380	370	145	1,350	322	basis points
Auction rate securities	*1.3*	*1.3*			Discounted expected cash flows	Credit spread	115	202	149	115	196	144	basis points
Investment fund units[3]	*0.3*	*0.3*	*0.0*	*0.0*	Relative value to market comparable	Net asset value							
Equity instruments[3]	*1.1*	*0.9*	*0.1*	*0.1*	Relative value to market comparable	Price							
Debt issued designated at fair value[4]			9.1	9.2									
Other financial liabilities designated at fair value			1.9	2.0	Discounted expected cash flows	Funding spread	25	175		23	175		basis points
Derivative financial instruments													
Interest rate	*0.4*	*0.5*	*0.4*	*0.1*	Option model	Volatility of interest rates	69	128		75	143		basis points
Credit	*0.3*	*0.3*	*0.3*	*0.3*	Discounted expected cash flows	Credit spreads	11	565		9	565		basis points
						Bond price equivalent	3	278		3	277		points
Equity / index	*0.6*	*0.7*	*1.4*	*1.2*	Option model	Equity dividend yields	0	9		0	20		%
						Volatility of equity stocks, equity and other indices	4	131		4	120		%
						Equity-to-FX correlation	(40)	84		(29)	84		%
						Equity-to-equity correlation	(25)	100		(25)	100		%

1 The ranges of significant unobservable inputs are represented in points, percentages and basis points. Points are a percentage of par (e.g., 100 points would be 100% of par). 2 Weighted averages are provided for most non-derivative financial instruments and were calculated by weighting inputs based on the fair values of the respective instruments. Weighted averages are not provided for inputs related to Other financial liabilities designated at fair value and Derivative financial instruments, as this would not be meaningful. 3 The range of inputs is not disclosed, as there is a dispersion of values given the diverse nature of the investments. 4 Debt issued designated at fair value primarily consists of UBS structured notes, which include variable maturity notes with various equity and foreign exchange underlying risks, as well as rates-linked and credit-linked notes, all of which have embedded derivative parameters that are considered to be unobservable. The equivalent derivative instrument parameters are presented in the respective derivative financial instruments lines in this table.

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[1]

	31.3.23		31.12.22	
USD m	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Traded loans, loans measured at fair value, loan commitments and guarantees	12	(13)	19	(12)
Securities financing transactions	27	(29)	33	(37)
Auction rate securities	45	(45)	46	(46)
Asset-backed securities	29	(27)	27	(27)
Equity instruments	188	(164)	183	(161)
Interest rate derivatives, net	20	(13)	18	(12)
Credit derivatives, net	3	(5)	3	(4)
Foreign exchange derivatives, net	4	(5)	10	(5)
Equity / index derivatives, net	371	(338)	361	(330)
Other	93	(105)	39	(62)
Total	791	(744)	738	(696)

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

e) Level 3 instruments: movements during the period

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

Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred at the beginning of the year.

Note 9 Fair value measurement (continued)

Movements of Level 3 instruments

USD bn	Balance at the beginning of the period	Net gains / losses included in comprehensive income[1]	*of which: related to instruments held at the end of the period*	Purchases	Sales	Issuances	Settlements	Transfers into Level 3	Transfers out of Level 3	Foreign currency translation	Balance at the end of the period
For the three months ended 31 March 2023[2]											
Financial assets at fair value held for trading	1.5	0.1	*0.1*	0.1	(0.6)	0.1	0.0	0.1	(0.1)	0.0	1.1
of which: Investment fund units	*0.1*	*(0.0)*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.0*
of which: Corporate and municipal bonds	*0.5*	*0.0*	*0.0*	*0.1*	*(0.2)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.4*
of which: Loans	*0.6*	*0.0*	*0.0*	*0.0*	*(0.4)*	*0.1*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.3*
Derivative financial instruments – assets	1.5	(0.1)	*(0.1)*	0.0	0.0	0.2	(0.1)	0.0	(0.1)	0.0	1.3
of which: Interest rate	*0.5*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*(0.1)*	*(0.0)*	*0.4*
of which: Equity / index	*0.7*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*(0.0)*	*0.0*	*0.6*
of which: Credit	*0.3*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.3*
Financial assets at fair value not held for trading	3.7	0.0	*0.0*	0.3	(0.2)	0.0	0.0	0.0	(0.0)	0.0	3.8
of which: Loans	*0.7*	*0.0*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.8*
of which: Auction rate securities	*1.3*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.3*
of which: Equity instruments	*0.8*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.9*
Derivative financial instruments – liabilities	1.7	0.1	*0.1*	0.0	0.0	0.4	(0.2)	0.0	0.1	0.0	2.1
of which: Interest rate	*0.1*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*0.2*	*(0.0)*	*0.4*
of which: Equity / index	*1.2*	*0.1*	*0.1*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*(0.0)*	*0.0*	*1.4*
of which: Credit	*0.3*	*(0.0)*	*(0.0)*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.3*
Debt issued designated at fair value	9.2	0.3	*0.3*	0.0	0.0	1.3	(1.3)	0.3	(0.7)	0.0	9.1
Other financial liabilities designated at fair value	2.0	0.1	*0.1*	0.0	0.0	0.1	(0.0)	0.0	(0.2)	(0.0)	1.9
For the three months ended 31 March 2022											
Financial assets at fair value held for trading	2.3	(0.0)	*(0.0)*	0.2	(0.8)	1.0	0.0	0.2	(0.3)	0.0	2.6
of which: Investment fund units	*0.0*	*(0.0)*	*(0.0)*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.0*
of which: Corporate and municipal bonds	*0.6*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*0.0*	*0.0*	*(0.0)*	*(0.0)*	*0.6*
of which: Loans	*1.4*	*0.0*	*0.0*	*0.0*	*(0.7)*	*1.0*	*0.0*	*0.0*	*(0.2)*	*0.0*	*1.6*
Derivative financial instruments – assets	1.1	0.5	*0.5*	0.0	0.0	0.4	(0.3)	0.0	(0.0)	(0.0)	1.7
of which: Interest rate	*0.5*	*0.4*	*0.4*	*0.0*	*0.0*	*0.0*	*(0.1)*	*0.0*	*(0.0)*	*(0.0)*	*0.8*
of which: Equity / index	*0.4*	*0.1*	*0.0*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*(0.0)*	*(0.0)*	*0.4*
of which: Credit	*0.2*	*0.1*	*0.1*	*0.0*	*0.0*	*0.1*	*(0.1)*	*0.0*	*(0.0)*	*0.0*	*0.3*
Financial assets at fair value not held for trading	4.2	0.0	*0.0*	0.3	(0.5)	0.0	0.0	0.0	(0.0)	(0.0)	4.0
of which: Loans	*0.9*	*0.0*	*0.0*	*0.2*	*(0.2)*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.9*
of which: Auction rate securities	*1.6*	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*1.6*
of which: Equity instruments	*0.7*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.0*	*0.0*	*0.0*	*0.0*	*(0.0)*	*0.7*
Derivative financial instruments – liabilities	2.2	(0.3)	*(0.4)*	0.0	0.0	0.8	(0.8)	0.0	(0.0)	(0.0)	1.9
of which: Interest rate	*0.3*	*(0.2)*	*(0.2)*	*0.0*	*0.0*	*0.1*	*(0.0)*	*0.0*	*(0.0)*	*(0.0)*	*0.2*
of which: Equity / index	*1.5*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.4*	*(0.6)*	*0.0*	*(0.0)*	*(0.0)*	*1.1*
of which: Credit	*0.3*	*(0.1)*	*(0.1)*	*0.0*	*0.0*	*0.2*	*(0.1)*	*0.0*	*(0.0)*	*(0.0)*	*0.4*
Debt issued designated at fair value	11.9	(0.6)	*(0.6)*	0.0	0.0	2.5	(2.4)	0.1	(0.5)	(0.1)	10.8
Other financial liabilities designated at fair value	3.2	(0.4)	*(0.4)*	0.0	0.0	0.4	(0.2)	0.0	(0.1)	(0.0)	2.9

1 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. 2 Total Level 3 assets as of 31 March 2023 were USD 6.3bn (31 December 2022: USD 6.7bn). Total Level 3 liabilities as of 31 March 2023 were USD 13.3bn (31 December 2022: USD 13.0bn).

f) Financial instruments not measured at fair value

The table below reflects the estimated fair values of financial instruments not measured at fair value. Valuation principles applied when determining fair value estimates for financial instruments not measured at fair value are consistent with those described in "Note 20 Fair value measurement" in the "Consolidated financial statements" section of the Annual Report 2022.

Financial instruments not measured at fair value

	31.3.23		31.12.22	
USD bn	Carrying amount[1]	Fair value	Carrying amount[1]	Fair value
Assets				
Cash and balances at central banks	144.2	144.2	169.4	169.4
Loans and advances to banks	14.8	14.8	14.7	14.6
Receivables from securities financing transactions measured at amortized cost	60.0	60.0	67.8	67.8
Cash collateral receivables on derivative instruments	32.7	32.6	35.0	35.0
Loans and advances to customers	395.4	383.8	390.0	377.7
Other financial assets measured at amortized cost	49.3	49.0	53.4	51.0
Liabilities				
Amounts due to banks	13.6	13.6	11.6	11.6
Payables from securities financing transactions measured at amortized cost	9.9	9.9	4.2	4.2
Cash collateral payables on derivative instruments	32.2	32.2	36.4	36.4
Customer deposits	507.8	507.2	527.2	526.9
Funding from UBS Group AG measured at amortized cost	63.1	61.2	56.1	55.7
Debt issued measured at amortized cost	54.7	54.0	59.5	58.9
Other financial liabilities measured at amortized cost[2]	7.5	7.5	7.2	7.2

1 Includes certain financial instruments where the carrying amount is a reasonable approximation of the fair value due to the instruments' short-term nature (instruments that are receivable or payable on demand, or with a remaining maturity (excluding the effects of callable features) of three months or less). 2 Excludes lease liabilities.

Note 10 Derivative instruments

a) Derivative instruments

As of 31.3.23, USD bn	Derivative financial assets	Notional values related to derivative financial assets[1]	Derivative financial liabilities	Notional values related to derivative financial liabilities[1]	Other notional values[2]
Derivative financial instruments					
Interest rate	36.7	1,192	34.7	1,153	13,842
Credit derivatives	1.3	42	1.3	44	
Foreign exchange	52.3	3,374	53.3	3,236	56
Equity / index	21.8	400	24.6	532	76
Commodities	1.8	76	1.6	70	19
Loan commitments measured at FVTPL	0.0	1	0.0	5	
Unsettled purchases of non-derivative financial instruments[3]	0.3	33	0.2	14	
Unsettled sales of non-derivative financial instruments[3]	0.1	25	0.4	29	
Total derivative financial instruments, based on IFRS netting[4]	114.3	5,143	116.1	5,081	13,993
Further netting potential not recognized on the balance sheet[5]	(105.4)		(104.3)		
of which: netting of recognized financial liabilities / assets	*(84.9)*		*(84.9)*		
of which: netting with collateral received / pledged	*(20.5)*		*(19.4)*		
Total derivative financial instruments, after consideration of further netting potential	8.8		11.8		
As of 31.12.22, USD bn					
Derivative financial instruments					
Interest rate	39.8	1,057	37.5	1,023	11,255
Credit derivatives	1.0	37	1.2	37	
Foreign exchange	85.5	3,087	88.5	2,993	40
Equity / index	22.2	384	26.1	501	63
Commodities	1.4	68	1.4	64	18
Loan commitments measured at FVTPL	0.0	1	0.0	4	
Unsettled purchases of non-derivative financial instruments[3]	0.1	12	0.1	9	
Unsettled sales of non-derivative financial instruments[3]	0.1	13	0.0	11	
Total derivative financial instruments, based on IFRS netting[4]	150.1	4,660	154.9	4,642	11,376
Further netting potential not recognized on the balance sheet[5]	(139.4)		(137.1)		
of which: netting of recognized financial liabilities / assets	*(110.9)*		*(110.9)*		
of which: netting with collateral received / pledged	*(28.5)*		*(26.2)*		
Total derivative financial instruments, after consideration of further netting potential	10.7		17.8		

1 In cases where derivative financial instruments are presented on a net basis on the balance sheet, the respective notional values of the netted derivative financial instruments are still presented on a gross basis. Notional amounts of client-cleared ETD and OTC transactions through central clearing counterparties are not disclosed, as they have a significantly different risk profile. 2 Other notional values relate to derivatives that are cleared through either a central counterparty or an exchange. The fair value of these derivatives is presented on the balance sheet net of the corresponding cash margin under Cash collateral receivables on derivative instruments and Cash collateral payables on derivative instruments and was not material for any of the periods presented. 3 Changes in the fair value of purchased and sold non-derivative financial instruments between trade date and settlement date are recognized as derivative financial instruments. 4 Financial assets and liabilities are presented net on the balance sheet if UBS AG has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS AG or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. 5 Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 21 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2022 for more information.

Note 10 Derivative instruments (continued)

b) Cash collateral on derivative instruments

USD bn	Receivables 31.3.23	Payables 31.3.23	Receivables 31.12.22	Payables 31.12.22
Cash collateral on derivative instruments, based on IFRS netting[1]	32.7	32.2	35.0	36.4
Further netting potential not recognized on the balance sheet[2]	(18.6)	(17.3)	(22.9)	(21.9)
of which: netting of recognized financial liabilities / assets	*(15.6)*	*(14.3)*	*(20.9)*	*(20.0)*
of which: netting with collateral received / pledged	*(3.0)*	*(3.0)*	*(1.9)*	*(1.9)*
Cash collateral on derivative instruments, after consideration of further netting potential	14.1	14.9	12.1	14.5

1 Financial assets and liabilities are presented net on the balance sheet if UBS AG has the unconditional and legally enforceable right to offset the recognized amounts, both in the normal course of business and in the event of default, bankruptcy or insolvency of UBS AG or its counterparties, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. 2 Reflects the netting potential in accordance with enforceable master netting and similar arrangements where not all criteria for a net presentation on the balance sheet have been met. Refer to "Note 21 Offsetting financial assets and financial liabilities" in the "Consolidated financial statements" section of the Annual Report 2022 for more information.

Note 11 Other assets and liabilities

a) Other financial assets measured at amortized cost

USD m	31.3.23	31.12.22
Debt securities	40,646	44,594
Loans to financial advisors	2,571	2,611
Fee- and commission-related receivables	1,922	1,803
Finance lease receivables	1,344	1,314
Settlement and clearing accounts	542	1,174
Accrued interest income	1,340	1,276
Other	924	618
Total other financial assets measured at amortized cost	49,289	53,389

b) Other non-financial assets

USD m	31.3.23	31.12.22
Precious metals and other physical commodities	4,506	4,471
Deposits and collateral provided in connection with litigation, regulatory and similar matters[1]	2,235	2,205
Prepaid expenses	848	709
VAT, withholding tax and other tax receivables	1,830	1,405
Properties and other non-current assets held for sale	279	279
Other	670	583
Total other non-financial assets	10,367	9,652

1 Refer to Note 15 for more information.

c) Other financial liabilities measured at amortized cost

USD m	31.3.23	31.12.22
Other accrued expenses	1,613	1,564
Accrued interest expenses	1,954	2,008
Settlement and clearing accounts	1,533	1,060
Lease liabilities	3,174	3,211
Other	2,422	2,549
Total other financial liabilities measured at amortized cost	10,695	10,391

d) Other financial liabilities designated at fair value

USD m	31.3.23	31.12.22
Financial liabilities related to unit-linked investment contracts	14,243	13,221
Securities financing transactions	9,707	15,333
Over-the-counter debt instruments and other	1,809	1,684
Funding from UBS Group AG	2,259	1,796
Total other financial liabilities designated at fair value	28,018	32,033

Note 11 Other assets and liabilities (continued)

e) Other non-financial liabilities

USD m	31.3.23	31.12.22
Compensation-related liabilities	2,628	4,424
of which: net defined benefit liability	*463*	*449*
Current tax liabilities	952	1,044
Deferred tax liabilities	261	233
VAT, withholding tax and other tax payables	481	472
Deferred income	288	233
Other	62	84
Total other non-financial liabilities	4,673	6,489

Note 12 Funding from UBS Group AG measured at amortized cost

USD m	31.3.23	31.12.22
Senior unsecured debt that contributes to total loss-absorbing capacity (TLAC)	47,172	42,073
Senior unsecured debt other than TLAC	3,606	236
Subordinated debt	12,315	13,838
of which: eligible as high-trigger loss-absorbing additional tier 1 capital instruments	*11,118*	*10,654*
of which: eligible as low-trigger loss-absorbing additional tier 1 capital instruments	*1,198*	*1,187*
Total funding from UBS Group AG measured at amortized cost [1]	63,093	56,147

1 UBS AG has also recognized funding from UBS Group AG that is designated at fair value. Refer to Note 11d for more information.

Note 13 Debt issued designated at fair value

USD m	31.3.23	31.12.22
Equity-linked[1]	44,721	41,901
Rates-linked	15,797	16,276
Credit-linked	2,815	2,170
Fixed-rate	6,673	6,538
Commodity-linked	4,311	4,294
Other	656	663
Total debt issued designated at fair value	74,974	71,842

1 Includes investment fund unit-linked instruments issued.

Note 14 Debt issued measured at amortized cost

USD m	31.3.23	31.12.22
Short-term debt[1]	27,412	29,676
Senior unsecured debt	15,472	17,892
Subordinated debt	2,975	2,968
of which: eligibile as low-trigger loss-absorbing tier 2 capital instruments	*2,438*	*2,422*
of which: eligibile as non-Basel III-compliant tier 2 capital instruments	*538*	*536*
Debt issued through the Swiss central mortgage institutions	8,873	8,962
Long-term debt[2]	27,320	29,823
Total debt issued measured at amortized cost[3]	54,733	59,499

1 Debt with an original contractual maturity of less than one year, includes mainly certificates of deposit and commercial paper. 2 Debt with an original contractual maturity greater than or equal to one year. The classification of debt issued into short-term and long-term does not consider any early redemption features. 3 Net of bifurcated embedded derivatives, the fair value of which was not material for the periods presented.

Note 15 Provisions and contingent liabilities

a) Provisions

The table below presents an overview of total provisions.

USD m	31.3.23	31.12.22
Provisions other than provisions for expected credit losses	3,673	2,982
Provisions for expected credit losses[1]	214	201
Total provisions	**3,886**	**3,183**

1 Refer to Note 8c for more information.

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

USD m	Litigation, regulatory and similar matters[1]	Restructuring[2]	Other[3]	Total
Balance as of 31 December 2022	2,586	98	297	2,982
Increase in provisions recognized in the income statement	729	7	13	749
Release of provisions recognized in the income statement	(5)	(3)	(4)	(12)
Provisions used in conformity with designated purpose	(22)	(36)	(8)	(66)
Capitalized reinstatement costs	0	0	1	1
Foreign currency translation / unwind of discount	19	1	1	20
Balance as of 31 March 2023	3,306	66	300	3,673

1 Consists of provisions for losses resulting from legal, liability and compliance risks. 2 Consists of personnel-related restructuring provisions of USD 40m as of 31 March 2023 (31 December 2022: USD 70m) and provisions for onerous contracts of USD 26m as of 31 March 2023 (31 December 2022: USD 28m). 3 Mainly includes provisions related to real estate, employee benefits and operational risks.

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

b) Litigation, regulatory and similar matters

UBS operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS 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.

Note 15 Provisions and contingent liabilities (continued)

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

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

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

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

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

The risk of loss associated with litigation, regulatory and similar matters is a component of operational risk for purposes of determining capital requirements. Information concerning our capital requirements and the calculation of operational risk for this purpose is included in the "Capital management" section of the UBS Group first quarter 2023 report.

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

USD m	Global Wealth Management	Personal & Corporate Banking	Asset Management	Investment Bank	Group Functions	Total
Balance as of 31 December 2022	1,182	159	8	308	928	2,586
Increase in provisions recognized in the income statement	17	0	0	46	665	729
Release of provisions recognized in the income statement	(4)	0	0	(1)	0	(5)
Provisions used in conformity with designated purpose	(17)	0	0	(5)	0	(22)
Foreign currency translation / unwind of discount	14	2	0	2	0	19
Balance as of 31 March 2023	1,193	161	8	351	1,594	3,306

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

1. Inquiries regarding cross-border wealth management businesses

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

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

In 2019, the court of first instance returned a verdict finding UBS AG guilty of unlawful solicitation of clients on French territory and aggravated laundering of the proceeds of tax fraud, and UBS (France) S.A. guilty of aiding and abetting unlawful solicitation and of laundering the proceeds of tax fraud. The court imposed fines aggregating EUR 3.7bn on UBS AG and UBS (France) S.A. and awarded EUR 800m of civil damages to the French state. A trial in the French Court of Appeal took place in March 2021. In December 2021, the Court of Appeal found UBS AG guilty of unlawful solicitation and aggravated laundering of the proceeds of tax fraud. The court ordered a fine of EUR 3.75m, the confiscation of EUR 1bn, and awarded civil damages to the French state of EUR 800m. UBS AG has filed an appeal with the French Supreme Court 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 31 March 2023 reflected provisions with respect to this matter in an amount of EUR 1.1bn (USD 1.2bn). The wide range of possible outcomes in this case contributes to a high degree of estimation uncertainty and the provision reflects our best estimate of possible financial implications, although actual penalties and civil damages could exceed (or may be less than) the provision amount.

Our balance sheet at 31 March 2023 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 2018, the DOJ filed a civil complaint in the District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 related to UBS's issuance, underwriting and sale of 40 RMBS transactions in 2006 and 2007. UBS moved to dismiss the civil complaint in 2019. Later in 2019, the district court denied UBS's motion to dismiss. UBS and the DOJ are in advanced discussions to resolve this matter.

Our balance sheet at 31 March 2023 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).

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

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

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

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

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

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

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

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

USD LIBOR class and individual actions in the US: In 2013 and 2015, the district court in the USD LIBOR actions dismissed, in whole or in part, certain plaintiffs' antitrust claims, federal racketeering claims, CEA claims, and state common law claims, and again dismissed the antitrust claims in 2016 following an appeal. In 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 2018, the Second Circuit denied the petition to appeal of the class of USD lenders and, subsequently, denied the petition of the USD exchange class. In 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 2014, directly transacted with a defendant bank in USD LIBOR instruments. The complaint asserts antitrust claims. The defendants moved to dismiss the complaint in 2019. In 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 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 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, and defendants have moved to dismiss the amended complaint in November 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 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 2020, the appeals court reversed the dismissal and, subsequently, 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 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 2019. Plaintiffs appealed. In 2021, the Second Circuit granted the parties' joint motion to vacate the dismissal and remand the case for further proceedings. Plaintiffs filed a third amended complaint in November 2022 and defendants have moved to dismiss the amended complaint in January 2023.

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

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

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

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

With respect to additional matters and jurisdictions not encompassed by the settlements and orders referred to above, our balance sheet at 31 March 2023 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

5. Swiss retrocessions

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

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

Our balance sheet at 31 March 2023 reflected a provision with respect to matters described in this item 5 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess. Hence, as in the case of other matters for which we have established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that we have recognized.

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