# FINAN-
# CIAL
# REPORT

# Consolidated financial statements

# Consolidated statement of financial position

| in CHF | Notes | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| ASSETS | | | |
| Cash and balances with central banks | 1 | 4,548,150,659 | 4,492,342,779 |
| Treasury bills and other eligible bills | 1 | 474,606,436 | 1,165,904,963 |
| Due from banks | 1/4 | 1,504,026,695 | 1,627,923,294 |
| Derivative financial instruments | 2 | 147,986,246 | 109,201,988 |
| Trading assets | 3 | 873,726 | 2,684,024 |
| Loans | 5 | 805,573,888 | 814,331,758 |
| Investment securities | 6 | 2,098,624,421 | 1,722,032,893 |
| Investment in joint venture | 7 | 8,979,084 | 4,460,572 |
| Deferred income tax assets | 15a | 1,489,711 | 1,393,649 |
| Intangible assets | 8 | 54,749,408 | 55,784,621 |
| Information technology systems | 9 | 92,299,204 | 75,258,028 |
| Property, plant and equipment | 10 | 73,760,573 | 72,506,590 |
| Other assets | 11 | 148,668,642 | 74,570,589 |
| **Total assets** | | **9,959,788,693** | **10,218,395,748** |
| LIABILITIES AND EQUITY | | | |
| **Liabilities** | | | |
| Deposits from banks | 1 | 307,486,046 | 366,399,780 |
| Derivative financial instruments | 2 | 78,439,731 | 57,835,148 |
| Financial liabilities designated at fair value | 12 | 215,908,273 | 71,313,623 |
| Due to customers | 13 | 8,307,692,780 | 8,860,519,759 |
| Other liabilities | 14 | 110,831,608 | 90,092,881 |
| Current income tax liabilities | 15c | 31,642,163 | 23,048,468 |
| Deferred tax liabilities | 15b | 2,345,870 | 1,582,439 |
| Provisions | 16 | 6,887,228 | 6,475,556 |
| **Total liabilities** | | **9,061,233,699** | **9,477,267,654** |
| Equity | | | |
| Ordinary shares | 18.1 | 3,065,634 | 3,065,634 |
| Share premium | | 57,575,297 | 57,833,801 |
| Share option reserve | 18.2 | 7,054,044 | 5,338,134 |
| Other reserve | 18.3 | (14,569,176) | (9,828,340) |
| Treasury shares | 18.4 | (66,939,521) | (40,106,180) |
| Retained earnings | 18.5 | 912,368,716 | 724,825,045 |
| **Total equity** | | **898,554,994** | **741,128,094** |
| **Total liabilities and equity** | | **9,959,788,693** | **10,218,395,748** |

The notes on pages 26 to 118 are an integral part of these financial statements.

# Consolidated income statement

| in CHF | Notes | 2023 | 2022 |
|---|---|---|---|
| Fee and commission income | 19 | 182,676,969 | 197,650,607 |
| Fee and commission expense | 19 | (20,935,680) | (21,067,568) |
| **Net fee and commission income** | | **161,741,289** | **176,583,039** |
| Interest income | 20 | 199,355,266 | 64,629,024 |
| Interest expense | 20 | (29,123,172) | (22,479,551) |
| Other interest income | 20 | 50,944,838 | 35,410,382 |
| Other interest expense | 20 | (8,116,341) | (4,089,863) |
| **Net interest income** | | **213,060,591** | **73,469,992** |
| **Net trading income** | 21 | **156,066,778** | **158,093,438** |
| **Operating income** | | **530,868,658** | **408,146,469** |
| Credit loss release/(expense) | | 486,571 | (103,578) |
| Operating expenses | 22 | (270,936,378) | (214,956,557) |
| Net result from investment in joint venture | 7 | (4,981,488) | (6,699,181) |
| **Operating profit** | | **255,437,363** | **186,387,153** |
| Income tax expense | 15d | (37,807,111) | (28,993,396) |
| **Net profit** | | **217,630,252** | **157,393,757** |
| SHARE INFORMATION | | | |
| Earnings per share | 23 | 14.62 | 10.51 |
| Diluted earnings per share | 23 | 14.55 | 10.45 |

The notes on pages 26 to 118 are an integral part of these financial statements.

# Consolidated statement of comprehensive income

| in CHF | Notes | 2023 | 2022 |
|---|---|---|---|
| NET PROFIT | | **217,630,252** | 157,393,757 |
| **Other comprehensive income: Gains/(losses) recognised directly in equity** | | | |
| **Items that may be reclassified to the income statement** | | | |
| Investment securities measured at fair value through other comprehensive income (FVOCI): | | | |
| Net unrealised gains/(losses) | | 3,198,185 | – |
| Income tax effect | | (438,151) | – |
| Currency translation differences | 18.3 | (7,027,278) | (4,694,327) |
| **Total other comprehensive income that may be reclassified to the income statement** | | **(4,267,244)** | **(4,694,327)** |
| **Items that will not be reclassified to the income statement** | | | |
| Investment securities measured at fair value through other comprehensive income (FVOCI equities): | | | |
| Net realised/unrealised gains/(losses) | | 11,226 | (2,272,079) |
| Income tax effect | | (1,538) | 299,914 |
| Defined benefit obligation: | | | |
| Remeasurement | 17b | (560,000) | 18,060,000 |
| Income tax effect | | 76,720 | (2,383,920) |
| **Total other comprehensive income that will not be reclassified to the income statement** | | **(473,592)** | **13,703,915** |
| **Other comprehensive income for the period (net of tax)** | | **(4,740,836)** | **9,009,588** |
| **Total comprehensive income for the period** | | **212,889,416** | **166,403,345** |

The notes on pages 26 to 118 are an integral part of these financial statements.

# Consolidated statement of changes in equity

| in CHF | Notes | Ordinary shares | Share premium | Share option reserve | Other reserve | Treasury shares | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|
| BALANCE AS AT 1 JANUARY 2023 | | 3,065,634 | 57,833,801 | 5,338,134 | (9,828,340) | (40,106,180) | 724,825,045 | 741,128,094 |
| Net profit of the period | | – | – | – | – | – | 217,630,252 | 217,630,252 |
| Investment securities FVOCI | 6 | – | – | – | 3,209,411 | – | 912,236 | 4,121,647 |
| Remeasurement of defined benefit obligation | 17b | – | – | – | (560,000) | – | – | (560,000) |
| Income tax effect (aggregated) | | – | – | – | (362,969) | – | (124,976) | (487,945) |
| Currency translation differences | 18.3 | – | – | – | (7,027,278) | – | – | (7,027,278) |
| **Total comprehensive income for the period** | | **–** | **–** | **–** | **(4,740,836)** | **–** | **218,417,512** | **213,676,676** |
| Dividend | 18.5 | – | – | – | – | – | (32,729,952) | (32,729,952) |
| **Employee stock option plan:** | | | | | | | | |
| Amortisation of services | 18.2 | – | – | 3,572,021 | – | – | – | 3,572,021 |
| Stock options exercised, lapsed or forfeited | 18.2 | – | – | (1,856,111) | – | – | 1,856,111 | – |
| **Treasury shares:** | | | | | | | | |
| Purchase | 18.4 | – | – | – | – | (37,967,768) | – | (37,967,768) |
| Sale/remittance | 18.4 | – | (258,504) | – | – | 11,134,427 | – | 10,875,923 |
| **Balance as at 31 December 2023** | | **3,065,634** | **57,575,297** | **7,054,044** | **(14,569,176)** | **(66,939,521)** | **912,368,716** | **898,554,994** |

The notes on pages 26 to 118 are an integral part of these financial statements.

# Consolidated statement of changes in equity (continued)

| in CHF | Notes | Ordinary shares | Share premium | Share option reserve | Other reserve | Treasury shares | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|
| BALANCE AS AT 1 JANUARY 2022 | | 3,065,634 | 56,422,625 | 3,154,374 | (18,837,928) | (27,656,922) | 599,311,550 | 615,459,333 |
| Net profit of the period | | – | – | – | – | – | 157,393,757 | 157,393,757 |
| Investment securities FVOCI | 6 | – | – | – | (2,272,079) | – | 372,746 | (1,899,333) |
| Remeasurement of defined benefit obligation | 17b | – | – | – | 18,060,000 | – | – | 18,060,000 |
| Income tax effect (aggregated) | | – | – | – | (2,084,006) | – | (49,202) | (2,133,208) |
| Currency translation differences | 18.3 | – | – | – | (4,694,327) | – | – | (4,694,327) |
| **Total comprehensive income for the period** | | **–** | **–** | **–** | **9,009,588** | **–** | **157,717,301** | **166,726,889** |
| Dividend | 18.5 | – | – | – | – | – | (33,022,905) | (33,022,905) |
| **Employee stock option plan:** | | | | | | | | |
| Amortisation of services | 18.2 | – | – | 3,002,859 | – | – | – | 3,002,859 |
| Stock options exercised, lapsed or forfeited | 18.2 | – | – | (819,099) | – | – | 819,099 | – |
| **Treasury shares:** | | | | | | | | |
| Purchase | 18.4 | – | – | – | – | (17,420,411) | – | (17,420,411) |
| Sale/remittance | 18.4 | – | 1,411,176 | – | – | 4,971,153 | – | 6,382,329 |
| **Balance as at 31 December 2022** | | **3,065,634** | **57,833,801** | **5,338,134** | **(9,828,340)** | **(40,106,180)** | **724,825,045** | **741,128,094** |

The notes on pages 26 to 118 are an integral part of these financial statements.

# Consolidated statement of cash flows

| in CHF | Notes | 2023 | 2022 |
|---|---|---|---|
| **Cash flow from/(used in) operating activities:** | | | |
| Fee and commission received | | 179,198,201 | 183,873,821 |
| Fee and commission paid | | (20,709,610) | (21,126,027) |
| Interest received | | 235,872,599 | 88,259,799 |
| Interest paid | | (37,833,632) | (30,418,484) |
| Net trading income received | | 146,556,946 | 157,908,033 |
| Income tax paid | | (26,990,812) | (23,754,700) |
| Payments to employees | | (122,893,261) | (121,026,135) |
| Payments to suppliers | | (92,580,320) | (109,759,201) |
| **Cash flow from operating profit before changes in operating assets and liabilities** | | **260,620,111** | **123,957,106** |
| | | | |
| **Net change in operating assets and liabilities:** | | | |
| Treasury bills and other eligible bills (above 3 months) | | (45,637,549) | (13,761,420) |
| Due from banks (above 3 months) | | 403,446,266 | (293,416,747) |
| Derivative financial instruments (assets) | | (38,784,258) | (16,513,591) |
| Trading assets | | 1,750,480 | 2,292,301 |
| Loans | | (16,843,963) | 17,455,823 |
| Derivative financial instruments (liabilities) | | 20,604,583 | 2,068,901 |
| Issuance of financial liabilities designated at fair value | | 295,359,912 | 82,007,268 |
| Repayment of financial liabilities designated at fair value | | (138,639,986) | (2,307,644) |
| Due to customers | | (449,178,690) | 589,977,727 |
| **Net cash from/(used in) operating activities** | | **292,696,906** | **491,759,724** |
| | | | |
| **Cash flow from/(used in) investing activities:** | | | |
| Purchase of property, plant and equipment and information technology systems | 9/10 | (53,090,205) | (51,730,560) |
| Proceeds from sale and reimbursement of investment securities | | 270,667,103 | 134,123,926 |
| Purchase of investment securities | | (706,171,119) | (1,123,706,365) |
| Purchase of subsidiary, net of cash acquired | 28 | – | 299,844,443 |
| Increased investment in joint ventures | 7 | (9,500,000) | – |
| **Net cash from/(used in) investing activities** | | **(498,094,221)** | **(741,468,556)** |
| | | | |
| **Cash flow from/(used in) financing activities:** | | | |
| Repayment of lease liabilities | | (3,393,580) | (3,699,363) |
| Purchase of treasury shares | | (37,967,768) | (17,420,411) |
| Sale/remittance of treasury shares | | 9,797,087 | 5,542,580 |
| Dividend and reimbursement from reserves | 18.5 | (32,729,952) | (33,022,905) |
| **Net cash from/(used in) financing activities** | | **(64,294,213)** | **(48,600,099)** |
| | | | |
| **Net decrease in cash and cash equivalents** | | **(269,691,528)** | **(298,308,931)** |
| Cash and cash equivalents as at 1 January | 1 | 6,048,013,440 | 6,354,966,064 |
| Exchange difference on cash and cash equivalents | | (46,005,436) | (8,643,693) |
| **Cash and cash equivalents as at 31 December [1]** | **1** | **5,732,316,476** | **6,048,013,440** |
| | | | |
| **Cash and cash equivalents:** | | | |
| Cash and balances with central banks | | 4,548,150,659 | 4,492,342,779 |
| Treasury bills and other eligible bills (less than 3 months) | | 274,324,191 | 1,000,813,368 |
| Due from banks (less than 3 months) | | 1,217,327,672 | 921,257,073 |
| Deposits from banks | | (307,486,046) | (366,399,780) |
| **Total as at 31 December [1]** | **1** | **5,732,316,476** | **6,048,013,440** |

[1] CHF 304.5 million and CHF 267.1 million of cash and cash equivalents were restricted as at 31 December 2023 and 31 December 2022, respectively (see Note 1).

The notes on pages 26 to 118 are an integral part of these financial statements.

# Notes to the consolidated financial statements

## Section I: General information

Swissquote Group Holding Ltd (the "Company") and its subsidiaries (together the "Group") provide a comprehensive suite of online financial services to a broad spectrum of customers, ranging from retail investors, affluent investors to professional and institutional customers. The Group operates in Switzerland through Swissquote Bank Ltd (the "Bank") and globally under the Swissquote brand with offices located in the United Arab Emirates (Dubai), Europe (United Kingdom, Luxembourg, Malta, Romania and Cyprus), and in Asia Pacific with offices in the Republic of China (Hong Kong) and Singapore. Reference is made to Note 28.

The Group also shares 50% interest in Yuh Ltd (Gland, Switzerland). This venture markets a digital banking mobile application under a separate brand in the Swiss market (www.yuh.com).

The Group's headquarters are located in Gland (Canton of Vaud), Switzerland.

The Group employed 1,134 employees (full-time equivalent) at the end of December 2023 (31 December 2022: 1,056) and 574,274 customers were using the platforms and apps of Swissquote (31 December 2022: 538,946).

The parent company of the Group is Swissquote Group Holding Ltd, which is a limited liability company incorporated in Switzerland. The address of its registered office is: Chemin de la Crétaux 33, CH-1196 Gland. The shares of Swissquote Group Holding Ltd have been listed on the Swiss Stock Exchange since 29 May 2000. The ticker is SQN, the security number is 1067586 and the ISIN number is CH0010675863.

The issued share capital as at 31 December 2023 consisted of 15,328,170 ordinary shares of CHF 0.20 nominal value each (2022: 15,328,170 ordinary shares of CHF 0.20 nominal value). There is also a conditional capital and a capital band. Details are provided in Note 18.1.

According to the information available to the Group, the shareholders with an interest in the Group above 3% (including stock options) are as follows:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Shares | Options | Total | Shares | Options | Total |
| Marc Bürki | 11.56% | 0.07% | **11.63%** | 11.56% | 0.09% | **11.65%** |
| Paolo Buzzi | 10.41% | 0.05% | **10.46%** | 10.41% | 0.05% | **10.46%** |
| PostFinance AG | 5.00% | – | **5.00%** | 5.00% | – | **5.00%** |
| **Treasury shares:** | | | | | | |
| Swissquote Group Holding Ltd (Note 18.4) | | | **3.07%** | | | **2.52%** |

Except for the above-mentioned shareholders, no other shareholder registered in the share register or announced to SIX Swiss Exchange owns 3% or more of the issued share capital as at 31 December 2023. All shares are freely tradable. SIX Swiss Exchange regulations, however, provide that individual shareholdings exceeding 5% (save for, inter alia, certain investment funds) are deemed to be permanent investments and are to be excluded from the free float. In accordance with SIX Swiss Exchange regulations, the free float as at 31 December 2023 is 73.03% (2022: 73.03%).

The consolidated financial statements were approved for publication by the Board of Directors on 13 March 2024.

# Notes to the consolidated financial statements

## Section II: Scope of operations of the Group and reportable segments

**The current scope of operations is the result of a historic development, of which the key milestones are summarised as follows:**

**1996**

- The Swissquote financial platform is founded. For the first time, private investors can access the real-time prices of all securities traded on the Swiss Stock Exchange for free.

**2000**

- Swissquote Group Holding Ltd is listed on the Swiss Stock Exchange (symbol: SQN);
- Swissquote Bank Ltd is granted a banking licence.

**2001**

- Online trading of investment funds, access to the SIX Swiss Exchange (at the time SWX and Virt-X) and to the US NYSE, Nasdaq and AMEX stock exchanges.

**2002 2007**

- Market consolidation in Switzerland (e.g. takeover of Consors (Switzerland) Ltd and Skandia Bank Switzerland).

**2008**

- A new Swissquote forex trading platform goes live.

**2010**

- Launch of the Swissquote Magazine;
- Takeover of ACM Advanced Currency Markets Ltd, one of the largest currency traders with subsidiaries in Dubai.

**2013**

- Takeover of MIG Bank Ltd, one of the leading forex brokers worldwide with subsidiaries in London and Hong Kong;
- Swiss DOTS, a new OTC trading service for derivative products;
- Launch of a subsidiary in Malta, today named Swissquote Financial Services (Malta) Limited, active in the field of fund custody and brokerage to non-retail clients.

**2014 2016**

- Strategic partnership between Swissquote and PostFinance, the main white-label partner in the field of eTrading as of today;
- Launch of Themes Trading: dynamic thematic portfolios.

**2017**

- First online bank to offer trading and custody on five cryptocurrencies: Bitcoin, Bitcoin Cash, Ether, Litecoin and Ripple.

**2018**

- Acquisition of Internaxx Bank S.A. in Luxembourg to have unrestricted access to the European market. Was rebranded Swissquote Bank Europe SA in March 2020.

**2019**

- Creation of Swissquote Singapore Pte. Ltd approved by the Monetary Authority of Singapore (MAS).

**2021**

- Launch of Yuh, the digital banking app from Swissquote and PostFinance;
- Swissquote becomes the official sponsor of UEFA;
- Strategic partnership with Luzerner Kantonalbank for online mortgages.

**2022**

- Launch of SQX, Swissquote's own crypto exchange;
- Swissquote becomes an issuer of structured products;
- Acquisition of Keytrade Bank Luxembourg SA, subsequently merged with Swissquote Bank Europe SA.

**2023**

- Launch of Invest Easy: Swissquote's investment and saving solution for simplicity seekers;
- Launch of the new debit card with multi-currency and crypto-friendly offering.

As at 31 December 2023, the Group's operations consisted of operating a digital online bank that accepts multi-currency deposits/withdrawals (including crypto assets) and that provides:

**Securities trading services (including custody services) by means of tools to trade in real time a large palette of asset classes and access a set of investment, decision-making, risk-monitoring and margin-lending services to:**

- Private investors;
- Independent asset managers and professional investors;
- Investment funds and other institutional clients;
- Third-party financial institutions.

**Access to over-the-counter trading of foreign exchange and contracts-for-differences (including leveraged forex) to:**

- Private investors;
- Money managers;
- Investment funds and other institutional clients;
- Third-party financial institutions.

**The Group is not involved in the following banking activities:**

- Providing commercial lending, direct mortgages lending, retail borrowings, credit-related commitments such as guarantees and standby letters of credit;
- Providing trustee, corporate administration to third parties.

**Reportable segments**

IFRS 8 requires an entity to identify its operating segments and based thereon to determine its reportable segments, which may comprise one operating segment or an aggregation of operating segments, which meet certain quantitative thresholds set out in the standard. An operating segment is defined in IFRS 8 as a component of an entity (1) that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with other components of the same entity, (2) whose operating results are regularly reviewed to take decisions about resources to be allocated and assess its performance, and (3) for which discrete financial information is available.

IFRS 8 requires entities to disclose information in a manner consistent with the basis of internal reporting provided to the chief operating decision maker (CODM) and used by the CODM to evaluate segment results and allocate resources.

The management information system of the Group is designed and constantly amended in order to reflect the development of the business model of the Group and hence to support the strategic and operating processes.

Historically, the Group acts as a leader in the online securities trading market and has progressively extended its activities not only by increasing the level of assistance to its customers (Robo-Advisory) but also by adding products and services such as Lombard loans, crypto assets trading and securities lending. In the securities trading segment, the Group operates in a number of geographic markets and is regulated by different financial regulators.

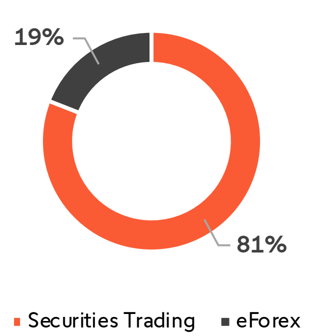
Throughout the years, the Group gained a critical mass in the leveraged forex segment (eForex) through both internal and external growth. In this segment, the Group offers to its clientele access to over-the-counter (OTC) foreign exchange markets through technology platforms. The Group primarily operates what is referred to as an agency model to execute client trades. In the leveraged forex segment, the regulations also affect how the Group is able to market and provide its services to customers. If the regulations are continually evolving, the regulatory environment is less restrictive in comparison to the securities trading segment. The Group revenues are mainly generated by adding a mark-up to the price provided by the market.

The Group manages financial risks and business activities on a group-wide portfolio basis and a large portion of costs are incurred centrally. These costs are not allocated to individual reportable segments for decision-making purposes and accordingly these costs are not allocated to reportable segments.

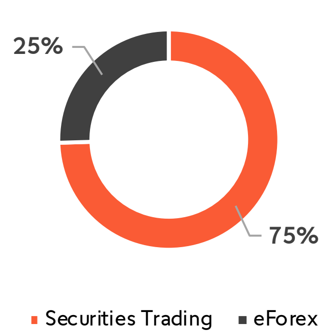
With due care to the above explanations, the Group has defined two operating segments:

– Securities trading;
– Leveraged forex (eForex).

OPERATING INCOME BY SEGMENT IN 2023




OPERATING INCOME BY SEGMENT IN 2022



Based thereon, the analysis of reportable segments for 2023 and 2022 is as follows:

| in CHF | 2023 | 2022 |
|---|---|---|
| OPERATING INCOME BY GEOGRAPHY | | |
| **Securities trading** | | |
| Switzerland | 369,601,213 | 277,102,996 |
| Europe | 32,875,418 | 18,677,603 |
| Middle East | 20,303,436 | 6,596,210 |
| Asia Pacific | 6,997,821 | 1,850,315 |
| **Subtotal securities trading** | **429,777,888** | **304,227,124** |
| **Leveraged forex** | | |
| Switzerland | 83,295,411 | 84,650,945 |
| Europe | 704,662 | 1,865,247 |
| Middle East | 12,186,233 | 10,528,263 |
| Asia Pacific | 4,904,464 | 6,874,890 |
| **Subtotal leveraged forex** | **101,090,770** | **103,919,345** |
| **Total operating income** | **530,868,658** | **408,146,469** |
| Total unallocated items | (275,431,295) | (221,759,316) |
| **Operating profit** | **255,437,363** | **186,387,153** |

The geographical split reflects the location of the office that manages the client relationship.

| in CHF | 2023 | 2022 |
|---|---|---|
| OPERATING INCOME BY PRODUCT | | |
| **Securities trading** | | |
| Cash and fixed income | 227,810,769 | 77,795,219 |
| Shares | 57,485,343 | 58,007,140 |
| Foreign exchange | 51,147,810 | 54,449,131 |
| Funds and similar vehicles | 23,922,934 | 22,591,681 |
| Structured products and derivatives | 21,783,556 | 24,543,370 |
| Crypto assets | 18,866,986 | 27,695,135 |
| Others | 28,760,490 | 39,145,448 |
| **Subtotal securities trading** | **429,777,888** | **304,227,124** |
| **Leveraged forex** | | |
| Foreign exchange | 57,087,496 | 60,433,810 |
| Precious metals | 22,638,808 | 19,786,295 |
| Contracts-for-differences | 21,364,466 | 23,699,240 |
| **Subtotal leveraged forex** | **101,090,770** | **103,919,345** |
| **Total operating income** | **530,868,658** | **408,146,469** |
| Total unallocated items | (275,431,295) | (221,759,316) |
| **Operating profit** | **255,437,363** | **186,387,153** |

# Notes to the consolidated financial statements

## Section III: Adoption of new and revised International Financial Reporting Standards

The consolidated financial statements for the year 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS).

Additional information required by national regulations is included where appropriate.

**A Standards, amendments and interpretations effective on or after 1 January 2023**

There are no IFRS or IFRIC interpretations, effective for the first time for the financial year beginning 1 January 2023, with a material impact on the Group.

**B Standards and interpretations issued, but not yet effective**

Certain new accounting standards and interpretations published are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

**C Early adoption of standards**

The Group did not early adopt new or amended standards in 2023.

In accordance with IAS 1, the material accounting policy information applied in the preparation of these consolidated financial statements is set out below:

**A Basis of presentation**

These consolidated financial statements are prepared in accordance with IFRS. The consolidated financial statements are prepared under the historical cost convention with the exception of financial assets and liabilities measured at fair value through profit or loss or through other comprehensive income, derivative financial instruments and share-based payments measured at revalued amounts or fair values as explained in the accounting policies as well as precious metals (Other assets) measured at fair value less cost to sell.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Section V.

**B Consolidation**

**B1 Subsidiaries and investments in associates/joint ventures**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Interests in entities where the Group has significant influence over the financial and operating policies of the entity but does not have control are classified as investments in associates/joint ventures and accounted for under the equity method of accounting. Typically, the Group has significant influence when it holds or has the ability to hold between 20% and 50% of a company’s voting rights. Investments in associates/joint ventures are initially recognised at cost, and the carrying amount is increased or decreased after the date of acquisition to recognise the Group’s share of the investee’s profit or loss and any impairment losses. The net investment in an associate/joint venture is impaired if there is objective evidence of a loss event and the carrying amount of the investment in the associate/joint venture exceeds its recoverable amount. The Group’s share of the investee’s profit or loss is recognised in the Group’s income statement.

Intercompany transactions, balances and unrealised gains on transactions between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**B2 Acquisition**

The acquisition method is used to account for the business combinations by the Group. The cost of an acquisition is measured at the fair value of the given assets, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

### B3 List of Group entities

| Group entities | Office/country | Status | Interest as at 31 December 2023 | 2022 |
|---|---|---|---|---|
| Swissquote Bank Ltd | Gland/Switzerland | Active | 100% | 100% |
| Swissquote Bank Europe SA | Luxembourg/Luxembourg | Active | 100% | 100% |
| Swissquote Financial Services (Malta) Ltd | St. Julian's/Malta | Active | 100% | 100% |
| Swissquote Ltd | London/UK | Active | 100% | 100% |
| Swissquote Capital Markets Ltd | Limassol/Cyprus | Active | 100% | 100% |
| Swissquote Tech Hub Bucharest S.R.L. | Bucharest/Romania | Active | 100% | 100% |
| Swissquote MEA Ltd | Dubai/UAE | Active | 100% | 100% |
| Swissquote Pte. Ltd | Singapore/Singapore | Active | 100% | 100% |
| Swissquote Asia Ltd | Hong Kong/China | Active | 100% | 100% |
| Swissquote Trade Ltd in liquidation | Gland/Switzerland | Dormant | 100% | 100% |
| Yuh Ltd | Gland/Switzerland | Active | 50% | 50% |

Reference is made to Note 28.

### C Foreign currency translation

#### C1 Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the Group entity operates ("functional currency"). The consolidated financial statements are presented in CHF, which is the functional and presentation currency of Swissquote Group Holding Ltd and Swissquote Bank Ltd. The functional and presentation currencies of foreign subsidiaries are EUR, GBP, HKD, RON, SGD and USD.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| Foreign currency translation | Closing rates | Average rates | Closing rates | Average rates |
| AED | 0.2291 | 0.2444 | 0.2517 | 0.2596 |
| AUD | 0.5732 | 0.5957 | 0.6303 | 0.6604 |
| CAD | 0.6352 | 0.6658 | 0.6824 | 0.7311 |
| CNY | 0.1181 | 0.1265 | 0.1336 | 0.1411 |
| DKK | 0.1246 | 0.1303 | 0.1331 | 0.1348 |
| EUR | 0.9288 | 0.9708 | 0.9898 | 1.0029 |
| GBP | 1.0714 | 1.1185 | 1.1183 | 1.1739 |
| HKD | 0.1078 | 0.1146 | 0.1185 | 0.1217 |
| JPY | 0.0060 | 0.0064 | 0.0070 | 0.0073 |
| NOK | 0.0827 | 0.0849 | 0.0945 | 0.0993 |
| RON | 0.1868 | 0.1961 | 0.2001 | 0.2033 |
| SEK | 0.0834 | 0.0846 | 0.0888 | 0.0941 |
| SGD | 0.6378 | 0.6687 | 0.6895 | 0.6918 |
| TRY | 0.0289 | 0.0385 | 0.0495 | 0.0578 |
| USD | 0.8415 | 0.8977 | 0.9245 | 0.9535 |

Average rates disclosed in the table above are the average of monthly closing rates and do not reflect the effective average rates of transactions.

#### C2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

#### C3 Group entities

The results and financial positions of all Group entities (none of which has a currency in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated as follows:

– Assets and liabilities for each balance sheet item presented are translated at the closing rate at the date of the balance sheet;
– Income and expenses of each income statement are translated at average exchange rates;
– All resulting foreign exchange differences are recognised in the statement of comprehensive income.

### D Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Group discloses its operating segments by the nature of the business activities as managed internally and presented to the Executive Management and Board of Directors. The set-up of the Group's operations implies that the Group operates in two reported operating segments:

– Securities trading;
– Leveraged forex.

### E Offsetting financial instruments

The Group presents separately recognised financial assets and recognised financial liabilities at their gross amounts. The Group does not offset assets and liabilities unless required to by IFRS.

**F Financial assets**

**F1 Classification**

The Group classifies its financial assets in the following three measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL).

The classification depends on the business models of the Group for managing the financial assets and the cash flow characteristics of the financial assets. The business model reflects how the Group manages the financial assets in order to generate cash flows. The Group reclassifies financial assets when and only when its business model for managing those assets changes. Such changes are expected to be infrequent.

**F2 Recognition, modification and derecognition**

Regular way purchases and sales of financial assets are recognised on a trade date basis. Financial assets are derecognised when the contractual rights to receive cash flows have expired or when they are transferred. When modifications happen (change in contractual cash flows), the Group assesses whether the new terms are substantially different from the original terms.

**F3 Measurement**

At initial recognition, the Group measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of a financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the business model for managing the asset and the cash flow characteristics of the asset. These are three measurement categories, into which the Group classifies its debt instruments:

- Amortised cost: assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interests (SPPI test), are measured at amortised cost using the effective interest rate method. These assets are subject to impairment. Any gains or losses are recognised in the income statement when the asset is derecognised, modified or impaired.
- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the cash flows represent solely payments of principal and interest (SPPI test), are measured at FVOCI. Interest income, foreign exchange revaluation and impairment losses/reversals are recognised in the income statement and computed in the same manner as for amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to income statement.
- FVTPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Changes in fair value are recognised in the income statement.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective. The Group subsequently measures all equity instruments at fair value. Equity instruments are classified into two categories:

- FVOCI: where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as net interest income when the right to receive payments is established. Equity instruments designated at FVOCI are not subject to impairment assessments.
- FVTPL: financial assets held for trading and changes in the fair value are recognised in the income statement.

Finance lease receivables

Where the Group acts as leasing provider for customers under a finance lease, a receivable is recognised in Loans at an amount equal to the present value of the aggregate of the lease payments receivable from the customer and the guaranteed residual value that the Group expects to recover at the end of the lease term. Parts of lease payments received during the lease term are allocated as repayments of the outstanding receivable. The finance lease income is calculated using the effective interest method and is recognised in the income statement (Net interest income).

Other financial assets

All other financial assets are measured at FVTPL and consist of held-for-trading assets, assets mandatorily measured on a fair value basis and derivative financial instruments, except to the extent that they are designated in a hedging relationship (in which case the IAS 39 hedge accounting requirements continue to apply).

### G Impairment of financial assets

The Group assesses the expected credit losses (ECL) associated with its assets carried at amortised cost and FVOCI.

The impairment methodology applied depends on whether there has been a significant change in credit risk since initial recognition and is summarised as follows:

– A financial asset that is not credit-impaired is classified as "stage 1" on initial recognition and has its credit risk continuously monitored by the Group.
– If a significant change in credit risk (SICR) since initial recognition is identified, the financial asset is moved to "stage 2".
– If the financial asset is credit-impaired, the financial asset is then moved to "stage 3".

Financial assets in stage 1 have their ECL measured at an amount equal to the portion of lifetime-expected credit losses that result from default events possible within the next 12 months. Therefore, 12-month ECL are recognised from initial recognition. For financial assets with a remaining maturity of less than 12 months, ECL are determined for this shorter period.

Financial instruments in stage 2 or stage 3 have their ECL measured based on expected credit losses on a lifetime basis.

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD). All changes in expected credit losses (positive or negative remeasurement) are recognised in the income statement (Credit loss (expense)/release).

#### Significant increase of credit risk (SICR)

To determine whether the recognition of a 12-month ECL (stage 1) continues to be appropriate, it is assessed whether a SICR has occurred since initial recognition.

Risk indicators establishing whether there has been a significant increase of credit risk vary depending on the type of balance sheet item (as the nature of the borrower or the product type may differ) but also on internal management methods and external data available. The Group considers quantitative and qualitative elements as well as backstop indicators when determining whether SICR has occurred. For example:

– Treasury bills and other eligible bills, Due from banks and Investment securities: exposures which have experienced a significant downgrade in external credit rating or significant widening of credit spreads undergo a significant increase of credit risk and hence become stage 2 are considered as a backstop by the Group. Additionally, based on individual counterparty-specific indicators, external market indicators of credit risk or general economic conditions, counterparties may be moved to a watch list, which is used as a secondary qualitative indicator for SICR and hence for transfer to stage 2.
– Loans: the loans provided to customers are mainly Lombard loans, which are collateralised by portfolios of securities. The value of the collateral is taken into account when calculating the ECL, which minimises the probability that a stage 1 exposure needs to be transferred to stage 2. Lombard loans in stage 2 are loans which, according to the policy, are above closed-out trigger, but have been decided to be maintained by taking a higher credit risk.

#### Default and credit impairment

The definition of default is based on quantitative and qualitative criteria. A counterparty is classified as defaulted when material payments of interests, principal or fees are overdue for more than 90 days. Counterparties are also classified as defaulted when bankruptcy, insolvency proceedings or enforced liquidation have commenced or there is other evidence that payment obligations will not be fully met without recourse to collateral.

#### Write-off and recovery

Financial assets are written off, in part or in full, where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

When the Group reaches settlement agreements with counterparties whose balances were previously considered as stage 3, it can recover these balances in part or in full. The recovered amount is credited to Credit loss (expense)/release, whereas the remaining amount is generally written off.

#### Simplified approach

For finance lease receivables, as an accounting policy the Group elected to use a simplified approach, which means recognition of lifetime-expected credit losses irrespective of if a significant increase in credit risk has taken place. The model will be periodically updated and developed based on experience.

### H Derivative financial instruments and hedging activities
Derivative financial instruments include those held for trading purposes and those used for risk management purposes. Derivatives held for trading arise from proprietary trading activity and from customer-based activity. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.
The Group may designate certain derivatives as either:
- Hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedge);
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in this way, provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between the hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

#### a Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Effective changes in fair value of interest rate swaps and related hedged items are reflected in Net interest income. Effective changes in fair value of currency futures are reflected in Net trading income. Any ineffectiveness is recorded in Net trading income.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to income statement over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security, except for FVOCI equities where there is no recycling.

#### b Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement (Net trading income).

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects income statement. The gain or loss relating to the effective portion of foreign exchange swaps and currency options are recorded in line with the hedged item in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

### I Intangible assets
Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. In that sense, goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in Intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### J Information technology systems
#### J1 Software third-party licences
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life.

#### J2 Proprietary software
Costs associated with maintaining computer software programs are recognised as an expense when incurred. However, expenditure that enhances or extends the benefits of computer software programs beyond their original

specifications and lives is recognised as a capital improvement and added to the original cost of the software under the item “Proprietary software”. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives.

Computer software internally generated by the Group is recognised as an asset if the cost of development is reliably measurable and an analysis shows that future benefits from using the software application exceed the cost. Cost is defined as development costs incurred to make each computer software application ready for use. The cost of development consists primarily of direct remuneration and other directly attributable development costs. Expenses incurred in the planning phase are not capitalised, but expensed when incurred.

### J3 Hardware & telecom systems

Hardware and telecom systems are recorded at cost. Depreciation is calculated on the straight-line method to write off the cost of these assets to their residual values over their estimated useful life.

| Assets | Depreciation method | |
|---|---|---|
| Software third-party licences | Straight-line | 3 to 10 years |
| Proprietary software | Straight-line | 5 years |
| Hardware & telecom systems | Straight-line | Maximum 5 years |

## K Property, plant and equipment

### K1 Land and buildings

Land and buildings are carried at historical cost less accumulated depreciation and provision for impairment where required. Land is not depreciated. Depreciation on buildings is calculated on a straight-line basis and based on the estimated useful life. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

### K2 Right-of-use assets

Leases are recognised as a right-of-use asset and a corresponding liability at the date when the leased asset is available for use by the Group. The assets and liabilities from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement (Interest expense) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability, any initial direct costs, any lease incentives received and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

### K3 Leasehold improvements and equipment

Leasehold improvements and equipment are stated at cost less accumulated depreciation or any impairment losses. Expenditure incurred on maintenance and repairs is recognised in the income statement as incurred. Expenditure incurred on major improvements is capitalised and depreciated.

| Assets | Depreciation method | |
|---|---|---|
| Land | Not depreciated | N.A. |
| Buildings | Straight-line | Maximum 30 years |
| Right-of-use assets | Straight-line | 3 to 10 years[1] |
| Leasehold improvements | Straight-line | 5 to 10 years |
| Equipment | Straight-line | 5 to 10 years |

[1] Or duration of the lease if shorter

The residual values and useful lives are reviewed, and adjusted as appropriate, at each balance sheet date. The carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

**L Impairment of tangible and intangible assets**

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of the allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Assets that have an indefinite useful life – for example, goodwill – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**M Due to customers**

Due to customers only include items classified as liabilities at amortised cost.

**N Financial liabilities**

Financial liabilities are measured either at amortised cost or at fair value through profit or loss (FVTPL). All issued structured products are designated as Financial liabilities designated at fair value. The fair value option is applied to these issued products to reduce the accounting mismatch between the related investment securities at amortised cost or at fair value through profit or loss and related derivative financial instruments (total return swaps). Changes in the fair value of financial liabilities designated at fair value attributable to changes in the own credit risk, if any, is presented in other comprehensive income. The remaining amount of the gain or loss is included in the income statement.

**O Deferred income taxes**

Deferred income taxes are provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income taxes are determined using tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from the capitalisation of certain assets and related depreciation and amortisation as well as from remeasurement of the defined benefit obligation.

Deferred tax related to fair value remeasurement of FVOCI investments, which is charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and is subsequently (in the case of sale) recognised in the income statement, or transferred to retained earnings, together with the deferred gain or loss.

Deferred tax assets relating to tax losses carried forward are, if any, recognised to the extent that taxable profits are expected to be generated in the future and will be offset by the tax losses carried forward.

### P Pension obligations

As at 31 December 2023, the Group operates various post-employment schemes, including defined benefit and defined contribution pension plans (2022: same situation).

**Switzerland (defined benefit plan)**

With regard to operations located in Switzerland, the pension plan has been set up in accordance with Swiss law. Consequently, it does not fulfil all of the conditions of a defined contribution pension plan according to IAS 19 and is therefore accounted for as a defined benefit plan.

The Group insures its staff through a collective foundation, which provides benefits on retirement or in the event of death and disability. The benefits provided by the plan are above the legal minimum (which is set out in Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans). These additional benefits can be reduced prospectively for active employees. The level of contributions to be paid by the employees and the relevant Group companies is determined in the plan's rules. The pension benefits are based on the contributions paid by the insured persons and the Group (individual savings accounts). As the supreme body of the collective foundation, the Board of Trustees is responsible for the general administration, for the drawing up of the rules and the regulations, for asset management supervision and for the relation with authorities. The administrative, accounting and actuarial management is entrusted to third-party service providers. Swiss pension plans must ensure that they can meet their obligations at all times. Measures to eliminate any potential shortfall must be based on a regulatory principle.

For IFRS purposes, pension obligations and expenses are determined according to the projected unit credit method when qualifying as defined benefit plans. The corresponding calculations are made by third-party actuaries on a periodical basis. The potential liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan's assets, together with adjustments for unrecognised past-service costs. The present value of the defined benefit obligation is determined by discounting the estimated future outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are paid, and that have terms to maturity approximating to the terms of the related pension obligation.

**Foreign locations (defined contribution plan)**

The foreign entities of the Group operate defined contribution pension schemes. The assets of the scheme are held separately from those of the entities in an independently administered fund. The amount charged to the income statement represents the contributions that have been paid to the scheme in respect of the accounting period.

### Q Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, if it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date. Where a provision is measured using cash flow estimates to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

### R Share capital/transaction costs

Ordinary shares are classified as equity. Share premium includes any premium received on the issuing of new shares. Incremental costs directly attributable to the issue by Group entities of new shares or options (transaction costs) or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group’s shareholders.

### S Employee Share and Option Plan (ESOP)

The equity-based compensation plan is called Employee Share and Option Plan (ESOP). The purpose of the plan is to furnish incentives to eligible employees of the Group to increase shareholder value by improving operations and profitability. Eligible employee shall mean any permanent employee of the Group who is employed by the Group at the date of grant and for a minimum of one full year of employment within the Group.

The Share Plan is made available to all eligible employees (including members of the Management) and to the members of the Board of Directors, while the Option Plan is solely available to eligible employees (in particular members of the Management). For the Share Plan, the Group has decided not to include any vesting condition. The fair value of the attributed shares is fully recognised as an expense at the date of grant.

For the Option Plan, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period (i.e. the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied). The total amount to be expensed is determined by reference to the fair value of the options granted (at grant date), excluding the impact of any non-market vesting conditions and the number of options anticipated to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. When shares are issued to employees exercising stock options, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. When treasury shares are delivered to employees exercising the stock options, the proceeds received are credited to treasury shares (acquisition cost) and share premium (difference between the strike price and the acquisition cost of the treasury shares).

### T Treasury shares (equity)

When the Group purchases its own shares, the consideration paid is deducted from total equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in equity.

### U Net fee and commission income

The Group provides its customers with a large range of services. Net fee and commission income can be split into two categories: (1) services rendered over time (mainly custody and other account services fees) and (2) fees for services provided at a point in time (such as brokerage and related income), which constitute by far the largest portion.

Fee and commission income for services provided over time are generally recorded as a percentage of the average amount of relevant assets during the period when the service is rendered and is recognised in profit or loss as performance obligations being met.

Fee and commission income for services at a specific point in time are generally determined either as a fixed amount per transaction or as a percentage of the corresponding transaction volume. They are invoiced to the customer after the service has been rendered and recognised in profit or loss.

### V Net interest income

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost and debt instruments measured at FVOCI using the effective interest method. Net interest income is by nature recognised over time. Interest income includes coupons earned on fixed-income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. A foreign exchange swap is the simultaneous purchase and sale of identical amounts of one currency for another with two different value dates (normally spot to forward). The difference between the forward rate and the spot rate represents the interest differential between the two currencies at inception. The net economic return (interest margin) over the investment period is recognised in net interest income, as well as any subsequent changes in fair value that may occur. Nevertheless, the Group is required to present separately in the income statement interest revenues calculated using the effective interest rate method from other interest revenues.

### W Net trading income

Net trading income is recognised on online foreign exchange transactions performed by clients and also on foreign currency translation of monetary assets and liabilities denominated in other currencies than functional currency. Revenue rebates payable to introducing brokers that are not themselves trading counterparties are charged to the income statement when the associated revenue is recognised and are disclosed as a deduction from net trading income. Changes in fair value and gains and losses realised on the disposal of financial assets designated at fair value through profit or loss are recognised in Net trading income. Net trading income is by nature recognised at a point in time.

### X Off-balance sheet activities (including holdings in crypto assets)

Fiduciary activity: the Group commonly acts in a variety of arrangements as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of clients (including securities lending). These arrangements are subject to regulation (when applicable) as well as industry custom and practice. These assets are not included in the statement of financial position because the contractual terms and economic substance do not meet the IFRS definition for the recognition of an asset and liability.

Holdings in crypto assets: the Group offers crypto assets trading and custody services to its clients. The Group holds all crypto assets credited to the client accounts solely as a nominee (fiduciary capacity) on behalf of its clients, who remain the legal and beneficial owners of such holdings. The Group itself has no claim to the crypto assets, as they are assets belonging to its clients. Segregation and compliance to segregation requirements are key elements in determining whether the holdings in crypto assets have to be recognised in the statement of financial position or not. Swiss laws provide (among other) clear rules for the segregation of crypto assets in the event of bankruptcy of the custodian.

### Y Cash and cash equivalents

Cash and cash equivalents comprise balances with less than 90 days maturity including: cash and balances with central banks, amounts due from other banks and other short-term highly liquid investments (classified under Treasury bills and other eligible bills). Cash and balances with central banks comprise deposits with Swiss National Bank and Banque centrale du Luxembourg, which are available on demand. Reverse repurchase agreements with Swiss National Bank are also presented in Cash and balances with central banks.

## Section V: Critical accounting judgements and key sources of estimation uncertainty

The consolidated financial statements are prepared in accordance with IFRS and the application of these accounting standards requires the use of judgements, based on estimates and assumptions that may involve significant uncertainty at the time they are made. Using different assumptions could cause the reported results to differ, and changes in the assumptions may have a significant impact on the financial statements in the period that such changes occur.

This section is included to assist the reader of the consolidated financial statements in understanding the uncertainty inherent in the estimates and assumptions used, but does not intend to suggest that other estimates and assumptions would be more appropriate.

As at 31 December 2023, the Group believes the assumptions that have been made are appropriate under the circumstances and that the consolidated financial statements are fairly presented in all material aspects.

In addition, the process of applying the Group's accounting policies may require the use of key assumptions concerning the future, and/or other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year. Key assumptions are discussed below.

### A Impairment test in respect of goodwill

As at 31 December 2023, the carrying amount of goodwill amounted to CHF 54.7 million (2022: CHF 55.8 million).

Under IFRS, goodwill is not amortised, but is reviewed for potential impairment on an annual basis or when indicators of impairment exist. The Group tests annually whether goodwill has suffered any impairment.

The impairment test is performed for each segment for which goodwill is allocated and compares the recoverable amount (based on its value in use) to the carrying amount of the cash-generating unit. An impairment charge is recognised if the carrying amount exceeds the recoverable amount. The impairment test is based on assumptions (see Note 8).

The recoverable amounts are determined using a discounted cash flow (DCF) model or a dividend discount model (DDM), which incorporates assumptions (such as growth rate and the amount and timing of expected future cash flows for example) relevant to the banking business and its regulatory environment. The recoverable amount is the sum of the discounted earnings from the forecasted years and the terminal value. The terminal value, reflecting all periods beyond the forecasted years, is calculated on the basis of the last forecasted year earnings. Valuation parameters used for the impairment test model are linked to external market information, where applicable. The discount rate is determined by applying a capital-asset-pricing model-based approach, as well as considering quantitative and qualitative inputs. Key assumptions used to determine the recoverable amounts are tested for sensitivity by applying a reasonably possible change to those assumptions.

Goodwill is allocated to cash-generating units for purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination, identified according to business segment.

Circumstances that could trigger an impairment test include (but are not limited to): a significant adverse change in business climate or legal factor, an increase of discount rate, an adverse action or assessment by a regulator, additional regulatory or legislative changes, unanticipated competition and loss of key personnel.

If the estimated earnings and other assumptions in future periods deviate from the current outlook, the value of the goodwill may become impaired in the future, giving rise to losses in the income statement. Recognition of any impairment of goodwill would reduce IFRS equity and net profit. It would not impact cash flows nor regulatory capital ratios, as goodwill is required to be deducted from eligible capital under the Basel III framework.

### B Employee benefits

As at 31 December 2023, the defined benefit obligation amounted to CHF 97.2 million (2022: CHF 85.5 million) which resulted in a net liability of CHF 10.6 million (2022: CHF 9.1 million) after deduction of the fair value of the plan's assets.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations (see Note 17).

The assumptions used in determining the net cost (or income) for pension include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality bonds maturities approximating the terms of the related pension obligations.

Other key assumptions include life expectancy, turnover, expected salary increases, pension rates and interest credits on retirement saving account balances. Life expectancy is determined by reference to mortality tables. The assumption for salary increases reflects the long-term expectations for salary growth and takes into account inflation, seniority and other relevant factors of the labour market.

### C Measurement of the expected credit loss and impairment allowance

Judgement is always required by Management in the estimation of the amount and timing of future cash flows when determining an impairment loss for loans and advances. However, since the introduction of IFRS 9, the measurement of the expected credit loss allowance (ECL) is an area that requires even more judgement and to make estimates and assumptions that involve uncertainty at the time they are made.

Changes to these estimates and assumptions can result in significant changes in the timing and amount of ECL to be recognised as the impairment allowance recognised within a period is impacted by a variety of factors, including the ones described below:

– Transfers between stage 1 and stage 2 due to financial instruments experiencing significant increases (decreases) of credit risk or into (out of) stage 3 due to financial instruments becoming credit-impaired (becoming cured) and the consequent step-up (step-down) between 12-month and lifetime ECL.
– Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period.
– Impact on the measurement of expected credit losses due to changes in probabilities of defaults (PDs), exposures at defaults (EADs) and loss given defaults (LGDs) in the period arising from regular refreshing of inputs to models.

Defining the concept of significant change in credit risk is a critical element within the overall ECL estimate given the potential effect on provision of moving financial instruments from 12-month ECL to lifetime ECL.

The expected credit losses are a discounted product of the PDs, EADs and LGDs. PDs are based on historical data and quantitative estimates supplied by third parties. The EADs represent an estimate of the exposure to credit risk at time of potential default. The LGDs represent an estimate of the loss at the time of a potential default. In general, the Group leverages the models used in determining the parameters under Basel III framework. In certain cases, the Group may use a simplified approach (finance lease receivables).

### A Introduction

The Group is exposed to a variety of financial risks that require the analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Risks arise from all Group business activities and cannot be completely eliminated. Prudent risk-taking is in line with the strategic priorities and is fundamental to the Group's business as a provider of online financial services.

Risk management plays an important role in the Group business planning process and is highly supported by the Executive Management and the Board of Directors.

### A1 Financial risk factors

The Group activities expose it to a range of financial risks:

- Credit risk;
- Liquidity risk;
- Market risks (including foreign exchange risk and interest rate risk);
- Operational risk.

A variety of methodologies and measures are applied to quantify the risks of the Group and risk concentrations.

### A2 Risk governance and risk organisation

The Group risk management policies and systems are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in the markets, products, emerging best practices and legislative and regulatory developments.

As a general rule, risk limits are set by the Board of Directors. The Executive Management is responsible for supervising and directing the risk profile and recommending risk limits to the Board of Directors. The Chief Risk Officer is the executive accountable for enabling the governance of significant risks (risk management).

The objectives of risk management are to protect the Group's financial strength and reputation, while ensuring that capital is well deployed to support business activities. These business activities are constrained by the capital that is available to cover risk-weighted assets resulting inter alia from the risks underlying the activities and the size of the balance sheet assets. These constraints represent a link between the strategy, the risks generated by the activities and the balance sheet and capital resources that are available to absorb those risks. The Group's risk management organisation reflects the specific nature of the various risks in order to ensure that risks are managed within limits set in a transparent and timely manner. The Board of Directors is responsible for the strategic direction, supervision and control of the Group's activities as well as the definition of the overall tolerance for risk. The Audit & Risk Committee is responsible for assisting the Board of Directors in its responsibilities by monitoring the Group's approach with respect to financial reporting, internal controls, accounting, compliance and internal audit.

The Board of Directors provides written principles for the overall risk management, as well as written policies covering the following main risk areas:

- Asset and liability management and treasury policies (covering inter alia currency and maturity mismatching risks);
- Credit risk (including margining of collateral risks);
- Liquidity risk;
- Market risks (comprising the scope of assets considered for investment and provisions on market, interest rate and liquidity risks);
- Capital management policies;
- Operational risk.

Furthermore, once a year, the Board of Directors organises a conference dedicated to an in-depth review of risks and of the risk management process (the "Annual Conference on Risks"). Selected members of the senior management, the external auditors and the internal auditors provide the Board of Directors with their own risk assessments and their recommendations with respect to the risk management and internal control.

### A3 Climate-related financial risks

Climate risks are becoming more important for companies. In this regard, a new climate reporting legislation was adopted in 2022 by the Swiss Federal Council under the name of Ordinance on Climate Disclosures and entered into force on 1 January 2024 for large Swiss companies.

In 2023, the Board of Directors adopted a new climate strategy that covers two main areas: i) managing climate-related financial risks and ii) contribute to the transition to a more sustainable economy. Moreover, the Group implemented a climate risk management framework to identify climate-related risk factors, monitor and manage risk, and enable disclosure of climate risk metrics. This climate risk management framework insists on the principle that climate-related risks are drivers of the existing risk categories (credit risk, market risk, operational risk and liquidity risk). As a result, the Controlling and Risk department, under the supervision of the Chief Risk Officer, ensures that climate-related risks are integrated into the

Group's existing risk framework. In particular, all risk types are reassessed annually to include potential impacts of climate-related risks. The Group also considered the potential impairment indicators on assets affected by climate change but did not identify any material elements.

The Ordinance on Climate Disclosures makes the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") binding. Reference is made to the fully dedicated TCFD report in our separate Sustainability Report.

### B Financial assets and liabilities categorisation

IFRS 7 requires all the financial assets and liabilities of the Group to be presented by category and class of instruments.

| in CHF | Amortised cost | FVTPL | FVOCI | Total | Fair value |
|---|---|---|---|---|---|
| CLASSES OF FINANCIAL ASSETS | | | | | |
| Cash and balances with central banks | 4,548,150,659 | – | – | 4,548,150,659 | 4,548,150,659 |
| Treasury bills and other eligible bills | 474,606,436 | – | – | 474,606,436 | 474,606,436 |
| Due from banks | 1,504,026,695 | – | – | 1,504,026,695 | 1,504,026,695 |
| Derivative financial instruments | – | 147,986,246 | – | 147,986,246 | 147,986,246 |
| Trading assets | – | 873,726 | – | 873,726 | 873,726 |
| Loans | 805,573,888 | – | – | 805,573,888 | 805,573,888 |
| Investment securities | 1,703,770,634 | 150,076,403 | 244,777,384 | 2,098,624,421 | 2,063,988,442 |
| Other assets (financial assets) | 56,939,689 | – | – | 56,939,689 | 56,939,689 |
| **Total financial assets** | **9,093,068,001** | **298,936,375** | **244,777,384** | **9,636,781,760** | **9,602,145,781** |
| Investment in joint venture | | | | 8,979,084 | |
| Deferred income tax assets | | | | 1,489,711 | |
| Intangible assets | | | | 54,749,408 | |
| Information technology systems | | | | 92,299,204 | |
| Property, plant and equipment | | | | 73,760,573 | |
| Other assets (non-financial assets)[1] | | | | 91,728,953 | |
| **Total non-financial assets** | | | | **323,006,933** | |
| **Total assets as at 31 December 2023** | | | | **9,959,788,693** | |

[1] mainly comprise precious metals

| in CHF | Amortised cost | FVTPL | Total | Fair value |
|---|---|---|---|---|
| CLASSES OF FINANCIAL LIABILITIES | | | | |
| Deposits from banks | 307,486,046 | – | 307,486,046 | 307,486,046 |
| Derivative financial instruments | – | 78,439,731 | 78,439,731 | 78,439,731 |
| Financial liabilities designated at fair value | – | 215,908,273 | 215,908,273 | 215,908,273 |
| Due to customers | 8,307,692,780 | – | 8,307,692,780 | 8,307,692,780 |
| Other liabilities | 110,831,608 | – | 110,831,608 | 110,831,608 |
| **Total financial liabilities** | **8,726,010,434** | **294,348,004** | **9,020,358,438** | **9,020,358,438** |
| Current income tax liabilities | | | 31,642,163 | |
| Deferred tax liabilities | | | 2,345,870 | |
| Provisions | | | 6,887,228 | |
| **Total non-financial liabilities** | | | **40,875,261** | |
| **Total liabilities as at 31 December 2023** | | | **9,061,233,699** | |
| **Net balance as at 31 December 2023** | | | **898,554,994** | |

### B Financial assets and liabilities categorisation (continued)

| in CHF | Amortised cost | FVTPL | FVOCI | Total | Fair value |
|---|---|---|---|---|---|
| CLASSES OF FINANCIAL ASSETS | | | | | |
| Cash and balances with central banks | 4,492,342,779 | – | – | 4,492,342,779 | 4,492,342,779 |
| Treasury bills and other eligible bills | 1,165,904,963 | – | – | 1,165,904,963 | 1,165,904,963 |
| Due from banks | 1,627,923,294 | – | – | 1,627,923,294 | 1,627,923,294 |
| Derivative financial instruments | – | 109,201,988 | – | 109,201,988 | 109,201,988 |
| Trading assets | – | 2,684,024 | – | 2,684,024 | 2,684,024 |
| Loans | 814,331,758 | – | – | 814,331,758 | 814,331,758 |
| Investment securities | 1,656,665,440 | 46,540,664 | 18,826,789 | 1,722,032,893 | 1,647,898,794 |
| Other assets (financial assets) | 44,015,047 | – | – | 44,015,047 | 44,015,047 |
| **Total financial assets** | **9,801,183,281** | **158,426,676** | **18,826,789** | **9,978,436,746** | **9,904,302,647** |
| | | | | | |
| Investment in joint venture | | | | 4,460,572 | |
| Deferred income tax assets | | | | 1,393,649 | |
| Intangible assets | | | | 55,784,621 | |
| Information technology systems | | | | 75,258,028 | |
| Property, plant and equipment | | | | 72,506,590 | |
| Other assets (non-financial assets)[1] | | | | 30,555,542 | |
| **Total non-financial assets** | | | | **239,959,002** | |
| | | | | | |
| **Total assets as at 31 December 2022** | | | | **10,218,395,748** | |

[1] mainly comprise precious metals

| in CHF | Amortised cost | FVTPL | Total | Fair value |
|---|---|---|---|---|
| CLASSES OF FINANCIAL LIABILITIES | | | | |
| Deposits from banks | 366,399,780 | – | 366,399,780 | 366,399,780 |
| Derivative financial instruments | – | 57,835,148 | 57,835,148 | 57,835,148 |
| Financial liabilities designated at fair value | – | 71,313,623 | 71,313,623 | 71,313,623 |
| Due to customers | 8,860,519,759 | – | 8,860,519,759 | 8,860,519,759 |
| Other liabilities | 90,092,881 | – | 90,092,881 | 90,092,881 |
| **Total financial liabilities** | **9,317,012,420** | **129,148,771** | **9,446,161,191** | **9,446,161,191** |
| | | | | |
| Current income tax liabilities | | | 23,048,468 | |
| Deferred tax liabilities | | | 1,582,439 | |
| Provisions | | | 6,475,556 | |
| **Total non-financial liabilities** | | | **31,106,463** | |
| | | | | |
| **Total liabilities as at 31 December 2022** | | | **9,477,267,654** | |
| | | | | |
| **Net balance as at 31 December 2022** | | | **741,128,094** | |

### C Fair value of financial assets and liabilities

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debts. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of other assets and other liabilities is assumed to approximate their fair value.

**Fair value hierarchy**

The levels of the fair value hierarchy are defined as follows:

– Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed debt instruments, trading assets on stock and other exchanges, exchange-traded derivatives and precious metals. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.
– Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). These inputs include: (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available, inputs other than quoted prices that are observable for the asset or the liability or (3) inputs that are derived principally from or corroborated by observable market data by correlation or other means. This level includes the majority of the OTC derivative contracts, investment securities and issued structured products. For the latter, valuation models are primarily applied and use inputs and rates derived from observable market data, such as interest rates, quoted prices and foreign exchange rates. The Group sources of input parameters such as benchmark interest rate or counterparty credit risk are Bloomberg and Reuters.
– Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). These inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances. This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The fair value of financial instruments traded in active markets is based on quoted prices at the balance sheet date. An active market is one in which quoted prices are readily and regularly available from a stock exchange, a dealer, a broker, an industry group, a pricing service or a regulatory agency, those prices represent actual and regularly occurring market transactions on an arm's-length basis and in which transactions take place with sufficient frequency and volume. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (i.e. over-the-counter derivatives and investment securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure an instrument at fair value are observable, the instrument is included in level 2.

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

**Classification within the fair value hierarchy**

Investment securities are classified as level 1 or level 2. Although market data is readily available, there is often insufficient third-party transaction data to justify an active market and corresponding level 1 classification.

Derivative financial instruments include, inter alia, currency forwards which are valued using foreign exchange spot rates observed in the market. As the foreign exchange market is actively tradable, these currency forwards are generally classified as level 1 (when valued with market spot rates). Other derivative financial instruments, such as precious metals forwards, are typically classified as level 2.

Trading assets are predominantly exchange-traded structured products as well as equities with readily available quoted prices in liquid markets and therefore are classified as level 1. Precious metals (other assets) are classified as level 1.

### C Fair value of financial assets and liabilities (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value:

| in CHF | Level 1 | Level 2 | Level 3 | Fair value | Carrying amount |
|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2023 | | | | | |
| **Assets measured at fair value** | | | | | |
| Derivative financial instruments | 59,373,251 | 88,612,995 | – | 147,986,246 | 147,986,246 |
| Trading assets | 873,726 | – | – | 873,726 | 873,726 |
| Investment securities | 204,929,681 | 189,924,106 | – | 394,853,787 | 394,853,787 |
| Other assets (measured at fair value) [1] | 91,728,953 | – | – | 91,728,953 | 91,728,953 |
| **Total assets measured at fair value** | **356,905,611** | **278,537,101** | **–** | **635,442,712** | **635,442,712** |
| | | | | | |
| **Assets not measured at fair value** | | | | | |
| Cash and balances with central banks | | | | | 4,548,150,659 |
| Treasury bills and other eligible bills | | | | | 474,606,436 |
| Due from banks | | | | | 1,504,026,695 |
| Loans | | | | | 805,573,888 |
| Investments securities | 892,345,723 | 776,788,932 | – | 1,669,134,655 | 1,703,770,634 |
| Investment in joint venture | | | | | 8,979,084 |
| Deferred income tax assets | | | | | 1,489,711 |
| Intangible assets | | | | | 54,749,408 |
| Information technology systems | | | | | 92,299,204 |
| Property, plant and equipment | | | | | 73,760,573 |
| Other assets (not measured at fair value) | | | | | 56,939,689 |
| **Total assets not measured at fair value** | **892,345,723** | **776,788,932** | **–** | **1,669,134,655** | **9,324,345,981** |
| | | | | | |
| **Total assets** | **1,249,251,334** | **1,055,326,033** | **–** | **2,304,577,367** | **9,959,788,693** |
| | | | | | |
| **Liabilities measured at fair value** | | | | | |
| Derivative financial instruments | 7,682,230 | 70,757,501 | – | 78,439,731 | 78,439,731 |
| Financial liabilities designated at fair value | – | 215,908,273 | – | 215,908,273 | 215,908,273 |
| **Total liabilities measured at fair value** | **7,682,230** | **286,665,774** | **–** | **294,348,004** | **294,348,004** |
| | | | | | |
| **Liabilities not measured at fair value** | | | | | |
| Deposits from banks | | | | | 307,486,046 |
| Due to customers | | | | | 8,307,692,780 |
| Other liabilities | | | | | 110,831,608 |
| Current income tax liabilities | | | | | 31,642,163 |
| Deferred tax liabilities | | | | | 2,345,870 |
| Provisions | | | | | 6,887,228 |
| **Total liabilities not measured at fair value** | **–** | **–** | **–** | **–** | **8,766,885,695** |
| | | | | | |
| **Total liabilities** | **7,682,230** | **286,665,774** | **–** | **294,348,004** | **9,061,233,699** |

[1] mainly comprise precious metals

**C Fair value of financial assets and liabilities (continued)**

**Assets measured at fair value**

Investment securities measured at fair value comprise financial assets at fair value through profit or loss (31 December 2023: CHF 150.1 million of which CHF 70.9 million is classified as level 2) and financial assets at fair value through other comprehensive income (31 December 2023: CHF 244.8 million of which CHF 119.0 million is classified as level 2).

**Assets and liabilities not measured at fair value**

Investment securities not measured at fair value comprise investment securities classified as amortised cost. For all other assets and liabilities not measured at fair value, the carrying amount is assessed to be a reasonable approximation of fair value.

### C Fair value of financial assets and liabilities (continued)

| in CHF | Level 1 | Level 2 | Level 3 | Fair value | Carrying amount |
|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2022 | | | | | |
| **Assets measured at fair value** | | | | | |
| Derivative financial instruments | 48,336,674 | 60,865,314 | – | 109,201,988 | 109,201,988 |
| Trading assets | 2,684,024 | – | – | 2,684,024 | 2,684,024 |
| Investment securities | 34,664,971 | 30,702,482 | – | 65,367,453 | 65,367,453 |
| Other assets (measured at fair value)[1] | 30,555,542 | – | – | 30,555,542 | 30,555,542 |
| **Total assets measured at fair value** | **116,241,211** | **91,567,796** | **–** | **207,809,007** | **207,809,007** |
| **Assets not measured at fair value** | | | | | |
| Cash and balances with central banks | | | | | 4,492,342,779 |
| Treasury bills and other eligible bills | | | | | 1,165,904,963 |
| Due from banks | | | | | 1,627,923,294 |
| Loans | | | | | 814,331,758 |
| Investments securities | 563,240,550 | 1,093,424,890 | – | 1,582,531,341 | 1,656,665,440 |
| Investment in joint venture | | | | | 4,460,572 |
| Deferred income tax assets | | | | | 1,393,649 |
| Intangible assets | | | | | 55,784,621 |
| Information technology systems | | | | | 75,258,028 |
| Property, plant and equipment | | | | | 72,506,590 |
| Other assets (not measured at fair value) | | | | | 44,015,047 |
| **Total assets not measured at fair value** | **563,240,550** | **1,093,424,890** | **–** | **1,582,531,341** | **10,010,586,741** |
| **Total assets** | **679,481,761** | **1,184,992,686** | **–** | **1,790,340,348** | **10,218,395,748** |
| **Liabilities measured at fair value** | | | | | |
| Derivative financial instruments | 6,880,174 | 50,954,974 | – | 57,835,148 | 57,835,148 |
| Financial liabilities designated at fair value | – | 71,313,623 | – | 71,313,623 | 71,313,623 |
| **Total liabilities measured at fair value** | **6,880,174** | **122,268,597** | **–** | **129,148,771** | **129,148,771** |
| **Liabilities not measured at fair value** | | | | | |
| Deposits from banks | | | | | 366,399,780 |
| Due to customers | | | | | 8,860,519,759 |
| Other liabilities | | | | | 90,092,881 |
| Current income tax liabilities | | | | | 23,048,468 |
| Deferred tax liabilities | | | | | 1,582,439 |
| Provisions | | | | | 6,475,556 |
| **Total liabilities not measured at fair value** | **–** | **–** | **–** | **–** | **9,348,118,883** |
| **Total liabilities** | **6,880,174** | **122,268,597** | **–** | **129,148,771** | **9,477,267,654** |

[1] mainly comprise precious metals

**C Fair value of financial assets and liabilities (continued)**

**Financial assets measured at fair value**

Investment securities measured at fair value comprise financial assets at fair value through profit or loss (31 December 2022: CHF 46.6 million of which CHF 24.5 million is classified as level 2) and financial assets at fair value through other comprehensive income equities (31 December 2022: CHF 18.8 million of which CHF 6.2 million is classified as level 2).

**Financial assets and liabilities not measured at fair value**

Investment securities not measured at fair value comprise investment securities classified as amortised cost. For all other assets and liabilities not measured at fair value, the carrying amount is assessed to be a reasonable approximation of fair value.

## D Capital management (including disclosures required by Swiss capital regulation)

### D1 Capital management framework (unaudited)

The Group's objectives when managing capital, which is a broader concept than "equity" on the face of the statement of financial position, are:

- Comply with regulatory capital requirements defined in the Swiss Federal Law on Banks and Savings Banks, the Implementing Ordinance on Banks and Savings Banks, the Swiss Capital Adequacy Ordinance (CAO) and the FINMA circulars that it refers to;
- Safeguard the Group's ability to continue as a going concern so that it can continue to deploy its strategy, to provide returns to the shareholders and to demonstrate its financial strength and creditworthiness to its business partners and clients;
- Maintain a capital basis and capital ratios deemed adequate to support the growth of its business activities and to absorb the equity stress that the Group simulates using stress test scenarios for credit, market and operational risks;
- Anticipate future business growth and regulatory developments.

The Group and Swissquote Bank Ltd are both subject to FINMA regulation.

The capital levels of the Group are subject to quantitative and qualitative judgements by FINMA about the components of capital, risk weightings and other factors.

Within the FINMA framework, Swiss banks are classified in five supervisory categories according to their size and risk impact. The higher the category to which the bank belongs, the greater are its additional capital requirements and its required disclosures.

As at 31 December 2023, Swissquote Group is classified in the supervisory category 4 (category 1 being the one with the highest requirements). Banks included in supervisory category 4 are obliged to hold 8.0% of total capital ratio and an additional 3.2%, known as "capital conservation buffer" (total: 11.2%). Banks included in category 4 are not required, under conditions, to publish the exhaustive range of disclosures set in FINMA circulars (partial disclosure).

To enter into the next supervisory category (category 3), the Group would have to meet or exceed a total balance sheet amount of CHF 17 billion and total capital requirements of CHF 250 million. Category 3 banks must also hold 8.0% of total capital ratio, but the "capital conservation buffer" is set at 4.0%, totalling 12.0%.

Under the Basel III framework, a number of different approaches exist to calculate the capital adequacy requirements. The Swissquote Group and Swissquote Bank Ltd apply the following approaches:

| | 31 December 2023 and 2022 |
|---|---|
| Credit risk | International Standard Approach – AS-BRI |
| Market risk | Standardised Approach |
| Operational risk | Basic Indicator Approach |

Other foreign subsidiaries of the Group are also subject to locally applicable capital requirement regulations.

### D2 Risk-weighted assets (unaudited)

The balance sheet positions, off-balance sheet exposures and the size of business activities are translated into risk-weighted assets (RWA) that are categorised as market, credit, operational and non-counterparty risk.

Market risk reflects the capital requirements relating to potential changes in the fair values of financial instruments in response to market movements inherent in both the balance sheet and the off-balance sheet items.

Credit risk reflects the capital requirements for the possibility of a loss incurred as the result of a counterparty failing to meet its obligations. The figures take account of add-ons for potential credit exposures.

Operational risk reflects the capital requirements for the risk of loss resulting from inadequate internal processes, people and systems or from external events. Under the basic indicator approach, operational risk requirement is calculated as the average over the previous three years of 15% of positive annual gross income.

Non-counterparty risk reflects the capital requirements relating to premises and equipment.

Together, all these constraints create a link between the Group's strategy, the risks that the business activities generate, the balance sheet and capital resources that are available.

| in CHF | Risk-weighted assets | | Required capital | |
|---|---|---|---|---|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| Credit risk: | | | | |
| Sovereign | 43,440,000 | 17,351,000 | 3,475,200 | 1,388,080 |
| Banks | 717,310,000 | 747,511,000 | 57,384,800 | 59,800,880 |
| Corporates | 384,738,000 | 365,590,000 | 30,779,040 | 29,247,200 |
| Other institutions | 106,492,000 | 72,563,000 | 8,519,360 | 5,805,040 |
| Retail | 216,989,000 | 218,443,000 | 17,359,120 | 17,475,440 |
| Others | 203,113,000 | 126,379,000 | 16,249,040 | 10,110,320 |
| | | | | |
| Non-counterparty risk | 166,059,777 | 147,764,618 | 13,284,782 | 11,821,169 |
| Market risk | 361,983,000 | 157,662,500 | 28,958,640 | 12,613,000 |
| Operational risk | 881,761,041 | 763,303,938 | 70,540,883 | 61,064,315 |
| **Total** | **3,081,885,818** | **2,616,568,056** | **246,550,865** | **209,325,444** |

The increase in risk-weighted assets linked to market risk is mainly due to the exposure related to open trading positions of customers at date of closing. Regarding operational risk, the increase is explained by the growth of the operating income in the last three years.

### D3 Eligible capital and capital ratios (unaudited)

To determine the total eligible capital under Basel III, additional deductions are made for future expected dividend and in the form of general adjustments from the total equity calculated in accordance with IFRS. These items are deducted in full and in particular comprise intangible assets (goodwill).

| in CHF | 31 December 2023 | 31 December 2022 |
|---|---|---|
| ELIGIBLE CAPITAL | | |
| Ordinary shares | 3,065,634 | 3,065,634 |
| Share premium | 57,575,297 | 57,833,801 |
| Share option reserve | 7,054,044 | 5,338,134 |
| Other reserve | (14,569,176) | (9,828,340) |
| Treasury shares | (66,939,521) | (40,106,180) |
| Retained earnings | 912,368,716 | 724,825,045 |
| **Subtotal** | **898,554,994** | **741,128,094** |
| | | |
| **Adjustments** | | |
| Future expected dividend | (65,911,131) | (33,721,974) |
| Intangible assets | (54,749,408) | (55,784,621) |
| Others | (5,170,642) | (2,304,859) |
| **Total common equity tier 1 capital (CET1 capital)** | **772,723,813** | **649,316,640** |
| | | |
| Total tier 2 capital (T2) | 1,740,547 | 420,170 |
| **Total eligible capital** | **774,464,360** | **649,736,810** |

| | Capital ratios | | Minimum requirements | | |
|---|---|---|---|---|---|
| | 31 December 2023 | 31 December 2022 | Basel III minimum requirement | Capital conservation buffer | Total minimum requirement |
| Common equity tier 1 ratio (CET1) | 25.1% | 24.8% | 4.5% | 2.9% | 7.4% |
| + Additional tier 1 capital ratio (AT1) | – | – | 1.5% | 0.1% | 1.6% |
| + Tier 2 capital ratio (T2) | – | – | 2.0% | 0.2% | 2.2% |
| **Capital ratio (%)** | **25.1%** | **24.8%** | **8.0%** | **3.2%** | **11.2%** |
| | | | | | |
| CET1 available after meeting Basel III minimum requirement (8.0%) | 17.1% | 16.8% | | | |
| CET1 available after meeting total minimum requirement (11.2%) | 13.9% | 13.6% | | | |

### D4 Leverage ratio (unaudited)

The FINMA Circular 2015/3 "Leverage ratio" clarifies the calculation of the leverage ratio as per guidelines set forth in the Basel III minimum standards. Total leverage ratio exposure corresponds to total assets adjusted by tier 1 capital deductions and off-balance sheet items.

| in CHF thousand, except where indicated | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Total common equity tier 1 capital (CET1 capital) | 772,724 | 649,317 |
| Total leverage ratio exposure | 10,094,794 | 10,363,511 |
| **Leverage ratio (%)** | **7.7%** | **6.3%** |
| Minimum requirement (%) | 3.0% | 3.0% |

Swissquote Bank Ltd and Swissquote Bank Europe SA are also subject to applicable leverage requirement regulations.

### D5 Liquidity coverage ratio (unaudited)

The Liquidity Ordinance (LiqO) and the FINMA Circular 2015/2 "Liquidity Risks – banks" outline the qualitative and quantitative liquidity requirements for banks. The qualitative part includes the definition of liquidity risk tolerance and strategy, the measurement of liquidity risks, stress testing and contingency funding planning. The requirements apply to all banks, but are tiered according to the scope of operations, complexity and general risk profile of its business activities.

Liquidity Coverage Ratio (LCR) is designed to ensure that banks hold a sufficient reserve of high-quality liquid assets to allow them to survive a period of significant liquidity stress lasting 30 days. LCR comprises two components: (1) the value of specifically defined high-quality liquid assets in stressed conditions and (2) the total net cash outflows calculated according to parameters.

The Group's main liquidity figures are presented hereafter.

| in CHF thousand, except where indicated | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q4 2022 |
|---|---|---|---|---|---|
| Total high-quality liquid assets (HQLA) | 5,291,352 | 5,679,964 | 5,481,473 | 5,204,499 | 5,542,174 |
| Cash outflows | 1,882,446 | 1,966,500 | 1,922,396 | 1,662,444 | 2,019,692 |
| Cash inflows | (585,638) | (591,271) | (524,369) | (542,747) | (739,278) |
| Net cash outflows | 1,296,808 | 1,375,229 | 1,398,027 | 1,119,697 | 1,280,414 |
| **Liquidity Coverage Ratio (LCR in %)** | **408%** | **413%** | **392%** | **465%** | **433%** |
| Minimum requirement (%) | 100% | 100% | 100% | 100% | 100% |

During 2023, the LCR was influenced by two factors: the amount of high-quality liquid assets (HQLA) and the mix of weightings to be applied to customer cash balances (due to customers and deposits from banks) when determining the cash outflows.

### D6 Net stable funding ratio (unaudited)

Swissquote Bank Ltd is required to disclose its Net Stable Funding Ratio (NSFR), as per FINMA Circular 2016/1 "Disclosure – banks". The reporting requirement does not apply on a consolidated basis. The NSFR ratio presents the proportion of long-term assets that are funded by stable source of funding. The NSFR of Swissquote Bank Ltd is presented in the table below.

| in CHF thousand, except where indicated | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Available stable funding | 6,920,117 | 7,070,778 |
| Required stable funding | 2,496,351 | 2,637,844 |
| **Net stable funding ratio (NSFR in %)** | **277%** | **268%** |
| Minimum requirement (%) | 100% | 100% |

Complementing the short-term liquidity (LCR) and structural liquidity (NSFR) ratios, observation ratios form part of the liquidity regulations set out in Basel III. Observation ratios are used as liquidity monitoring tools and contrary to the LCR and NSFR ratios, no minimum requirements apply to the various observation ratios.

Swissquote Bank Ltd and Swissquote Bank Europe SA are also subject to liquidity requirement regulations.

**E Compliance with depositor protection rules**

**E1 Switzerland**

The Swiss Federal Law on Banks and Savings Banks states that in the event of a bank collapsing, deposits up to CHF 100,000 per depositor will be treated as "preferential debt", thus taking priority over the claims of other creditors. This preferential status means that these "privileged deposits" will be paid out of the insolvent bank's assets and will therefore take priority over claims by other (non-preferential) creditors. In order to secure these privileged deposits, banks are required to hold 125% of total privileged deposits in adequate eligible assets. Swissquote Bank Ltd met those requirements as at 31 December 2023, with a coverage of 144% (31 December 2022: 184%). Moreover, in order to further strengthen the depositor protection, a new rule entered into force in 2023. Banks and securities dealers are required to secure 50% of their payment obligation with the depositor protection scheme.

**E2 Luxembourg**

The Luxembourgish law related to the resolution, reorganisation and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes states that the deposit guarantee scheme ("Fonds de garantie des dépôts Luxembourg" (FGDL)) and the investor compensation system must cover eligible deposits of each depositor up to an amount of EUR 100,000 and investments up to an amount of EUR 20,000.

Credit institutions contribute on an annual basis to the FGDL. The initial target level of funding of the FGDL was set at 0.8% of covered deposits. Then, the Luxembourgish credit institutions are to continue to contribute for eight additional years in order to constitute an additional safety buffer of 0.8% of covered deposits (total buffer: 1.6%).

**F Credit risk**

Credit risk is defined as the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations. In the event of a default, the Group could incur a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company.

Credit exposures arise principally from margin-lending activities that lead to exposures as loans or derivative financial instruments, and from investing activities that bring exposure as investment securities, treasury bills and due from banks.

Credit risk management is a structured process to assess, monitor and manage risk on a constant basis. This requires careful consideration of new and extensions of credit requests, the setting of specific limits, monitoring during the life of the exposure and a standardised approach to recognising credit impairments.

**F1 Credit risk measurement**

**(I) Loans**

Loans are principally in the form of:

- Lombard loans and other types of margin loans;
- Finance lease receivables (leasing credits);
- Other loan receivables (mainly public authorities).

Lombard loans and other types of margin loans: these credit limits are principally used by clients for leveraging their securities portfolio or trading certain asset classes with leverage. For that purpose, the Group operates real-time mark-to-market trading platforms and close-out monitoring tools. Credit risk arises when clients' assets deposited with the Group are not sufficient to cover trading losses incurred.

For Lombard loans, the maximum amount of margin (and hence of credit to a client) is based on the aggregate margin determined on each item of the customer's portfolio. The margin rate for securities is based on the type of security (mainly listed shares and bonds) and various other features such as liquidity, volatility and external rating. The amount of maximum margin is remeasured at each customer transaction, and in case of inactivity of the client several times per business day. Lombard loans are monitored using a real-time system comparing the fair value of the collateral with the actual credit granted to each customer.

Other types of margin loans may be granted by the Group in the field of options and futures. Margin requirements are calculated for each customer throughout the trading day. Customers are alerted in their account when approaching margin breaches and if a customer's equity falls below the required level, positions are liquidated to bring the account into margin compliance. By permitting customers to exercise leverage with option and future positions, the Group is subject to risks inherent in extending credit, especially during periods of volatility spikes or rapidly declining markets in which the value of the collateral held could fall below the amount of a customer's indebtedness.

**F1 Credit risk measurement (continued)**

**(I) Loans (continued)**

Finance lease receivables (leasing credits): the Group offers leasing credits for new electric cars to private individuals and corporates in Switzerland. In that context, the Group has to comply with the Swiss Consumer Credit Act that requires a full set of mandatory checks to protect customers against over-indebtedness. These checks are based on the information provided by the customer as well as information obtained from the Swiss central credit information bureau (ZEK). Leasing credit decisions are made primarily on the basis of the credit check. These credit checks may use rating or scoring systems, which provide an objective basis for reaching a decision on the lease. A set of procedure instructions outlines the requirements for granting a lease credit.

Other loan receivables (mainly public authorities): in the absence of debt security, investing activities could be performed in the form of a loan receivable, in particular to Swiss public authorities. The credit risk associated is limited through internal regulations and the prescribed limits. Limits apply at a counterparty level. Compliance with the prescribed limits is monitored at a counterparty level. Compliance with prescribed limits is monitored on an ongoing basis and also verified before the conclusion of each transaction.

**(II) Due from banks**

Due from banks comprises:

- Money market deposits;
- Interbank deposits;
- Collateral deposits;
- Receivables from banks.

Money market deposits and Interbank deposits: these deposits are made in order to gain an interest margin in the form of term deposits, current accounts or reverse repurchase transactions. Reverse repurchase exposures are mitigated by securities pledged by the third-party bank in favour of the Group.

Collateral deposits: these exposures result from amounts that are pledged in favour of third-party financial institutions (such as stock exchanges or clearing members of stock exchanges) in order to secure the settlement of the transactions carried out by the Group's clients.

Receivables from banks: the Group also faces a credit risk from third-party banks which benefit from the trading venues of the Group (such as white-label partners). These exposures may be mitigated by collateral agreements (deposits recognised as deposits from banks or securities) as well as other means. However, not all credit exposures can always be totally eliminated on an intraday basis.

The limit for each counterparty – whose absolute maximum is defined inter alia by reference to Group eligible capital (equity) in accordance with Swiss banking regulations (Capital Adequacy Ordinance in particular) – is based on a set of cumulative factors that include the external rating of the counterparty, the domicile of the counterparty and the duration of the financial instrument.

**(III) Investment securities and treasury bills and other eligible bills**

Investment securities comprise debt securities. Treasury bills and other eligible bills comprise commercial papers and short-term debt instruments with a maturity of less than 12 months. Internal regulations define the procedures for the approval, management and review of the Group's exposure.

**(IV) Derivative financial instruments**

Derivative contracts are entered into in the normal course of business (clientele activity), as well as for asset and liability activities and for own risk management need, including mitigation of interest rate, foreign exchange and credit risk. Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The replacement values correspond to the fair values. Positive replacement values constitute an asset, while negative replacement values a liability.

The Group operates a real-time mark-to-market leveraged forex trading facility where clients are required to deposit cash collateral (margin deposit) against open positions. Open positions of clients are authorised to a maximum leverage of their margin deposit. The margin deposit is adjusted by unrealised gains and losses (derivative financial instruments). Maximum leverage could be restricted in certain jurisdictions according to the nature of the customer. As with any leveraged product offering, there is the potential for a client to lose more than the margin deposit. As a result, the Group has set up a system for the automatic close-out of open positions (mandatory for retail customers). The automatic margin close-out system shall apply (in normal market conditions) as soon as the used margin of the open positions reaches the margin deposit by a specific percentage. Automatic margin close-out provides a degree of protection as it reduces, but does not eliminate, the risk that the client loses all or more than the initial margin (particularly during market/instruments gaps or volatility spikes). Following a margin close-out, any deficit would be presented as part of Loans.

### F2 Risk limit control and mitigation policies

The Group carefully manages its exposure to credit risk. The levels of credit risk are structured by setting limits on the amount of risk accepted in relation to a borrower, or groups of borrowers, with respect to their credit rating (when applicable), as well as the level of security margin required which depends on the types of securities, portfolio profiles and market conditions.

Counterparty credit risks are monitored on a revolving basis and are subject to a monthly or more frequent review.

The exposure to any borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The exposure to customers with leveraged offering is monitored through regular scenario-based stress tests to analyse the impact of potential stress and market/instrument gap events and to take (when appropriate) action to reduce the risk exposures of clients.

To avoid credit risk concentrations, the Group establishes limits and controls that constrain risk concentrations with regard to sector and country exposure.

### F3 Expected credit loss measurement (impairment)

The measurement of expected credit losses (ECL) under IFRS 9 uses the information and approaches that the Group uses to manage risk, through certain adjustments made in order to comply with the requirements of IFRS 9.

IFRS 9 outlines a 3-stage model for impairment based on changes in credit quality since initial recognition (credit risk is continuously monitored by the Group).

**IFRS 9 3-stage model**

| | |
|---|---|
| Stage 1 | All financial instruments at initial recognition (except if already credit-impaired at acquisition). |
| Stage 2 | A financial instrument is moved to stage 2 if there is a significant increase in credit risk since initial recognition. Reference is made to Section IV G for how the Group defines SICR. |
| Stage 3 | Any financial instrument that is credit-impaired. Reference is made to Section IV G for how the Group defines credit-impaired/default. |

Financial instruments in stage 1 have their ECL measured at an amount equal to the portion of lifetime-expected credit losses that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

The key judgements and assumptions adopted by the Group in addressing the requirements of IFRS 9 are discussed in Section V.

### F4 Maximum exposure to credit risk (financial instruments subject to impairment)

The following table contains an analysis of the credit exposure of financial assets for which an ECL allowance is recognised and is designed to meet the disclosure requirements of IFRS.

| in CHF | IFRS 9 staging 2023 Stage 1 | Stage 2 | Stage 3 | Total | 2022 Total |
|---|---|---|---|---|---|
| CREDIT RISK EXPOSURE RELATING TO FINANCIAL ASSETS SUBJECT TO IMPAIRMENT: | | | | | |
| Cash and balances with central banks | 4,548,150,659 | – | – | 4,548,150,659 | 4,492,342,779 |
| Treasury bills and other eligible bills | 474,658,725 | – | – | 474,658,725 | 1,165,937,641 |
| Due from banks | 1,504,568,454 | – | 361,209 | 1,504,929,663 | 1,629,501,047 |
| Loans | 805,775,441 | – | 48,157,690 | 853,933,131 | 863,462,804 |
| Investment securities | 2,098,072,226 | 1,092,693 | – | 2,099,164,919 | 1,723,024,229 |
| **Gross carrying amount (A)** | **9,431,225,505** | **1,092,693** | **48,518,899** | **9,480,837,097** | **9,874,268,500** |
| ECL allowance | (1,301,839) | (34,260) | (48,518,899) | (49,854,998) | (51,732,813) |
| **Carrying amount** | **9,429,923,666** | **1,058,433** | **–** | **9,430,982,099** | **9,822,535,687** |
| CREDIT RISK EXPOSURE RELATING TO FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT: | | | | | |
| Derivative financial instruments | 147,986,246 | – | – | 147,986,246 | 109,201,988 |
| Others (trading assets and other assets) | 57,813,415 | – | – | 57,813,415 | 46,699,071 |
| **Carrying amount (B)** | **205,799,661** | **–** | **–** | **205,799,661** | **155,901,059** |
| **Total financial assets as at 31 December** | **9,635,723,327** | **1,058,433** | **–** | **9,636,781,760** | **9,978,436,746** |
| CREDIT RISK EXPOSURE RELATING TO OFF-BALANCE SHEET ASSETS ARE AS FOLLOWS: | | | | | |
| Capital expenditure commitments | | | | 101,816,254 | 107,976,618 |
| Loan commitments (depositor protection contribution – Art. 37H BA) | | | | 62,336,144 | 40,268,000 |
| Funding commitments | | | | – | 9,500,000 |
| **Total credit exposure off-balance sheet (C)** | | | | **164,152,398** | **157,744,618** |
| **Total credit exposure (A) + (B) + (C) as at 31 December** | **9,637,025,166** | **1,092,693** | **48,518,899** | **9,850,789,156** | **10,187,914,177** |

As at 31 December 2023, 46.2% of total credit exposure is related to Swiss National Bank and Banque centrale du Luxembourg (2022: 44.6%), for which no ECL allowance was required.

During 2023, the Group did not purchase any credit-impaired financial assets.

As at 31 December 2023, there is no impairment allowance impact related to off-balance sheet exposures.

### F5 Collateral

The Group employs a range of policies and practices to mitigate risk. The most common of these is accepting collateral for funds advanced (e.g. Lombard loans). Lombard loans are not granted to customers based on their financial capacity of reimbursement but rather on the quality of the underlying collaterals.

The Group provides credit Lombard loans to clients enabling them to purchase securities with leverage at prevailing debit interest rates against equity collateral held on their account and in custody with the Group.

| in CHF | 2023 | 2022 |
|---|---|---|
| Collateral at fair value to support loans | 2,045,943,055 | 1,841,539,561 |
| Collateral at fair value to support reverse repurchase transactions | 2,357,501,533 | 2,100,157,451 |
| Cash deposits to support derivative financial instruments | 492,909,345 | 459,847,036 |
| **Total as at 31 December** | **4,896,353,933** | **4,401,544,048** |

### F6 Due from banks and loans

| in CHF | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Due from banks | Loans | Due from banks | Loans |
| Neither past due nor impaired | 1,504,568,454 | 805,414,900 | 1,629,104,211 | 814,236,430 |
| Past due but not impaired | – | 360,541 | – | 463,618 |
| Impaired | 361,209 | 48,157,690 | 396,836 | 48,762,756 |
| **Gross balance** | **1,504,929,663** | **853,933,131** | **1,629,501,047** | **863,462,804** |
| Impairment allowance | (902,968) | (48,359,243) | (1,577,753) | (49,131,046) |
| **Net balance** | **1,504,026,695** | **805,573,888** | **1,627,923,294** | **814,331,758** |

Due from banks are spread over 60 distinct counterparties (2022: 68). Loans are spread over 49,143 distinct customers (2022: 34,484), 83.5% of whom are domiciled in Switzerland (2022: 81.2%).

### F6 Due from banks and loans (continued)

Due from banks are further analysed as follows (based on contractual maturity):

| in CHF | External rating | Sight/less than 3 months | 3 to 12 months | 1 to 5 years | Above 5 years | Gross amount |
|---|---|---|---|---|---|---|
| INVESTMENT GRADE | From AAA to AA– | 637,012,332 | 139,763,382 | 4,999,325 | – | 781,775,039 |
| | From A+ to A– | 367,206,975 | 108,851,153 | 9,999,937 | – | 486,058,065 |
| | From BBB+ to BBB– | 129,871,263 | 23,220,621 | – | – | 153,091,884 |
| SPECULATIVE GRADE | From BB+ to BB– | 177,587 | – | – | – | 177,587 |
| | From B+ to B– | 1,571,549 | – | – | – | 1,571,549 |
| | From CCC+ to CCC– | – | – | – | – | – |
| | From CC+ to C– | – | – | – | – | – |
| UNRATED | Not applicable | 81,352,571 | – | – | – | 81,352,571 |
| **Total as at 31 December 2023** | | **1,217,192,277** | **271,835,156** | **14,999,262** | **–** | **1,504,026,695** |

As at 31 December 2023, the balance of CHF 1.7 million identified as speculative grade mainly consists of balances with European banks. No credit limits were exceeded during 2023 and 2022.

At year-end, up to CHF 304.5 million (2022: CHF 267.1 million) of the exposure is explained by amounts pledged in favour of third-party banks mainly in order to secure the settlement of client transactions (collateral deposits).

| in CHF | External rating | Sight/less than 3 months | 3 to 12 months | 1 to 5 years | Above 5 years | Gross amount |
|---|---|---|---|---|---|---|
| INVESTMENT GRADE | From AAA to AA– | 250,806,764 | 194,617,432 | – | – | 445,424,196 |
| | From A+ to A– | 243,265,858 | 270,696,697 | – | – | 513,962,555 |
| | From BBB+ to BBB– | 135,372,042 | 43,126,192 | 24,712,297 | – | 203,210,531 |
| SPECULATIVE GRADE | From BB+ to BB– | – | – | – | – | – |
| | From B+ to B– | 2,089,226 | – | – | – | 2,089,226 |
| | From CCC+ to CCC– | – | – | – | – | – |
| | From CC+ to C– | – | – | – | – | – |
| UNRATED | Not applicable | 289,270,514 | 173,966,272 | – | – | 463,236,786 |
| **Total as at 31 December 2022** | | **920,804,404** | **682,406,593** | **24,712,297** | **–** | **1,627,923,294** |

### F7 Investment securities, treasury bills and other eligible bills

Investment securities (CHF 2,098.6 million), treasury bills and other eligible bills (CHF 474.6 million) are analysed as follows:

| in CHF | External rating | Less than 1 year | 1 to 2 years | 2 to 5 years | Above 5 years | Gross amount |
|---|---|---|---|---|---|---|
| INVESTMENT GRADE | From AAA to AA– | 444,342,862 | 335,190,077 | 561,919,935 | 85,898,173 | 1,427,351,047 |
| | From A+ to A– | 320,900,523 | 198,247,884 | 164,628,800 | 12,440,798 | 696,218,005 |
| | From BBB+ to BBB– | 142,489,319 | 100,321,166 | 58,020,770 | 4,705,629 | 305,536,884 |
| SPECULATIVE GRADE | From BB+ to BB– | – | 1,478,740 | – | – | 1,478,740 |
| | From B+ to B– | – | – | – | – | – |
| | From CCC+ to CCC– | – | – | – | – | – |
| | From CC+ to C– | – | – | – | – | – |
| UNRATED | Not applicable | 113,000,844 | 17,891,815 | 9,997,685 | 1,755,837 | 142,646,181 |
| **Total as at 31 December 2023** | | **1,020,733,548** | **653,129,682** | **794,567,190** | **104,800,437** | **2,573,230,857** |

| | |
|---|---|
| Cash and balances with central banks | 4,548,150,659 |
| Other assets than cash and balances with central banks, investment securities and treasury bills and other eligible bills | 2,838,407,177 |
| **Total assets as at 31 December 2023** | **9,959,788,693** |

The balance identified as unrated mainly consists of loans to Swiss municipalities and cantons for CHF 105.9 million (2022: CHF 91.5 million).

None of the above investment securities and treasury bills and other eligible bills are past due or impaired.

As at 31 December 2023, investment securities, treasury bills and other eligible bills for an amount of CHF 413.8 million (2022: CHF 538.6 million) are pledged up in favour of third parties (collateral deposits).

| in CHF | External rating | Less than 1 year | 1 to 2 years | 2 to 5 years | Above 5 years | Gross amount |
|---|---|---|---|---|---|---|
| INVESTMENT GRADE | From AAA to AA– | 295,131,072 | 356,765,325 | 378,488,575 | 145,871,129 | 1,176,256,101 |
| | From A+ to A– | 162,820,063 | 196,618,891 | 140,194,781 | 27,403,326 | 527,037,061 |
| | From BBB+ to BBB– | 67,555,170 | 133,927,360 | 22,383,704 | 4,697,490 | 228,563,724 |
| SPECULATIVE GRADE | From BB+ to BB– | – | 2,052,802 | – | – | 2,052,802 |
| | From B+ to B– | 309,712 | – | – | – | 309,712 |
| | From CCC+ to CCC– | – | – | – | – | – |
| | From CC+ to C– | – | – | – | – | – |
| UNRATED | Not applicable | 918,401,650 | 26,895,376 | 7,502,234 | 919,196 | 953,718,456 |
| **Total as at 31 December 2022** | | **1,444,217,667** | **716,259,754** | **548,569,294** | **178,891,141** | **2,887,937,856** |

| | |
|---|---|
| Cash and balances with central banks | 4,492,342,779 |
| Other assets than cash and balances with central banks, investment securities and treasury bills and other eligible bills | 2,838,115,113 |
| **Total assets as at 31 December 2022** | **10,218,395,748** |

**F8 Geographical concentration of financial assets**
The Group has credit exposures outside Switzerland:

- Through its deposits with financial institutions domiciled outside Switzerland (Due from banks);
- Through debt instruments issued by foreign corporations, financial institutions and governments (Investment securities, Treasury bills and other eligible bills and Other assets);
- As many clients are domiciled outside of Switzerland, the Group may have granted margin-lending facilities such as Lombard loans (Loans as well as Derivative financial instruments);
- Through its international operations (foreign subsidiaries).

The geographical distribution based on the domicile of the counterparties is analysed below:

| in CHF | Switzerland | Europe | Rest of the world | Total |
|---|---|---|---|---|
| Cash and balances with central banks | 4,364,516,364 | 183,631,416 | 2,879 | 4,548,150,659 |
| Treasury bills and other eligible bills | 195,814,764 | 245,239,822 | 33,551,850 | 474,606,436 |
| Due from banks | 949,578,660 | 466,006,502 | 88,441,533 | 1,504,026,695 |
| Derivative financial instruments | 40,720,940 | 37,026,964 | 70,238,342 | 147,986,246 |
| Trading assets | 873,726 | – | – | 873,726 |
| Loans | 546,070,263 | 112,713,727 | 146,789,898 | 805,573,888 |
| Investment securities | 681,823,453 | 713,588,174 | 703,212,794 | 2,098,624,421 |
| Other assets | 51,929,584 | 4,686,242 | 323,863 | 56,939,689 |
| **Total financial assets as at 31 December 2023** | **6,831,327,754** | **1,762,892,847** | **1,042,561,159** | **9,636,781,760** |

| in CHF | Switzerland | Europe | Rest of the world | Total |
|---|---|---|---|---|
| Cash and balances with central banks | 4,383,784,080 | 108,558,201 | 498 | 4,492,342,779 |
| Treasury bills and other eligible bills | 945,966,268 | 164,527,377 | 55,411,318 | 1,165,904,963 |
| Due from banks | 894,723,664 | 642,966,252 | 90,233,378 | 1,627,923,294 |
| Derivative financial instruments | 34,255,535 | 22,031,450 | 52,915,003 | 109,201,988 |
| Trading assets | 2,684,024 | – | – | 2,684,024 |
| Loans | 547,043,154 | 115,831,034 | 151,457,570 | 814,331,758 |
| Investment securities | 505,397,564 | 565,869,086 | 650,766,243 | 1,722,032,893 |
| Other assets | 37,547,169 | 6,167,851 | 300,027 | 44,015,047 |
| **Total financial assets as at 31 December 2022** | **7,351,401,458** | **1,625,951,251** | **1,001,084,037** | **9,978,436,746** |

### F9 Industry sector concentration of assets

The industry sector concentration is analysed below and reflects industry sector categories used for nostro credit risk management as at balance sheet date.

| in CHF | Cash and treasury bills | Derivative financial instruments | Due from banks and loans | Investment securities | Total as at 31 December 2023 | Total as at 31 December 2022 |
|---|---|---|---|---|---|---|
| Financials | 210,538,397 | 58,171,447 | 1,514,141,985 | 657,323,174 | 2,440,175,003 | 2,381,595,022 |
| Central banks | 4,627,978,007 | – | – | 4,683,389 | 4,632,661,396 | 5,291,889,392 |
| Sovereign and municipalities | 184,240,691 | – | 25,500,000 | 827,944,320 | 1,037,685,011 | 871,140,215 |
| **Subtotal** | **5,022,757,095** | **58,171,447** | **1,539,641,985** | **1,489,950,883** | **8,110,521,410** | **8,544,624,629** |
| Communications | – | – | – | 54,315,772 | 54,315,772 | 36,100,471 |
| Consumer Discretionary | – | – | 62,773,055 | 83,645,385 | 146,418,440 | 117,452,765 |
| Consumer Staples | – | – | – | 135,963,337 | 135,963,337 | 124,408,619 |
| Energy | – | – | – | 7,701,798 | 7,701,798 | 11,469,244 |
| Healthcare | – | – | – | 103,376,256 | 103,376,256 | 98,931,208 |
| Individuals | – | 89,814,799 | 707,185,543 | – | 797,000,342 | 809,588,175 |
| Industrials | – | – | – | 58,415,929 | 58,415,929 | 63,345,753 |
| Materials | – | – | – | 56,607,230 | 56,607,230 | 41,592,971 |
| Real Estate | – | – | – | 5,518,936 | 5,518,936 | 2,117,918 |
| Supranational | – | – | – | 24,014,637 | 24,014,637 | 25,559,820 |
| Technology | – | – | – | 39,992,511 | 39,992,511 | 32,293,192 |
| Utilities | – | – | – | 39,121,747 | 39,121,747 | 24,252,910 |
| **Subtotal** | **–** | **89,814,799** | **769,958,598** | **608,673,538** | **1,468,446,935** | **1,387,113,046** |
| Other assets with no industry sector concentration | | | | | 380,820,348 | 286,658,073 |
| **Total assets** | | | | | **9,959,788,693** | **10,218,395,748** |

### F10 Offsetting

Offsetting and related rights to set off are risk management tools that the Group uses among others to reduce counterparty credit risk. The following table presents the recognised financial instruments that are subject to enforceable netting agreements or other similar agreements but not offset.

| in CHF | Gross amounts of recognised financial assets | Presented in statement of financial position | Related amounts not set off/collateral (Due to customers) | Net credit exposure |
|---|---|---|---|---|
| DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) | | | | |
| Currency forwards, precious-metals forwards and CFD derivatives | 134,786,268 | 134,786,268 | 492,909,345 | 6,997,145 |
| Foreign exchange swaps | 11,738,146 | 11,738,146 | 6,195,521 | 5,542,625 |
| Total return swaps | 1,223,970 | 1,223,970 | – | 1,223,970 |
| Currency options | 237,862 | 237,862 | – | 237,862 |
| Credit default swaps | – | – | – | – |
| **Balance as at 31 December 2023** | **147,986,246** | **147,986,246** | **499,104,866** | **14,001,602** |
| Currency forwards, precious-metals forwards and CFD derivatives | 93,169,327 | 93,169,327 | 459,847,036 | 5,720,577 |
| Foreign exchange swaps | 15,440,032 | 15,440,032 | 2,628,808 | 12,811,224 |
| Total return swaps | 211,041 | 211,041 | – | 211,041 |
| Currency options | 381,588 | 381,588 | – | 381,588 |
| Credit default swaps | – | – | – | – |
| **Balance as at 31 December 2022** | **109,201,988** | **109,201,988** | **462,475,844** | **19,124,430** |

| in CHF | Gross amounts of recognised financial liabilities | Presented in statement of financial position |
|---|---|---|
| DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) | | |
| Currency forwards, precious-metals forwards and CFD derivatives | 34,441,580 | 34,441,580 |
| Foreign exchange swaps | 36,618,899 | 36,618,899 |
| Total return swaps | 7,118,231 | 7,118,231 |
| Currency options | 233,894 | 233,894 |
| Credit default swaps | 27,127 | 27,127 |
| **Balance as at 31 December 2023** | **78,439,731** | **78,439,731** |
| Currency forwards, precious-metals forwards and CFD derivatives | 31,919,164 | 31,919,164 |
| Foreign exchange swaps | 21,791,078 | 21,791,078 |
| Total return swaps | 3,694,726 | 3,694,726 |
| Currency options | 397,270 | 397,270 |
| Credit default swaps | 32,910 | 32,910 |
| **Balance as at 31 December 2022** | **57,835,148** | **57,835,148** |

Currency forwards, precious-metals forwards and CFD derivatives recognised as derivative financial instruments mainly correspond to open positions from leveraged forex (eForex) clients that are authorised to trade with a maximum leverage of their equity. Corresponding collateral margin deposits are recognised in Due to customers for the amount of CHF 492.9 million (2022: CHF 459.8 million).

### F11 Impairment loss allowance (IFRS 9)

The loss allowance concept is impacted by a variety of factors, as described below:

| Effect is an additional allowance | Effect could be mixed | Effect is a release of allowance |
|---|---|---|
| Significant increase in credit risk resulting in transfers from stage 1 to stage 2/3 or from stage 2 to stage 3 | Changes in assumptions (PD, EAD and LGD) | Significant decrease of credit risk resulting in transfers from stage 3 to stage 2/1 or stage 2 to stage 1 |
| New financial assets recognised during the period | Foreign exchange translation | Derecognition of financial assets during the period |

The following tables explain the changes in the impairment loss allowance during the period:

| in CHF | Stage 1 | Stage 2 | Stage 3 | Total | 2023 | 2022 |
|---|---|---|---|---|---|---|
| MOVEMENTS, GROSS OF TAX, THAT DO REDUCE THE CARRYING AMOUNT OF FINANCIAL ASSETS: | | | | | | |
| **Impairment allowance under IFRS 9 as at 1 January 2023** | **2,495,443** | **77,778** | **49,159,592** | **51,732,813** | **–** | **–** |
| Transfers from stage 1 to stage 3 | – | – | – | – | – | (1,604,088) |
| Transfers from stage 1 to stage 2 | – | – | – | – | – | (15,202) |
| Transfers from stage 2 to stage 1 | 1,671 | (13,493) | – | (11,822) | 11,822 | – |
| Derecognitions and new purchases | (442,354) | (8,218) | – | (450,572) | 450,572 | (1,170,702) |
| Changes in assumptions (PD, EAD and LGD) | (713,816) | (21,807) | – | (735,623) | 735,623 | 408,169 |
| Write-offs | – | – | (1,214,833) | (1,214,833) | – | – |
| Other movements | (39,105) | – | 574,140 | 535,035 | (508,130) | 2,278,245 |
| **Impairment allowance under IFRS 9 as at 31 December 2023** | **1,301,839** | **34,260** | **48,518,899** | **49,854,998** | **–** | **–** |
| MOVEMENTS, GROSS OF TAX, THAT DO NOT REDUCE THE CARRYING AMOUNT OF FINANCIAL ASSETS: | | | | | | |
| **Impairment allowance under IFRS as at 1 January 2023** | **–** | **–** | **–** | **–** | **–** | **–** |
| Derecognitions and new purchases | 203,316 | – | – | 203,316 | (203,316) | – |
| Changes in assumptions (PD, EAD and LGD) | – | – | – | – | – | – |
| **Total as at 31 December 2023** | **1,505,155** | **34,260** | **48,518,899** | **50,058,314** | **–** | **–** |
| Total as at 1 January 2023 | 2,495,443 | 77,778 | 49,159,592 | 51,732,813 | – | – |
| **Credit loss release / (expense)** | | | | | **486,571** | **(103,578)** |

When customers trade any leveraged product offering, there is the potential and inherent risk for a client to lose more than the collateral lodged.

Client credit risk only arises when the markets and instruments gap and the movement in the value of a customer leveraged portfolio exceeds the value of the collateral that the customer has held at the Group, leaving the customer's account in the negative. Stage 3 captures the risk associated with a client defaulting on its obligations due to the Group.

### G Liquidity risk

Liquidity is the ability of the Group to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. The fundamental role of banks in the maturity transformation of short-term deposits into medium- and long-term loans makes banks inherently vulnerable to liquidity risk.

### G1 Liquidity risk management process

The liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to the Group. The objective of the Group's liquidity risk management is achieved through a conservative asset and liability management strategy, which comprises:

- The maturity analysis of current investments in order to ensure the regular stream of expiries;
- The measurement of known and unknown cash flows;
- Measures ensuring the ability to borrow funds through various instruments.

### G2 Non-derivative cash flows

The table below presents the balances payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows except where the carrying amounts are assessed to be reasonable approximations of these cash flows.

| in CHF | On demand/ less than 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Above 5 years | Total |
|---|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2023 | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Deposits from banks | 307,486,046 | – | – | – | – | 307,486,046 |
| Financial liabilities designated at fair value | 12,811,664 | 14,277,629 | 136,743,050 | 52,075,930 | – | 215,908,273 |
| Due to customers | 8,258,384,156 | 49,308,624 | – | – | – | 8,307,692,780 |
| Other liabilities | 87,756,037 | – | 219,035 | 8,712,000 | 14,144,536 | 110,831,608 |
| **Total non-derivative financial liabilities (contractual maturity dates) – (A)** | **8,666,437,903** | **63,586,253** | **136,962,085** | **60,787,930** | **14,144,536** | **8,941,918,707** |
| Derivative financial instruments | | | | | | 78,439,731 |
| Non-financial liabilities | | | | | | 40,875,261 |
| **Total liabilities** | | | | | | **9,061,233,699** |
| Commitments (B) | 94,489,778 | – | – | 69,662,620 | – | 164,152,398 |
| **Total maturity grouping (A) + (B)** | **8,760,927,681** | **63,586,253** | **136,962,085** | **130,450,550** | **14,144,536** | **9,106,071,105** |
| Total non-derivative financial assets (expected maturity dates) | (6,531,865,526) | (369,316,334) | (994,617,083) | (1,488,196,134) | (104,800,437) | (9,488,795,514) |
| **Net balance** | **2,229,062,155** | **(305,730,081)** | **(857,654,998)** | **(1,357,745,584)** | **(90,655,901)** | **(382,724,409)** |

### G2 Non-derivative cash flows (continued)

| in CHF | On demand/ less than 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Above 5 years | Total |
|---|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2022 | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Deposits from banks | 366,399,780 | – | – | – | – | 366,399,780 |
| Financial liabilities designated at fair value | 652,339 | 1,508,926 | 44,368,199 | 24,784,159 | – | 71,313,623 |
| Due to customers | 8,860,519,759 | – | – | – | – | 8,860,519,759 |
| Other liabilities | 76,603,085 | – | 791,336 | 8,192,349 | 4,506,111 | 90,092,881 |
| **Total non-derivative financial liabilities (contractual maturity dates) – (A)** | **9,304,174,963** | **1,508,926** | **45,159,535** | **32,976,508** | **4,506,111** | **9,388,326,043** |
| | | | | | | |
| Derivative financial instruments | | | | | | 57,835,148 |
| Non-financial liabilities | | | | | | 31,106,463 |
| **Total liabilities** | | | | | | **9,477,267,654** |
| | | | | | | |
| Commitments (B) | 55,041,622 | – | – | 93,497,754 | 9,205,242 | 157,744,618 |
| **Total maturity grouping (A) + (B)** | **9,359,216,585** | **1,508,926** | **45,159,535** | **126,474,262** | **13,711,353** | **9,546,070,661** |
| | | | | | | |
| Total non-derivative financial assets (expected maturity dates) | (6,800,133,678) | (536,596,079) | (1,057,072,515) | (1,296,541,345) | (178,891,141) | (9,869,234,758) |
| **Net balance** | **2,559,082,907** | **(535,087,153)** | **(1,011,912,980)** | **(1,170,067,083)** | **(165,179,788)** | **(323,164,097)** |

### G3 Derivative cash flows

Derivatives held are settled on a net basis and are disclosed on a fair value basis.

| in CHF | Less than 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Above 5 years | Total |
|---|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2023 | | | | | | |
| **Assets** | | | | | | |
| **Derivatives held for trading** | | | | | | |
| Currency forwards | 65,153,898 | 3,627,924 | 2,565,938 | – | – | 71,347,760 |
| CFD derivatives | 37,611,977 | – | – | – | – | 37,611,977 |
| Precious-metals forwards | 25,826,531 | – | – | – | – | 25,826,531 |
| Foreign exchange swaps | 7,647,937 | 1,181,900 | 2,908,309 | – | – | 11,738,146 |
| Total return swaps | 20,738 | 89,672 | 799,201 | 165,129 | 149,230 | 1,223,970 |
| Currency options | 43,389 | 34,761 | 159,712 | – | – | 237,862 |
| Credit default swaps | – | – | – | – | – | – |
| **Total** | **136,304,470** | **4,934,257** | **6,433,160** | **165,129** | **149,230** | **147,986,246** |
| | | | | | | |
| **Liabilities** | | | | | | |
| **Derivatives held for trading** | | | | | | |
| Currency forwards | 13,520,264 | 3,360,143 | 2,464,229 | – | – | 19,344,636 |
| CFD derivatives | 1,751,820 | – | – | – | – | 1,751,820 |
| Precious-metals forwards | 13,306,738 | – | 38,386 | – | – | 13,345,124 |
| Foreign exchange swaps | 31,600,244 | 2,287,464 | 2,731,191 | – | – | 36,618,899 |
| Total return swaps | 1,565,983 | 1,017,142 | 3,892,015 | 600,150 | 42,941 | 7,118,231 |
| Currency options | 41,452 | 31,383 | 161,059 | – | – | 233,894 |
| Credit default swaps | – | – | 12,343 | 14,784 | – | 27,127 |
| **Total** | **61,786,501** | **6,696,132** | **9,299,223** | **614,934** | **42,941** | **78,439,731** |

Currency forwards, precious-metals forwards and CFD derivatives (indices, stocks, bonds and commodities) are mainly related to open transactions of leveraged forex clientele as at 31 December 2023. These transactions have to be classified in the category “Less than 1 month”.

### G3 Derivative cash flows (continued)

Derivatives held are settled on a net basis and are disclosed on a fair value basis.

| in CHF | Less than 1 month | 1 to 3 months | 3 to 12 months | 1 to 5 years | Above 5 years | Total |
|---|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2022 | | | | | | |
| **Assets** | | | | | | |
| **Derivatives held for trading** | | | | | | |
| Currency forwards | 49,981,513 | 3,665,086 | 12,033,829 | – | – | 65,680,428 |
| CFD derivatives | 11,866,980 | – | – | – | – | 11,866,980 |
| Precious-metals forwards | 15,621,919 | – | – | – | – | 15,621,919 |
| Foreign exchange swaps | 10,882,205 | 2,412,994 | 2,144,833 | – | – | 15,440,032 |
| Total return swaps | 3,636 | 5,917 | 186,549 | 14,939 | – | 211,041 |
| Currency options | 11,030 | 14,155 | 356,403 | – | – | 381,588 |
| Credit default swaps | – | – | – | – | – | – |
| **Total** | **88,367,283** | **6,098,152** | **14,721,614** | **14,939** | **–** | **109,201,988** |
| | | | | | | |
| **Liabilities** | | | | | | |
| **Derivatives held for trading** | | | | | | |
| Currency forwards | 9,306,660 | 3,963,563 | 11,797,604 | – | – | 25,067,827 |
| CFD derivatives | 1,682,407 | – | – | – | – | 1,682,407 |
| Precious-metals forwards | 5,168,930 | – | – | – | – | 5,168,930 |
| Foreign exchange swaps | 16,484,564 | 3,785,991 | 1,520,523 | – | – | 21,791,078 |
| Total return swaps | 271,192 | 548,023 | 2,294,966 | 580,545 | – | 3,694,726 |
| Currency options | 17,797 | 23,844 | 355,629 | – | – | 397,270 |
| Credit default swaps | – | – | 21,299 | 11,611 | – | 32,910 |
| **Total** | **32,931,550** | **8,321,421** | **15,990,021** | **592,156** | **–** | **57,835,148** |

### G4 Off-balance sheet cash flows

The table below summarises the future cash outflow commitments as at 31 December:

| in CHF | No later than 1 year | 1 to 5 years | Above 5 years | Total |
|---|---|---|---|---|
| AS AT 31 DECEMBER 2023 | | | | |
| Capital expenditure commitments | 32,153,634 | 69,662,620 | – | 101,816,254 |
| Loan commitments | 62,336,144 | – | – | 62,336,144 |
| Funding commitments | – | – | – | – |
| **Total** | **94,489,778** | **69,662,620** | **–** | **164,152,398** |
| AS AT 31 DECEMBER 2022 | | | | |
| Capital expenditures commitments | 5,273,622 | 93,497,754 | 9,205,242 | 107,976,618 |
| Loan commitments | 40,268,000 | – | – | 40,268,000 |
| Funding commitments | 9,500,000 | – | – | 9,500,000 |
| **Total** | **55,041,622** | **93,497,754** | **9,205,242** | **157,744,618** |

**Capital expenditure commitments**

These commitments comprise payments relating to the extension of the Group's headquarters in Gland, Switzerland. For further information, reference is made to Note 25.

**Loan commitments**

Swiss banking law and the deposit insurance scheme require Swiss banks and securities dealers to jointly guarantee an amount equivalent to 1.6% of all protected deposits in Switzerland, but at least CHF 6 billion for privileged deposits in the event a Swiss bank or a securities dealer becomes insolvent. As per FINMA guidelines, the payment obligation of the Group has to be recognised as an irrevocable commitment under the off-balance sheet transactions and was communicated in writing to the Group.

### H Market risk

Market risk is the risk that fair values or future cash flows of financial instruments will fluctuate because of changes in market conditions. The Group does not enter into proprietary trading positions based on expectations of future market improvements.

In the context of its activities, market risks arise essentially from open positions in interest rates, currency and equity-related products, all of which are exposed to general and specific market movements as well as changes in the level of volatility of market rates or prices such as:

- Foreign exchange risk;
- Interest rate risk;
- Equity market risk;
- Issuer credit risk;
- Market liquidity risk.

Single transactions may also be exposed to a number of different market risks.

The Group devotes significant resources to ensure that market risks are comprehensively captured, accurately modelled and reported and effectively managed. Trading and non-trading portfolios are managed at various organisational levels. The Group uses market risk measurement and management methods designed to meet or exceed industry standards. Moreover, stress tests are performed at least on a quarterly basis to assess market risk and monitor that they stay within the limits and risk appetite set by the Group.

### H1 Foreign exchange risk

The Group is exposed to two main sources of foreign exchange risk.

#### Transactional foreign exchange risk

Foreign exchange risk represents exposures to changes in the value of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include, for example, foreign investments, foreign currency denominated loans and future cash flows in foreign currencies. The Board sets limits on the level of exposure by currency and in aggregate which are monitored daily.

#### Leveraged forex business

Foreign exchange risk arises from leveraged forex activities and clients trading foreign currencies and foreign designated securities.

The Group predominantly operates an agency model to execute client trades as it is considered fundamental in the core business model philosophy. However, all client exposures are not immediately hedged and the Group may have a residual net position in any of the foreign currency pairs in which the Group offers leveraged forex. The Group has set up foreign exchange limits with the aim to optimise the efficiency of the operations and does not take its own positions outside this scope. These limits are defined with reference to the expected volatility and liquidity of the corresponding foreign currency pairs. The real-time systems aim to maximise the level of internal hedging arising from the client base (internalisation of the transaction flow) and monitor the foreign exchange exposure against the defined limits. If exposure exceeds these limits, hedging is undertaken to adjust the exposure within the limit.

### H1 Foreign exchange risk (continued)

The table below summarises the Group's exposure to foreign currency risk as at 31 December 2023. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

| in CHF | CHF | USD | EUR | Others | Total |
|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2023 | | | | | |
| **Assets** | | | | | |
| Cash and balances with central banks | 4,364,468,153 | 13,182 | 183,650,029 | 19,295 | 4,548,150,659 |
| Treasury bills and other eligible bills | 195,814,764 | 147,648,605 | 131,143,067 | – | 474,606,436 |
| Due from banks | 696,470,032 | 427,519,184 | 241,467,364 | 138,570,115 | 1,504,026,695 |
| Derivative financial instruments | 29,904,912 | 91,091,691 | 4,986,432 | 22,003,211 | 147,986,246 |
| Trading assets | 321,052 | – | 515,254 | 37,420 | 873,726 |
| Loans | 474,316,769 | 141,837,596 | 148,370,656 | 41,048,867 | 805,573,888 |
| Investment securities | 914,658,517 | 589,799,116 | 564,539,855 | 29,626,933 | 2,098,624,421 |
| Other assets | 35,846,254 | 7,805,226 | 11,301,020 | 1,987,189 | 56,939,689 |
| **Total financial assets** | **6,711,800,453** | **1,405,714,600** | **1,285,973,677** | **233,293,030** | **9,636,781,760** |
| **Liabilities** | | | | | |
| Deposits from banks | 22,314,899 | 125,507,497 | 40,750,712 | 118,912,938 | 307,486,046 |
| Derivative financial instruments | 6,772,551 | 55,930,467 | 8,602,762 | 7,133,951 | 78,439,731 |
| Financial liabilities designated at fair value | 168,529,874 | 32,110,699 | 14,588,139 | 679,561 | 215,908,273 |
| Due to customers | 4,366,057,238 | 2,010,246,873 | 1,545,903,180 | 385,485,489 | 8,307,692,780 |
| Other liabilities | 88,588,660 | 6,704,136 | 10,932,808 | 4,606,004 | 110,831,608 |
| **Total financial liabilities** | **4,652,263,222** | **2,230,499,672** | **1,620,777,601** | **516,817,943** | **9,020,358,438** |
| **Net** | **2,059,537,231** | **(824,785,072)** | **(334,803,924)** | **(283,524,913)** | **616,423,322** |
| Off-balance sheet notional position and credit commitments | (1,278,533,882) | 813,655,705 | 340,674,519 | 288,356,056 | 164,152,398 |
| **Net exposure** | **781,003,349** | **(11,129,367)** | **5,870,595** | **4,831,143** | **780,575,720** |

### H1 Foreign exchange risk (continued)

The table below summarises the Group's exposure to foreign currency risk as at 31 December 2022. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

| in CHF | CHF | USD | EUR | Others | Total |
|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2022 | | | | | |
| **Assets** | | | | | |
| Cash and balances with central banks | 4,383,729,476 | 16,794 | 108,588,619 | 7,890 | 4,492,342,779 |
| Treasury bills and other eligible bills | 945,966,268 | 111,962,066 | 107,976,629 | – | 1,165,904,963 |
| Due from banks | 554,063,960 | 547,678,763 | 381,285,405 | 144,895,166 | 1,627,923,294 |
| Derivative financial instruments | 36,907,807 | 51,680,309 | 5,668,321 | 14,945,551 | 109,201,988 |
| Trading assets | 2,903,294 | 247,326 | (483,096) | 16,500 | 2,684,024 |
| Loans | 388,358,167 | 201,971,525 | 177,585,691 | 46,416,375 | 814,331,758 |
| Investment securities | 597,905,522 | 521,443,089 | 561,042,160 | 41,642,122 | 1,722,032,893 |
| Other assets | 26,894,315 | 9,627,408 | 4,010,331 | 3,482,993 | 44,015,047 |
| **Total financial assets** | **6,936,728,809** | **1,444,627,280** | **1,345,674,060** | **251,406,597** | **9,978,436,746** |
| **Liabilities** | | | | | |
| Deposits from banks | 30,270,686 | 200,152,472 | 78,215,899 | 57,760,723 | 366,399,780 |
| Derivative financial instruments | 36,018,420 | 15,988,787 | 702,281 | 5,125,660 | 57,835,148 |
| Financial liabilities designated at fair value | 62,778,075 | 6,011,595 | 2,523,953 | – | 71,313,623 |
| Due to customers | 4,206,341,239 | 2,269,936,214 | 1,860,021,019 | 524,221,287 | 8,860,519,759 |
| Other liabilities | 72,670,447 | 3,946,385 | 8,782,394 | 4,693,655 | 90,092,881 |
| **Total financial liabilities** | **4,408,078,867** | **2,496,035,453** | **1,950,245,546** | **591,801,325** | **9,446,161,191** |
| **Net** | **2,528,649,942** | **(1,051,408,173)** | **(604,571,486)** | **(340,394,728)** | **532,275,555** |
| Off-balance sheet notional position and credit commitments | (1,836,086,855) | 1,050,772,243 | 604,243,570 | 338,815,660 | 157,744,618 |
| **Net exposure** | **692,563,087** | **(635,930)** | **(327,916)** | **(1,579,068)** | **690,020,173** |

### H2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fluctuations of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise.

The table below summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by their contractual repricing or maturity dates, whichever is earlier.

| in CHF | Less than 3 months | 3 to 12 months | 1 to 5 years | Above 5 years | Total |
|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2023 | | | | | |
| **Assets** | | | | | |
| Cash and balances with central banks | 4,548,150,659 | – | – | – | 4,548,150,659 |
| Treasury bills and other eligible bills | 274,320,756 | 200,285,680 | – | – | 474,606,436 |
| Due from banks | 1,217,192,277 | 271,835,156 | 14,999,262 | – | 1,504,026,695 |
| Derivative financial instruments | 141,238,727 | 6,433,160 | 165,129 | 149,230 | 147,986,246 |
| Trading assets | 873,726 | – | – | – | 873,726 |
| Loans | 780,073,888 | – | 25,500,000 | – | 805,573,888 |
| Investment securities | 162,211,677 | 470,543,260 | 1,361,069,047 | 104,800,437 | 2,098,624,421 |
| Other assets | 56,939,689 | – | – | – | 56,939,689 |
| **Total financial assets** | **7,181,001,399** | **949,097,256** | **1,401,733,438** | **104,949,667** | **9,636,781,760** |
| **Liabilities** | | | | | |
| Deposits from banks | 307,486,046 | – | – | – | 307,486,046 |
| Derivative financial instruments | 68,482,633 | 9,299,223 | 614,934 | 42,941 | 78,439,731 |
| Financial liabilities designated at fair value | 27,089,293 | 136,743,050 | 52,075,930 | – | 215,908,273 |
| Due to customers | 8,258,384,156 | 49,308,624 | – | – | 8,307,692,780 |
| Other liabilities | 87,756,037 | 219,035 | 8,712,000 | 14,144,536 | 110,831,608 |
| **Total financial liabilities** | **8,749,198,165** | **195,569,932** | **61,402,864** | **14,187,477** | **9,020,358,438** |
| **Net** | **(1,568,196,766)** | **753,527,324** | **1,340,330,574** | **90,762,190** | **616,423,322** |
| Off-balance sheet notional position and credit commitments | – | – | – | – | – |
| **Net exposure** | **(1,568,196,766)** | **753,527,324** | **1,340,330,574** | **90,762,190** | **616,423,322** |

### H2 Interest rate risk (continued)

The table below summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by their contractual repricing or maturity dates, whichever is earlier.

| in CHF | Less than 3 months | 3 to 12 months | 1 to 5 years | Above 5 years | Total |
|---|---|---|---|---|---|
| AS AT 31 DECEMBER 2022 | | | | | |
| **Assets** | | | | | |
| Cash and balances with central banks | 4,492,342,779 | – | – | – | 4,492,342,779 |
| Treasury bills and other eligible bills | 1,000,801,340 | 165,103,623 | – | – | 1,165,904,963 |
| Due from banks | 920,804,404 | 682,406,593 | 24,712,297 | – | 1,627,923,294 |
| Derivative financial instruments | 94,465,435 | 14,721,614 | 14,939 | – | 109,201,988 |
| Trading assets | 2,684,024 | – | – | – | 2,684,024 |
| Loans | 807,331,758 | – | 7,000,000 | – | 814,331,758 |
| Investment securities | 108,494,180 | 209,562,299 | 1,225,085,273 | 178,891,141 | 1,722,032,893 |
| Other assets | 44,015,047 | – | – | – | 44,015,047 |
| **Total financial assets** | **7,470,938,967** | **1,071,794,129** | **1,256,812,509** | **178,891,141** | **9,978,436,746** |
| **Liabilities** | | | | | |
| Deposits from banks | 366,399,780 | – | – | – | 366,399,780 |
| Derivative financial instruments | 41,252,971 | 15,990,021 | 592,156 | – | 57,835,148 |
| Financial liabilities designated at fair value | 2,161,265 | 44,368,199 | 24,784,159 | – | 71,313,623 |
| Due to customers | 8,860,519,759 | – | – | – | 8,860,519,759 |
| Other liabilities | 76,603,085 | 791,336 | 8,192,349 | 4,506,111 | 90,092,881 |
| **Total financial liabilities** | **9,346,936,860** | **61,149,556** | **33,568,664** | **4,506,111** | **9,446,161,191** |
| **Net** | **(1,875,997,893)** | **1,010,644,573** | **1,223,243,845** | **174,385,030** | **532,275,555** |
| Off-balance sheet notional position and credit commitments | – | – | – | – | – |
| **Net exposure** | **(1,875,997,893)** | **1,010,644,573** | **1,223,243,845** | **174,385,030** | **532,275,555** |

### H3 Sensitivity analysis on foreign exchange rate risk and interest rate risk

#### a Analysis of sensitivity to foreign exchange risk (unaudited)

A sensitivity analysis has been performed on the basis of a 5.0% variation in CHF currency against USD, EUR and all other currencies as this is considered as reasonably possible.

| in CHF thousand | Sensitivity analysis | | |
|---|---|---|---|
| AS AT 31 DECEMBER 2023 | | | |
| + 5% variation | USD | EUR | Others |
| **Net impact before income tax expense** | **(556)** | **294** | **242** |
| – 5% variation | | | |
| **Net impact before income tax expense** | **556** | **(294)** | **(242)** |

| in CHF thousand | Sensitivity analysis | | |
|---|---|---|---|
| AS AT 31 DECEMBER 2022 | | | |
| + 5% variation | USD | EUR | Others |
| **Net impact before income tax expense** | **(32)** | **(16)** | **(79)** |
| – 5% variation | | | |
| **Net impact before income tax expense** | **32** | **16** | **79** |

The sensitivity analysis assumes normal market conditions, in particular with regard to liquidity and volatility and factors for which the automatic close-out system used by the Group for leveraged product offering provides a sufficient degree of protection to eliminate the risk that client losses will exceed margin deposits. The sensitivity analysis did not result materially in other changes in equity (2022: unchanged).

### H3 Sensitivity analysis on foreign exchange rate risk and interest rate risk (continued)

#### b Analysis of sensitivity to interest rate risk (unaudited)

The Group has implemented the FINMA-mandated scenarios on the interest rate risk in the banking book. These stress scenarios include the impacts of variation in income statement (profitability effect) as well as the fluctuations in the equity (net present value effect) arising from changes in interest rates.

| | Sensitivity analysis | | | |
|---|---|---|---|---|
| in CHF thousand | Parallel shift up | | Parallel shift down | |
| AS AT 31 DECEMBER 2023 | Income statement (profitability effect) | Equity (net present value effect) | Income statement (profitability effect) | Equity (net present value effect) |
| CHF | 55,629 | 21,875 | (55,629) | (19,367) |
| EUR | 8,578 | 13,845 | (12,619) | (12,639) |
| USD | 12,714 | 12,355 | (9,527) | (10,300) |
| Others | 2,851 | (1,730) | (2,856) | 1,698 |
| **Total impact before income tax expense** | **79,772** | **46,345** | **(80,631)** | **(40,608)** |
| As at 31 December 2022 | 103,589 | 46,793 | (64,314) | (40,492) |

Parallel shift up/down scenarios are performed on the basis of a variation in interest rates of ± 150 basis points on CHF and ±200 basis points on EUR and USD.

The results of the sensitivity analysis may be dependent on the evolution of interest rate environment and related decisions made by the Group with regard to interests served on client accounts.

The Group does not have a regulatory requirement to hold capital against interest rate risk. The economic impacts of adverse shifts in interest rates from the above scenarios are significantly below the 15% threshold required by FINMA.

Regarding required disclosures on qualitative and quantitative information about interest rate risk in the banking book (IRRBB disclosure) as per FINMA Circular 2016/1 “Disclosure – banks”, reference is made to the “Supplementary regulatory disclosures - interest rate risk in the banking book” section of the report.

### H4 Equity market risk

Equity market risk arises from trading assets, investment securities (FVTPL) and certain contracts-for-differences (derivative financial instruments) offered to clients.

Trading assets mainly comprise tracker certificates mainly invested in stocks included in major stock indices and a portfolio of equities listed on the SIX Swiss Exchange.

Contracts-for-differences (derivative financial instruments) are based on underlying stock indices on world stock markets. As not all of these products can be processed via agency model trades, the Group uses future contracts to hedge CFD positions on a net basis.

### H5 Issuer credit risk

Issuer credit risk represents exposure to changes in the creditworthiness of individual issuers or groups of issuers. The Group investment securities portfolio is exposed to issuer credit risk where the value of an asset may be adversely impacted by changes in the levels of credit spreads.

### H6 Market liquidity risk

Market liquidity risk represents the risk that the level of expected market activity changes dramatically and, in certain cases, may even cease to exist. This situation results in the inability of a market participant to liquidate a position in a timely manner at a reasonable price. The effects of market liquidity risk can result in a price impact on trading activity (bid-ask spreads) and/or a postponed trading execution. This exposes the Group to the risk that it will not be able to transact business and execute trades in an orderly manner which may impact the results and/or client account balances. This impact could be exacerbated if expected hedging, pricing correlations or risk management systems are compromised by the disproportionate demand or lack of demand for certain instruments.

## I Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Operational risk is an inevitable consequence of being in business and materialises in a wide variety of risks, including technology risk and data confidentiality. It also comprises all legal and compliance risks insofar as these could represent a direct financial loss. Technology risk stems from the dependencies on information technology, third-party suppliers and the IT infrastructure as well as from the interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses. At the same time, cybersecurity risk has significantly increased in recent years.

Managing operational risk is a core element of the Group activities, implemented through a conceptual framework and an effective controlling and risk function.

The risk management framework comprises people, policies, systems, processes and controls designed to ensure that risks are appropriately identified, assessed, measured, monitored and reported, as well as mitigated on an ongoing basis.

The identification, assessment and controlling of operational risks is an ongoing process that is organised with two lines of defence. On the one hand, each head of department is primarily responsible that operational risks related to the activities deployed by their units are identified, assessed, mitigated and controlled. Any risk event has to be escalated to the Controlling & Risk department, the Chief Risk Officer, the Executive Management and/or the Board of Directors depending on its nature and magnitude. On the other hand, the Controlling & Risk department maintains a transversal risk analysis, where each risk is categorised and prioritised. The Controlling & Risk department assesses the transition from the inherent risk to the net risk based on the quality of the controls that depends on the relevance, effectiveness and efficiency and experience. External events related to operational risks are also considered in the transversal risk analysis.

The Chief Risk Officer is the executive accountable for operational risk management. The Controlling & Risk department makes sure that the rules and limits in terms of internal control system as set by the Board of Directors are applied, and maintains a system that allows identifying, assessing, analysing and controlling all the operational risks incurred by the Group. The technology risks are managed under the supervision of the Chief Operating Officer and with the support of dedicated security team units. The management of cybersecurity and data protection risks is aligned with international standards and applicable regulations.

The Chief Risk Officer quarterly reports to the Audit & Risk Committee on the changes in the assessment of the operational risk and on significant internal and relevant external operational risk events. In addition to the ongoing update of both perspectives of risk/control analysis of the processes, the adequacy and effectiveness of the internal control system are formally assessed once a year by the Board of Directors. In that context, the Chief Risk Officer produces an annual report for the Board of Directors, the Audit & Risk Committee and the Executive Management on the assessment of the internal control system of the Group, which includes among others the areas of technology, information security and Business Continuity Management.

### I1 Fiduciary activities

The Group provides fiduciary capacities that result in the holding or placing of assets on behalf of clients. These services are mainly rendered through its web portal and therefore the Group is exposed to the operational risks associated with the use of this technology. At the balance sheet date, the Group clients' financial assets under custody, excluding cash portion as well as assets from other banks, amount to CHF 41.9 billion (2022: CHF 35.3 billion) while fiduciary placements with third-party institutions amount to CHF 1.1 billion (2022: CHF 4.0 billion) and amounts arising from securities lending and borrowing transactions amount to CHF 45.3 million (2022: CHF 0.4 million).

### I2 Cryptocurrencies/crypto exchange trading, custody and staking services

The Group operates a crypto exchange that provides liquidity by aggregating and matching buy and sell orders combined with custody services. Cryptocurrencies are natively digital, real-time and operate globally on a 24/7/365 basis. Transactions on cryptocurrencies are settled through processes that are dependent on a peer-to-peer network protocol. These protocols could be subject to modifications and upgrades if a majority of users consent to it (e.g. forks). A cryptocurrency, or some fraction of it, is a chain of digital signatures stored in a public ledger called the blockchain. Possession and control over a particular cryptocurrency holding is synonymous with having knowledge of a private key and public key pair associated with a network address (commonly referred as wallet). To transfer cryptocurrencies held, the transaction must be signed and this consists of the private key of the wallet from where the cryptocurrencies are transferred and the public key of the wallet of destination.

These particular characteristics make cryptocurrencies a target for cyber attacks because the stolen data has instant value and transactions are not reversible. These vulnerabilities are managed by the Group for the cryptocurrencies it holds in direct custody through effective security encompassing not only cybersecurity but also the establishment of recognised security standards for offline (cold) cryptocurrencies storage and multi-signature wallets. Cold storage involves placing the private keys in offline media, such as disconnected computer memory. Multi-signature wallets involve assigning cryptocurrencies to public addresses that are linked to multiple private keys, each separately stored, a subset of which are needed to effectuate any transfer. In addition to its own direct custody, the Group selected Bitstamp and Coinbase as liquidity providers and sub-custodians. When selecting an intermediary in the field of cryptocurrencies, the Group reviews in particular its creditworthiness, its reputation and the reputation of the country of domicile. Bitstamp and Coinbase are regulated in their respective jurisdictions and are audited by reputable audit firms. Both intermediaries use qualified custodian purpose-built infrastructure to store cryptocurrencies held in trust for the benefit of customers. Certain cryptocurrencies enable holders to earn rewards by participating in the governance protocol of their blockchain network, such as through staking activities. In this context, the Group may delegate to third-party service providers the staking services. These third-party service providers operate staking nodes on blockchain networks utilising cryptocurrencies and pass through rewards received to our customers.

# Notes to the consolidated financial statements

## Section VII: Other notes to the consolidated financial statements

## 1 Cash and cash equivalents

| in CHF | 2023 | 2022 |
|---|---|---|
| Cash and balances with central banks | 4,548,150,659 | 4,492,342,779 |
| Treasury bills and other eligible bills | 474,606,436 | 1,165,904,963 |
| Due from banks | 1,504,026,695 | 1,627,923,294 |
| Deposits from banks | (307,486,046) | (366,399,780) |
| **Total net** | **6,219,297,744** | **6,919,771,256** |
| | | |
| Less: treasury bills and other eligible bills (above 3 months) | (200,285,680) | (165,103,623) |
| Less: due from banks (above 3 months) | (286,834,418) | (707,118,890) |
| Plus: impairment allowance | 138,830 | 464,697 |
| **Cash and cash equivalents as at 31 December** | **5,732,316,476** | **6,048,013,440** |

Cash and balances with central banks comprise CHF 2.2 billion deposits with Swiss National Bank (2022: CHF 2.3 billion), CHF 2.1 billion reverse repurchase agreements transacted with Swiss National Bank (2022: CHF 2.1 billion) and CHF 183.6 million with Banque centrale du Luxembourg (2022: CHF 108.6 million). The reverse repurchase agreements show maturities usually of one day to one week and ensure an interest rate that is close to the central bank policy rate.

Treasury bills and other eligible bills comprise among others CHF 210.5 million of commercial papers issued by European investment-grade banks (2022: CHF 149.7 million), CHF 116.0 million of short-term receivables (below 12 months) from Swiss municipalities and cantons (2022: CHF 91.5 million) and CHF 79.8 million of Swiss National Bank bills (designated as “SNB bills”) (2022: CHF 799.6 million). These SNB bills are money market debt register claims issued by the Swiss National Bank.

The Group has relationships with a number of banking counterparties that provide banking services (such as prime brokerage, custodian services, etc.). In that context, Due from banks comprise CHF 304.5 million (2022: CHF 267.1 million) of cash collateral deposits in favour of third-party banks that are used to provide access to certain exchanges and markets. Further reference is made to Note 4 relating to Due from banks.

Deposits from banks are mainly related to cash deposits made by third-party banks which are customers of the Group and in that respect which benefit from trading venues of the Group.

## 2 Derivative financial instruments

| in CHF | Fair value | | Contract notional amount |
|---|---|---|---|
| | Assets | Liabilities | |
| **Derivatives held for trading** | | | |
| Currency forwards | 71,347,760 | 19,344,636 | 4,039,442,426 |
| CFD derivatives | 37,611,977 | 1,751,820 | 1,184,687,953 |
| Precious-metals forwards | 25,826,531 | 13,345,124 | 1,204,941,319 |
| Foreign exchange swaps | 11,738,146 | 36,618,899 | 3,514,385,403 |
| Total return swaps | 1,223,970 | 7,118,231 | 192,782,777 |
| Currency options | 237,862 | 233,894 | 71,695,679 |
| Credit default swaps | – | 27,127 | 136,745,375 |
| **Total as at 31 December 2023** | **147,986,246** | **78,439,731** | **10,344,680,932** |

Currency forwards, precious-metals forwards, currency options and CFD derivatives (indices, stocks, bonds and commodities) are mainly related to clients' transactions.

Foreign exchange swaps, credit default swaps and total return swaps are mainly related to the Group's own transactions. Foreign exchange swaps are derivative contracts in which the Group simultaneously borrows CHF currency and lends USD/EUR/other currencies to a second party. The amount of repayment is fixed at the FX forward rates as of the starting date of the contract. From a treasury perspective, foreign exchange swaps can be viewed as FX-risk-free collateralised lending.

| in CHF | Fair value | | Contract notional amount |
|---|---|---|---|
| | Assets | Liabilities | |
| **Derivatives held for trading** | | | |
| Currency forwards | 65,680,428 | 25,067,827 | 2,746,715,570 |
| CFD derivatives | 11,866,980 | 1,682,407 | 440,122,097 |
| Precious-metals forwards | 15,621,919 | 5,168,930 | 669,945,320 |
| Foreign exchange swaps | 15,440,032 | 21,791,078 | 3,039,187,463 |
| Total return swaps | 211,041 | 3,694,726 | 74,726,843 |
| Currency options | 381,588 | 397,270 | 3,411,793 |
| Credit default swaps | – | 32,910 | 115,563,750 |
| **Total as at 31 December 2022** | **109,201,988** | **57,835,148** | **7,089,672,836** |

## 3 Trading assets

| in CHF | 2023 | 2022 |
|---|---|---|
| Investment funds | 94,401 | 1,882,326 |
| Equities | 224,601 | 302,412 |
| Structured products and other trading assets | 554,724 | 499,286 |
| **Total trading assets as at 31 December** | **873,726** | **2,684,024** |

## 4 Due from banks

| in CHF | 2023 | 2022 |
|---|---|---|
| Money market deposits | 772,205,083 | 1,165,012,031 |
| Interbank deposits | 358,075,039 | 158,295,546 |
| Collateral deposits | 304,517,074 | 267,107,825 |
| Receivables from banks | 70,132,467 | 39,085,645 |
| Impairment allowance | (902,968) | (1,577,753) |
| **Total due from banks as at 31 December** | **1,504,026,695** | **1,627,923,294** |

## 5 Loans

### a. Loans

| in CHF | 2023 | 2022 |
|---|---|---|
| Lombard loans and similar loans | 624,800,523 | 653,386,663 |
| Finance lease receivables | 114,158,645 | 99,846,850 |
| Others (including loans to public authorities) | 114,973,963 | 110,229,291 |
| Impairment allowance | (48,359,243) | (49,131,046) |
| **Total loans as at 31 December** | **805,573,888** | **814,331,758** |

Lombard loans and similar loans mainly consist of advances covered by the pledging of the customers portfolio consisting of cash, securities and crypto assets.

### b. Finance lease receivables

The Group acts as a lessor for electric car leases. The following table represents a maturity analysis of the finance lease receivables as required by IFRS 16.

| in CHF | Total minimum lease payments[1] | Unearned finance income | Present value |
|---|---|---|---|
| 2024 | 22,132,956 | 2,767,141 | 19,365,815 |
| 2025-2028 | 99,156,554 | 4,363,724 | 94,792,830 |
| **Total as at 31 December 2023** | **121,289,510** | **7,130,865** | 114,158,645 |
| Total as at 31 December 2022 | 107,578,786 | 7,731,936 | 99,846,850 |

[1] Total minimum lease payments comprise payments to be received related to the finance lease activity including guaranteed residual values.

## 6 Investment securities

| in CHF | 31 December 2023 | |
|---|---|---|
| | Carrying value | Fair value |
| Amortised cost bonds | 1,703,770,634 | 1,669,134,655 |
| FVOCI bonds | 228,196,023 | 228,196,023 |
| FVTPL bonds | 150,076,403 | 150,076,403 |
| FVOCI equities | 16,581,361 | 16,581,361 |
| **Total as at 31 December** | **2,098,624,421** | **2,063,988,442** |

| in CHF | 31 December 2022 | |
|---|---|---|
| | Carrying value | Fair value |
| Amortised cost bonds | 1,656,665,440 | 1,582,531,341 |
| FVTPL bonds | 46,540,664 | 46,540,664 |
| FVOCI equities | 18,826,789 | 18,826,789 |
| **Total as at 31 December** | **1,722,032,893** | **1,647,898,794** |

The increase in investment securities was mainly driven by purchases of investment grade bonds in the FVOCI portfolio as well as some additional purchases of high-quality liquid assets in our amortised cost portfolio, bringing the average duration of the investment securities portfolio to approximately 2.6 years. The difference between the carrying value and the fair value is mainly explained by the impact of the changes in interest rate environment.

## 7 Investment in joint venture

As at 31 December 2023, the Group holds 50% interest in a Swiss-based company designated as Yuh Ltd (2022: 50%). The investment in the joint venture is considered not material in regards to the Group's consolidated financial figures. The carrying amount of the investment in the consolidated financial statements is presented below:

| in CHF | 2023 | 2022 |
|---|---|---|
| Carrying amount as at 1 January | 4,460,572 | 11,159,753 |
| Additions | 9,500,000 | – |
| Net result from investment in joint venture | (4,981,488) | (6,699,181) |
| **Carrying amount as at 31 December** | **8,979,084** | **4,460,572** |

## 8 Intangible assets

| in CHF | Goodwill |
|---|---|
| GROSS VALUE | |
| As at 1 January 2022 | 44,527,773 |
| Addition | 11,940,800 |
| Currency translation differences | (683,952) |
| Other changes | – |
| **As at 31 December 2022** | **55,784,621** |
| Addition | – |
| Currency translation differences | (1,035,213) |
| Other changes | – |
| **As at 31 December 2023** | **54,749,408** |

### 8 Intangible assets (continued)

The Group performed impairment tests of goodwill at the end of the 2022 and 2023 financial years. For the purpose of impairment testing, goodwill has been allocated to the relevant cash-generating unit which is expected to benefit from the synergies of the corresponding business combination.

The impairment tests are based on calculations of value in use. Cash flow projections are based on actual operating results and financial budgets. Cash beyond the considered period is extrapolated using estimated long-term growth rates (if applicable). Future cash flows are discounted based on the weighted average cost of capital (WACC) or cost of equity respectively, taking into account risks that are specific to the cash-generating unit tested for impairment and historical industry average. As at 31 December 2023, the discount rates used were based on relevant observable market long-term government bonds plus a risk premium.

Key elements used for value in use calculations of intangible assets are:

| **Type** | **Goodwill** | **Goodwill** |
|---|---|---|
| **Date of acquisition** | **2010, 2013** | **2019, 2022** |
| Reportable segment | Leveraged forex (eForex) | Securities trading |
| Business acquired | ACM Advanced Currency Markets Ltd<br>MIG Bank Ltd | Swissquote Bank Europe SA [1] and Keytrade Bank Luxembourg SA |
| Carrying amount | CHF 38,989,066<br>(2022: same) | CHF 15,760,342<br>(2022: CHF 16,795,555) |
| Depreciation method | Indefinite useful life | Indefinite useful life |
| Cash-generating units (CGUs) | Leveraged forex (eForex) | Swissquote Bank Europe SA |
| Basis for recoverable amount | Value in use | Value in use |
| Cash flow projections | 5 years + terminal value | 5 years + terminal value |
| Long-term growth rate of free cash flows | 1.50% | 2.50% |
| Discount rate | 7.47% (2022: 9.01%) | 9.79% (2022: 9.97%) |
| Other important assumptions | Transaction volume<br>Revenue margin (CHF per million of volume)<br>Net revenues<br>Operating costs | Number of trades<br>Commission per trade<br>Net interest income<br>Operating costs |

[1] Formerly named Internaxx Bank S.A.

The Group has determined the values assigned to each of the above key elements based on past performance and expectation of market development and industry trends. The Group recognised that the speed of technological change, the implementation of new regulations and the possibility of new entrants can have an impact on growth rate assumptions.

As at 31 December 2023, the estimated recoverable amount exceeds the carrying amount (2022: same).

**Sensitivity analysis**

The Group performed a sensitivity analysis by considering and assessing reasonably possible changes for key assumptions. Reasonably possible changes in the cash flow projections or discount rate used for value in use calculations would not have resulted in the carrying amount exceeding the recoverable amount. Moreover, the recoverable amount remained higher than the carrying amount with long-term growth rate reduced to zero.

## 9 Information technology systems

| in CHF | Software third-party licences | Proprietary software | Hardware & telecom systems | Total |
|---|---|---|---|---|
| GROSS VALUE | | | | |
| As at 1 January 2022 | 5,672,802 | 97,554,496 | 8,302,590 | 111,529,888 |
| Additions | 2,209,610 | 37,751,859 | 3,845,789 | 43,807,258 |
| Other changes | (1,134,376) | (16,797,777) | (1,985,582) | (19,917,735) |
| **As at 31 December 2022** | **6,748,036** | **118,508,578** | **10,162,797** | **135,419,411** |
| Additions | 1,288,167 | 42,794,879 | 3,054,333 | 47,137,379 |
| Other changes | (1,087,266) | (21,824,535) | (3,488,138) | (26,399,939) |
| **As at 31 December 2023** | **6,948,937** | **139,478,922** | **9,728,992** | **156,156,851** |
| ACCUMULATED DEPRECIATION | | | | |
| As at 1 January 2022 | (1,664,197) | (49,133,384) | (3,967,377) | (54,764,958) |
| Depreciation/amortisation | (1,311,376) | (20,920,537) | (3,082,247) | (25,314,160) |
| Other changes | 1,134,376 | 16,797,777 | 1,985,582 | 19,917,735 |
| **As at 31 December 2022** | **(1,841,197)** | **(53,256,144)** | **(5,064,042)** | **(60,161,383)** |
| Depreciation/amortisation | (1,528,272) | (25,359,755) | (3,208,176) | (30,096,203) |
| Other changes | 1,087,266 | 21,824,535 | 3,488,138 | 26,399,939 |
| **As at 31 December 2023** | **(2,282,203)** | **(56,791,364)** | **(4,784,080)** | **(63,857,647)** |
| **Net book value as at 31 December 2023** | **4,666,734** | **82,687,558** | **4,944,912** | **92,299,204** |
| Net book value as at 31 December 2022 | 4,906,839 | 65,252,434 | 5,098,755 | 75,258,028 |

Proprietary software comprises software development costs and purchased software in connection with the design and improvements of the products, services and systems of the Group. As at 31 December 2023, additions to information technology systems include an amount of CHF 28.3 million (2022: CHF 25.0 million) representing own costs capitalised according to IAS 38.

Other changes of CHF 26.4 million (2022: CHF 19.9 million) are related to fully depreciated items which are derecognised because no future economic benefits are expected from their use.

### 10 Property, plant and equipment

| in CHF | Land and buildings | Right-of-use assets | Leasehold improvements | Equipment | Total |
|---|---|---|---|---|---|
| GROSS VALUE | | | | | |
| As at 1 January 2022 | 73,304,148 | 20,881,161 | 4,209,711 | 3,345,887 | 101,740,907 |
| Additions | 3,523,782 | 2,070,199 | 3,064,555 | 1,334,965 | 9,993,501 |
| Other changes | – | (376,950) | (96,028) | (91,721) | (564,699) |
| **As at 31 December 2022** | **76,827,930** | **22,574,410** | **7,178,238** | **4,589,131** | **111,169,709** |
| Additions | 3,085,977 | 3,299,022 | 1,355,853 | 1,510,996 | 9,251,848 |
| Other changes | – | (3,385,736) | (525,057) | (118,312) | (4,029,105) |
| **As at 31 December 2023** | **79,913,907** | **22,487,696** | **8,009,034** | **5,981,815** | **116,392,452** |
| ACCUMULATED DEPRECIATION | | | | | |
| As at 1 January 2022 | (23,451,686) | (5,808,705) | (1,305,074) | (1,209,149) | (31,774,614) |
| Depreciation/amortisation | (2,100,697) | (3,814,470) | (906,256) | (631,781) | (7,453,204) |
| Other changes | – | 376,950 | 96,028 | 91,721 | 564,699 |
| **As at 31 December 2022** | **(25,552,383)** | **(9,246,225)** | **(2,115,302)** | **(1,749,209)** | **(38,663,119)** |
| Depreciation/amortisation | (1,816,220) | (3,848,599) | (1,305,065) | (922,898) | (7,892,782) |
| Other changes | – | 3,280,653 | 525,057 | 118,312 | 3,924,022 |
| **As at 31 December 2023** | **(27,368,603)** | **(9,814,171)** | **(2,895,310)** | **(2,553,795)** | **(42,631,879)** |
| **Net book value as at 31 December 2023** | **52,545,304** | **12,673,525** | **5,113,724** | **3,428,020** | **73,760,573** |
| Net book value as at 31 December 2022 | 51,275,547 | 13,328,185 | 5,062,936 | 2,839,922 | 72,506,590 |

As at 31 December 2023, right-of-use assets mainly comprise of CHF 12.6 million (2022: CHF 13.2 million) relating to leased office space.

Other changes of CHF 4.0 million (2022: CHF 0.6 million) are related to fully depreciated items which are derecognised because no future economic benefits are expected from their use. In the specific case of right-of-use assets, other changes relate to leases that have matured or been terminated during the period.

On 1 November 2022, Swissquote Bank Ltd entered into a contract with a construction company, the purpose of which is the realisation of the extension of the Group's headquarters in Gland, Switzerland. As at 31 December 2023, the net book amount of the building under construction is CHF 6.6 million (31 December 2022: CHF 3.5 million).

The building construction will start in 2024 and should last three years. The depreciation is expected to start once the construction is delivered. Reference is made to Note 25.

### 11 Other assets

| in CHF | 2023 | 2022 |
|---|---|---|
| Accrued income | 31,167,313 | 13,522,394 |
| Accounts receivable | 9,958,037 | 21,063,121 |
| Prepaid expenses | 9,110,590 | 5,655,993 |
| Recoverable withholding tax | 6,703,749 | 3,773,539 |
| Precious metals and others | 91,728,953 | 30,555,542 |
| **Total as at 31 December** | **148,668,642** | **74,570,589** |

Precious metals are held in the form of physical metal holdings and serve to secure obligations arising from precious metal accounts of customers (included in Due to customers).

### 12 Financial liabilities designated at fair value

| in CHF | 2023 | 2022 |
|---|---|---|
| Self-issued structured products - listed | 122,538,804 | 43,621,624 |
| Self-issued structured products - unlisted | 93,369,469 | 27,691,999 |
| **Total as at 31 December** | **215,908,273** | **71,313,623** |

The Group acts as a structured products issuer mostly for barrier reverse convertibles (BRC). As the redemption amount on the structured products is linked to changes in the underlying instruments, the Group cannot determine the difference between the carrying amount and the amount the Group would be contractually required to pay at maturity to the holder of the structured products.

### 13 Due to customers

| in CHF | 2023 | 2022 |
|---|---|---|
| Securities trading accounts | 7,814,783,435 | 8,400,672,723 |
| Leveraged forex accounts | 492,909,345 | 459,847,036 |
| **Total as at 31 December** | **8,307,692,780** | **8,860,519,759** |

### 14 Other liabilities

| in CHF | 2023 | 2022 |
|---|---|---|
| Accrued expenses | 46,427,967 | 33,690,435 |
| Social security, pension plan and other social charges | 17,590,695 | 15,447,104 |
| Accounts payable | 16,284,129 | 13,838,858 |
| Withholding tax to be paid and other taxes | 14,983,701 | 10,840,596 |
| Lease liabilities | 13,045,076 | 13,489,798 |
| Deferred revenues | 2,500,040 | 2,786,090 |
| **Total as at 31 December** | **110,831,608** | **90,092,881** |

## 15 Taxation

### a Deferred income tax assets

| in CHF | Sources of deferred taxes: Pension-plan-related provision | Sources of deferred taxes: Other temporary differences | Total |
|---|---|---|---|
| BALANCE AS AT 1 JANUARY 2022 | 3,748,808 | 91,159 | 3,839,967 |
| In connection with remeasurement of defined benefit obligation | (2,607,264) | – | (2,607,264) |
| In connection with remeasurement of impairment allowance and other accounting policies | – | 101,125 | 101,125 |
| In connection with change in tax rate | 57,674 | 2,147 | 59,821 |
| **Balance as at 31 December 2022** | **1,199,218** | **194,431** | **1,393,649** |
| | | | |
| In connection with remeasurement of defined benefit obligation | 186,320 | – | 186,320 |
| In connection with remeasurement of impairment allowance and other accounting policies | – | (145,524) | (145,524) |
| In connection with change in tax rate | 45,425 | 9,841 | 55,266 |
| **Balance as at 31 December 2023** | **1,430,963** | **58,748** | **1,489,711** |

| in CHF | 2023 | 2022 |
|---|---|---|
| Difference in connection with remeasurement of pension plan | 1,430,963 | 1,199,218 |
| Difference in connection with remeasurement of impairment allowance and other accounting policies | 58,748 | 194,431 |
| **Total** | **1,489,711** | **1,393,649** |

### b Deferred tax liabilities

| in CHF | Sources of deferred taxes: Temporary differences | Total |
|---|---|---|
| BALANCE AS AT 1 JANUARY 2022 | 1,670,869 | 1,670,869 |
| Depreciation of fair-valued assets at date of acquisition of subsidiaries | 10,393 | 10,393 |
| Differences in the capitalisation, depreciation and other accounting policies | (98,823) | (98,823) |
| **Balance as at 31 December 2022** | **1,582,439** | **1,582,439** |
| | | – |
| Difference in applicable tax rate | 11,025 | 11,025 |
| Differences in the capitalisation, depreciation and other accounting policies | 752,406 | 752,406 |
| **Balance as at 31 December 2023** | **2,345,870** | **2,345,870** |

| in CHF | 2023 | 2022 |
|---|---|---|
| Fair-valued assets of acquisition of subsidiaries (business combination) | 407,947 | 436,947 |
| Differences in the capitalisation, depreciation and other accounting policies [1] | 1,937,923 | 1,145,492 |
| **Total as at 31 December** | **2,345,870** | **1,582,439** |

[1] Differences in the capitalisation, depreciation and other accounting policies come from the differences between IFRS and applicable statutory accounting standards.

### 15 Taxation (continued)

#### c Current income tax liabilities

| in CHF | 2023 | 2022 |
|---|---|---|
| Related to parent company | 2,433,433 | 3,012,053 |
| Related to Swissquote Bank Ltd | 22,853,041 | 16,308,600 |
| Related to other subsidiaries | 6,355,689 | 3,727,815 |
| **Total as at 31 December** | **31,642,163** | **23,048,468** |

As at 31 December 2023, unrecognised tax loss carryforwards represented an equivalent amount of CHF 2.5 million and had an expiry period of at least 5 years (2022: CHF 4.4 million). The level of recognised tax assets depends on assumptions regarding available future taxable profits that are eligible for offsetting in the same jurisdictions and the ability of the consolidated subsidiary to take advantage of the underlying tax losses. The amount of unrecognised tax loss carryforwards is subject to foreign exchange differences.

#### d Income tax expense

| in CHF | 2023 | 2022 |
|---|---|---|
| Current-year income tax expense | 37,025,876 | 28,844,310 |
| Change in deferred income tax assets | 19,342 | (62,398) |
| Change in deferred tax liabilities | 761,893 | 211,484 |
| **Total** | **37,807,111** | **28,993,396** |

Changes in deferred income tax assets and deferred tax liabilities may impact the income statement or statement of comprehensive income.

| in CHF, except where indicated | 2023 | 2022 |
|---|---|---|
| RECONCILIATION OF TAXES | | |
| Operating profit | 255,437,363 | 186,387,153 |
| Average tax rate in Switzerland [%] | 13.7% | 13.2% |
| Income tax expense computed at average tax rate in Switzerland | 34,994,919 | 24,603,104 |
| | | |
| **Increase/(decrease) in income taxes resulting from:** | | |
| Higher/(lower) taxed income | 176,914 | 140,415 |
| Non-Swiss tax rates differing from Swiss tax rate | 1,492,699 | 1,651,837 |
| Tax effect of losses not recognised in foreign locations | 71,343 | 118,508 |
| Non-deductible tax expenses | 1,131,651 | 1,219,901 |
| Additional taxable income | – | 197,565 |
| Tax provision adjustment | – | 1,100,000 |
| Non-taxable income | (37,483) | – |
| Remeasurement of deferred tax – change in tax rate | (22,932) | (37,934) |
| **Total** | **37,807,111** | **28,993,396** |

In 2023, the average tax rate was 13.7% (2022: 13.2%). The average tax rate may vary depending on the profit mix across the various jurisdictions. The effect of non-Swiss tax rates differing from Swiss tax rate is predominantly explained by the Luxembourg-based entity.

Following the acceptance by Swiss voters of the “Pillar Two” project of the Organisation for Economic Co-operation and Development (OECD), the Swiss Federal Council enacted a new legislation as per 1 January 2024 introducing a qualifying domestic minimum top-up tax (QDMTT) of 15%. Swissquote is not yet in scope of these new rules, but the Group is following the developments.

## 16 Provisions

| in CHF | 2023 | 2022 |
|---|---|---|
| BALANCE AS AT 1 JANUARY | **6,475,556** | 11,008,579 |
| Increase | 1,170,000 | 897,597 |
| Used/reversed | (758,328) | (5,332,977) |
| Exchange differences | – | (97,643) |
| **Balance as at 31 December** | **6,887,228** | **6,475,556** |

Provisions relate to provisions for litigation, legal, regulatory and similar matters. The risk of loss associated with these matters is the result of the increasingly complex legal and regulatory environment in which the Group operates. The outcome of many of these matters, the timing of resolutions, and the potential effects of resolutions on financial results are extremely difficult to predict.

### 17 Pension

#### a Pension plan

The Group operates a defined benefit plan in Switzerland and defined contribution plans in foreign locations. All plan assets are held in trusts that are governed by local regulations and practice in each country. As at 31 December 2023, the level of benefits provided to staff located in foreign locations is not relevant for the financial reporting purposes of the Group and no further disclosures are provided.

In Switzerland, the Group manages a tailored pension scheme through a collective foundation, which is organised under Swiss law. The main features are the following:

- This pension plan is accounted as a defined benefit plan under IAS 19;
- The fund assets are held independently of the Group assets in separated trustee funds;
- Decisions with respect to the funds (levels of the benefits and of the contributions, as well as investment strategy) are made by a Board of Trustees in which the employees and the Group are each represented at parity;
- The pension's benefits are determined based on the contributions paid by the employees and the Group. However, in accordance with Swiss law, the part of the employees' saving accounts corresponding to the minimum required by law shall be remunerated at a minimal interest rate set by the Swiss government. In 2023, this rate was 1.00% per annum (2022: similar).

The main actuarial assumptions used for the calculation of the Swiss pension cost and the projected benefit obligations are as follows:

| | 2023 | 2022 |
|---|---|---|
| Discount rate | 1.50% | 2.20% |
| Rate of future increase in compensations | 1.75% | 1.75% |
| Interest rate credited on savings accounts | 1.50% | 2.20% |
| Pension indexation | 0.00% | 0.00% |
| Inflation rate | 1.50% | 1.50% |
| Mortality tables | BVG 2020GT | BVG 2020GT |
| Retirement age | 65 (male)/64 (female) | 65 (male)/64 (female) |
| Turnover | 14.0% on average | 10.5% on average |

Demographic assumptions (e.g. probability of death, disability or termination) are based on the technical principles set out in the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) 2020 (cohort life tables), which draw on observations of large insurance portfolios in Switzerland over a period of several years, and are adapted to reflect conditions specific to the Group or empirical values where necessary.

Pension obligations and costs are presented as negative amounts.

## 17 Pension (continued)
### b Defined benefit pension plans

| in CHF thousand | Defined benefit obligation | Fair value of plan assets | Total |
|---|---|---|---|
| TOTAL AS AT 1 JANUARY 2023 | (85,460) | 76,375 | (9,085) |
| Service cost | (7,105) | – | (7,105) |
| Interest income on plan assets/(interest cost on defined benefit obligation) | (1,832) | 1,751 | (81) |
| Administrative expense | – | (216) | (216) |
| **Pension cost recognised in income statement** | **(8,937)** | **1,535** | **(7,402)** |
| Actuarial gain/(loss) from changes in financial assumptions | (8,182) | – | (8,182) |
| Actuarial gain/(loss) from changes in demographic assumptions | 5,045 | – | 5,045 |
| Actuarial gain/(loss) from other changes | 684 | – | 684 |
| Return on plan assets (excluding interest income) | – | 1,893 | 1,893 |
| **Pension cost recognised in other comprehensive income** | **(2,453)** | **1,893** | **(560)** |
| Employees' contributions | (5,131) | 5,131 | – |
| Employer's contributions | – | 6,447 | 6,447 |
| Benefit payments | 4,792 | (4,792) | – |
| **Total as at 31 December 2023** | **(97,189)** | **86,589** | **(10,600)** |
| Of which active employees | (87,361) | | |
| Of which pensioners | (9,828) | | |

| in CHF thousand | Defined benefit obligation | Fair value of plan assets | Total |
|---|---|---|---|
| TOTAL AS AT 1 JANUARY 2022 | (101,166) | 72,329 | (28,837) |
| Service cost | (8,999) | – | (8,999) |
| Interest income on plan assets/(interest cost on defined benefit obligation) | (294) | 227 | (67) |
| Administrative expense | – | (197) | (197) |
| Plan amendments | 5,188 | – | 5,188 |
| **Pension cost recognised in income statement** | **(4,105)** | **30** | **(4,075)** |
| Actuarial gain/(loss) from changes in financial assumptions | 27,773 | – | 27,773 |
| Actuarial gain/(loss) from changes in demographic assumptions | – | – | – |
| Actuarial gain/(loss) from other changes | (1,973) | – | (1,973) |
| Return on plan assets (excluding interest income) | – | (7,740) | (7,740) |
| **Pension cost recognised in other comprehensive income** | **25,800** | **(7,740)** | **18,060** |
| Employees' contributions | (4,570) | 4,570 | – |
| Employer's contributions | – | 5,767 | 5,767 |
| Benefit payments | (1,419) | 1,419 | – |
| **Total as at 31 December 2022** | **(85,460)** | **76,375** | **(9,085)** |
| Of which active employees | (77,088) | | |
| Of which pensioners | (8,372) | | |

### 17 Pension (continued)

#### b Defined benefit pension plans (continued)

Actuarial gains and losses arise from changes in demographic and financial assumptions as well as from experience. Benefit payments include vested benefits paid, respectively deposited in the event of employees exiting or entering the plans.

#### c Categories of plan assets (fair value)

| in CHF thousand | 2023 | 2022 |
|---|---|---|
| Debt instruments (listed) | 50,204 | 43,706 |
| Equity instruments (listed) | 22,255 | 18,363 |
| Real estate (listed) | 7,124 | 5,212 |
| Cash | 4,471 | 6,510 |
| Commodities (listed) | 1,322 | 1,356 |
| Qualified insurance policies | 1,213 | 1,228 |
| **Total as at 31 December** | **86,589** | **76,375** |

Debt instruments may include instruments such as convertible bonds and perpetual callable bonds.

#### d Other disclosures (risks, sensitivity analysis, duration and estimate of contributions)

Through its defined benefit plan, the Group is exposed to a number of risks. As an example, the defined benefit obligation is calculated using a discount rate set with reference to market yields. A decrease in market yield will increase plan liabilities, although this will partially be offset by an increase in the fair value of the plan's assets. As at 31 December 2023, the discount rate is based on an average duration of 16.9 years, which corresponds to the modified duration calculated based on the future expected benefit payments.

Further, the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any change in these assumptions will impact the carrying amount of the defined benefit obligation.

The principal actuarial assumptions used for accounting purposes are presented in Table 17a. As at 31 December 2023, the actuarial analysis established that the only significant actuarial assumption is the discount rate. An increase or a decrease of 0.25% in discount rate would lead to a maximum change of CHF 3.3 million (2022: CHF 3.4 million) in the defined benefit obligation. Other assumptions of changes do not impact the defined benefit obligation to the same extent. As an example (among others), an increase or decrease of 0.25% in interest rate credited on savings accounts would lead to an increase or a decrease of CHF 1.0 million (2022: CHF 0.9 million). The above sensitivities are calculated assuming other assumptions are held constant. The calculation is performed on the same basis as in the prior year.

The estimates of Employer's contributions and Employees' contributions for 2024 are expected to be close to the contributions identified in 2023 with the assumption of a stable Swiss headcount scenario.

## 18 Equity

### 18.1 Share capital

### a Number of shares in 2023

| | 1 January | Increase/ (Decrease) | Utilisation | 31 December |
|---|---|---|---|---|
| ISSUED SHARES | | | | |
| **Ordinary share capital** | | | | |
| Number of shares | 15,328,170 | – | – | 15,328,170 |
| Nominal value per share (CHF) | 0.20 | – | – | 0.20 |
| **Total nominal value (CHF)** | **3,065,634** | **–** | **–** | **3,065,634** |
| UNISSUED SHARES | | | | |
| **Conditional capital** | | | | |
| Number of conditional shares | 960,000 | – | – | 960,000 |
| Nominal value per share (CHF) | 0.20 | – | – | 0.20 |
| **Total nominal value (CHF)** | **192,000** | **–** | **–** | **192,000** |
| **Capital band** [1] | | | | |
| Number of registered shares | 1,500,000 | – | – | 1,500,000 |
| Nominal value per share (CHF) | 0.20 | – | – | 0.20 |
| **Total nominal value (CHF)** | **300,000** | **–** | **–** | **300,000** |

[1] Swissquote has a capital band of 1,500,000 fully paid-in registered shares with a par value of CHF 0.20 each, ranging from CHF 3,065,634 (lower limit) to CHF 3,365,634 (upper limit). The Board of Directors shall be authorised within the capital band to increase the share capital once or several times and in any amounts, until 10 May 2025, unless the capital band lapses at an earlier date.

### b Number of shares in 2022

| | 1 January | Increase/ (Decrease) | Utilisation | 31 December |
|---|---|---|---|---|
| ISSUED SHARES | | | | |
| **Ordinary share capital** | | | | |
| Number of shares | 15,328,170 | – | – | 15,328,170 |
| Nominal value per share (CHF) | 0.20 | – | – | 0.20 |
| **Total nominal value (CHF)** | **3,065,634** | **–** | **–** | **3,065,634** |
| UNISSUED SHARES | | | | |
| **Conditional capital** | | | | |
| Number of conditional shares | 960,000 | – | – | 960,000 |
| Nominal value per share (CHF) | 0.20 | – | – | 0.20 |
| **Total nominal value (CHF)** | **192,000** | **–** | **–** | **192,000** |
| **Authorised capital** | | | | |
| Number of authorised shares | 1,500,000 | – | – | 1,500,000 |
| Nominal value per share (CHF) | 0.20 | – | – | 0.20 |
| **Amount authorised (CHF)** | **300,000** | **–** | **–** | **300,000** |

## 18 Equity (continued)

### 18.2 Share option reserve (employee stock options plan)

### a Components of share option reserve

| in CHF | Share option reserve components: Value of services to be reclassified to retained earnings when lapsed, forfeited or exercised | Share option reserve components: Value of services to be amortised through income statement over the vesting period | 2023 | 2022 |
|---|---|---|---|---|
| BALANCE AS AT 1 JANUARY | 10,746,424 | (5,408,290) | 5,338,134 | 3,154,374 |
| Stock options lapsed, forfeited or exercised | (1,856,111) | – | (1,856,111) | (819,099) |
| Fair value of current-year allocation | 5,821,522 | (5,821,522) | – | – |
| Amortisation of services | – | 3,572,021 | 3,572,021 | 3,002,859 |
| **Balance as at 31 December** | **14,711,835** | **(7,657,791)** | **7,054,044** | **5,338,134** |

The fair value of stock options granted during 2023 was CHF 5,821,522 when the Group recognised a share option expense of CHF 3,572,021.

| in CHF<br>Allocation | Tranche | Value of services to be reclassified to retained earnings when lapsed, forfeited or exercised | Value of services to be amortised through income statement over the vesting period | 2023 | 2022 |
|---|---|---|---|---|---|
| 20 | 3/3 | – | – | – | 157,050 |
| 21 | 2/3 | – | – | – | 131,060 |
| 21 | 3/3 | 174,055 | – | 174,055 | 324,636 |
| 22 | 1/3 | – | – | – | 351,156 |
| 22 | 2/3 | 335,060 | – | 335,060 | 576,696 |
| 22 | 3/3 | 472,379 | – | 472,379 | 491,675 |
| 23 | 1/3 | 908,072 | – | 908,072 | 998,380 |
| 23 | 2/3 | 1,273,721 | – | 1,273,721 | 964,534 |
| 23 | 3/3 | 1,532,044 | (313,118) | 1,218,926 | 772,728 |
| 24 | n/a | 4,219,872 | (2,283,197) | 1,936,675 | 570,219 |
| 25 | n/a | 5,796,632 | (5,061,476) | 735,156 | – |
| **As at 31 December** | | **14,711,835** | **(7,657,791)** | **7,054,044** | **5,338,134** |

**18 Equity (continued)**

**18.2 Share option reserve (employee stock options plan) (continued)**

**b Employee stock option plan – historical allocations**

The Group operates a stock option plan under which it makes options in common stock available to the Group's employees at the discretion of the Board. Since the creation of the plan in 1999, a total of 25 allocation schemes (out of which five are still unexpired) have been offered. Optionees whose work contract is terminated lose their rights to options outstanding unless the Board resolves otherwise.

Before 2022, the options were subject to a three-year vesting schedule with 1/3 of the options becoming exercisable on the first, second and third anniversaries of grant. Since 2022, the three-year vesting schedule remains but all of the options become exercisable on the third anniversary of the grant. Also, the exercise period is two years.

The terms and maturities of the non-lapsed allocations as at 31 December 2023 are summarised below.

| | | | | Exercise period | | Analysis of status | | |
|---|---|---|---|---|---|---|---|---|
| Allocation | Tranche | Strike price (CHF) | Outstanding stock options | Start | End | In the money | In exercise period | In the money & exercise period |
| 21 | 3/3 | 49.89 | 30,919 | August 22 | August 24 | 30,919 | 30,919 | 30,919 |
| 22 | 2/3 | 95.00 | 27,741 | August 22 | August 24 | 27,741 | 27,741 | 27,741 |
| | 3/3 | 95.00 | 41,067 | August 23 | August 25 | 41,067 | 41,067 | 41,067 |
| 23 | 1/3 | 185.00 | 49,412 | August 22 | August 24 | 49,412 | 49,412 | 49,412 |
| | 2/3 | 185.00 | 49,994 | August 23 | August 25 | 49,994 | 49,994 | 49,994 |
| | 3/3 | 185.00 | 49,983 | August 24 | August 26 | 49,983 | – | – |
| 24 | n/a | 145.00 | 172,310 | August 25 | August 27 | 172,310 | – | – |
| 25 | n/a | 210.00 | 149,052 | August 26 | August 28 | – | – | – |
| **Total** | | | **570,478** | | | **421,426** | **199,133** | **199,133** |

**18 Equity (continued)**

**18.2 Share option reserve (employee stock options plan) (continued)**

**c Twenty-fifth allocation**

The fair value of the options is determined based on the Black-Scholes valuation model. The table below summarises the most significant inputs into the model that are the spot price at grant, the strike price, the expected life of the options and the volatility. The volatility is measured over a period of 3 years. Other inputs into the model are the risk-free interest rate and the dividend yield (1.0% for the 2023 allocation). One option grants the right to acquire one share.

| | |
|---|---|
| Date of grant | 14 August 2023 |
| Strike price (CHF) | 210.00 |
| Start of exercise period (years from date of grant) | 3 |
| Max. duration of exercise period (years) | 2 |

| | |
|---|---|
| **Data on options granted and option price:** | |
| Total number of options initially granted | 149,692 |
| Of which granted to Executive Management | 14,000 |
| Of which granted to other employees | 135,692 |
| Spot price at grant (CHF) | 187.70 |
| Volatility | 37.60% |
| Fair value per option (CHF) | 38.89 |

Options are conditional on the employee completing at least three years of service after the grant date (vesting period).

### 18 Equity (continued)

### 18.2 Share option reserve (employee stock options plan) (continued)

### d Movement in stock options granted

The movements in options granted, exercised, forfeited and lapsed are reported below:

| | Allocation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 19th | 20th | 21st | 22nd | 23rd | 24th | 25th | Total | Conditional shares available for exercise |
| **Strike price (CHF)** | **34.02** | **68.81** | **49.89** | **95.00** | **185.00** | **145.00** | **210.00** | | |
| **Share price as at 31 December 2023 (CHF)** | **204.60** | **204.60** | **204.60** | **204.60** | **204.60** | **204.60** | **204.60** | | |
| BALANCE AS AT 1 JANUARY 2022 | 10,701 | 32,474 | 135,345 | 146,312 | 166,359 | – | – | 491,191 | 960,000 |
| Grants | – | – | – | – | – | 184,920 | – | 184,920 | – |
| **Exercises covered by:** | | | | | | | | | |
| The issue of new shares | – | – | – | – | – | – | – | – | – |
| Treasury shares | (10,113) | (16,689) | (54,369) | (14,081) | – | – | – | (95,252) | – |
| Lapsed/forfeited | (588) | (135) | (746) | (2,347) | (3,025) | – | – | (6,841) | – |
| **Balance as at 31 December 2022** | **–** | **15,650** | **80,230** | **129,884** | **163,334** | **184,920** | **–** | **574,018** | **960,000** |
| BALANCE AS AT 1 JANUARY 2023 | – | 15,650 | 80,230 | 129,884 | 163,334 | 184,920 | – | 574,018 | 960,000 |
| Grants | – | – | – | – | – | – | 149,692 | 149,692 | – |
| **Exercises covered by:** | | | | | | | | | |
| The issue of new shares | – | – | – | – | – | – | – | – | – |
| Treasury shares | – | (15,650) | (47,694) | (62,060) | (2,800) | – | – | (128,204) | – |
| Lapsed/forfeited | – | – | – | (633) | (11,145) | (12,610) | (640) | (25,028) | – |
| **Balance as at 31 December 2023** | **–** | **–** | **32,536** | **67,191** | **149,389** | **172,310** | **149,052** | **570,478** | **960,000** |
| Number of treasury shares available as at 31 December 2023 | | | | | | | | | 471,104 |
| Less: outstanding stock options | | | | | | | | | (570,478) |
| **Intermediary balance** | | | | | | | | | **(99,374)** |
| Conditional shares available for exercise | | | | | | | | | 960,000 |
| **Balance of shares available for future grants** | | | | | | | | | **860,626** |

As at 31 December 2023, the 570,478 outstanding options are related to employee stock option plan (out of which 199,133 are in the money and exercise period). This plan is mainly covered by treasury shares.

### 18 Equity (continued)
### 18.2 Share option reserve (employee stock options plan) (continued)
### e Movement (fair value) in stock options

| in CHF | Allocation | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 19th | 20th | 21st | 22nd | 23rd | 24th | 25th | Total |
| BALANCE AS AT 1 JANUARY 2022 | 56,243 | 326,619 | 774,247 | 1,746,973 | 4,132,750 | – | – | 7,036,832 |
| Grants | – | – | – | – | – | 4,528,691 | – | 4,528,691 |
| Exercises: new shares | – | – | – | – | – | – | – | – |
| Exercises: treasury shares | (53,153) | (168,206) | (314,289) | (172,307) | – | – | – | (707,955) |
| Lapsed/forfeited | (3,090) | (1,363) | (4,262) | (27,270) | (75,159) | – | – | (111,144) |
| **Balance as at 31 December 2022** | **–** | **157,050** | **455,696** | **1,547,396** | **4,057,591** | **4,528,691** | **–** | **10,746,424** |
| BALANCE AS AT 1 JANUARY 2023 | – | 157,050 | 455,696 | 1,547,396 | 4,057,591 | 4,528,691 | – | 10,746,424 |
| Grants | – | – | – | – | – | – | 5,821,522 | 5,821,522 |
| Exercises: new shares | – | – | – | – | – | – | – | – |
| Exercises: treasury shares | – | (157,050) | (281,641) | (732,530) | (57,449) | – | – | (1,228,670) |
| Lapsed/forfeited | – | – | – | (7,427) | (286,305) | (308,819) | (24,890) | (627,441) |
| **Balance as at 31 December 2023** | **–** | **–** | **174,055** | **807,439** | **3,713,837** | **4,219,872** | **5,796,632** | **14,711,835** |

### f Strike value of stock options outstanding and movements

| in CHF | Allocation | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 19th | 20th | 21st | 22nd | 23rd | 24th | 25th | Total |
| BALANCE AS AT 1 JANUARY 2022 | 364,047 | 2,234,537 | 6,752,362 | 13,899,640 | 30,776,415 | – | – | 54,027,001 |
| Grants | – | – | – | – | – | 26,813,400 | – | 26,813,400 |
| Exercises: new shares | – | – | – | – | – | – | – | – |
| Exercises: treasury shares | (344,044) | (1,148,371) | (2,712,469) | (1,337,695) | – | – | – | (5,542,579) |
| Lapsed/forfeited | (20,003) | (9,290) | (37,218) | (222,965) | (559,625) | – | – | (849,101) |
| **Balance as at 31 December 2022** | **–** | **1,076,876** | **4,002,675** | **12,338,980** | **30,216,790** | **26,813,400** | **–** | **74,448,721** |
| BALANCE AS AT 1 JANUARY 2023 | – | 1,076,876 | 4,002,675 | 12,338,980 | 30,216,790 | 26,813,400 | – | 74,448,721 |
| Grants | – | – | – | – | – | – | 31,435,320 | 31,435,320 |
| Exercises: new shares | – | – | – | – | – | – | – | – |
| Exercises: treasury shares | – | (1,076,876) | (2,460,126) | (5,742,085) | (518,000) | – | – | (9,797,087) |
| Lapsed/forfeited | – | – | – | (60,135) | (2,061,825) | (1,828,450) | (134,400) | (4,084,810) |
| **Balance as at 31 December 2023** | **–** | **–** | **1,542,549** | **6,536,760** | **27,636,965** | **24,984,950** | **31,300,920** | **92,002,144** |

## 18 Equity (continued)
### 18.3 Other reserve

| in CHF | FVOCI | Defined benefit obligation | Currency translation differences | Total |
|---|---|---|---|---|
| BALANCE AS AT 1 JANUARY 2022 | 2,865,780 | (17,348,539) | (4,355,169) | (18,837,928) |
| Revaluation of FVOCI – gross | (2,272,079) | – | – | (2,272,079) |
| Revaluation of FVOCI – tax effect | 299,914 | – | – | 299,914 |
| IFRS 9 ECL impairment loss recognised in equity | – | – | – | – |
| IFRS 9 ECL impairment loss income tax effect | – | – | – | – |
| Remeasurement of defined benefit obligation – gross | – | 18,060,000 | – | 18,060,000 |
| Remeasurement of defined benefit obligation – tax effect | – | (2,383,920) | – | (2,383,920) |
| Currency translation differences | – | – | (4,694,327) | (4,694,327) |
| **Balance as at 31 December 2022** | **893,615** | **(1,672,459)** | **(9,049,496)** | **(9,828,340)** |
| BALANCE AS AT 1 JANUARY 2023 | 893,615 | (1,672,459) | (9,049,496) | (9,828,340) |
| Revaluation of FVOCI – gross | 3,006,095 | – | – | 3,006,095 |
| Revaluation of FVOCI – tax effect | (411,835) | – | – | (411,835) |
| IFRS 9 ECL impairment loss recognised in equity | 203,316 | – | – | 203,316 |
| IFRS 9 ECL impairment loss income tax effect | (27,854) | – | – | (27,854) |
| Remeasurement of defined benefit obligation – gross | – | (560,000) | – | (560,000) |
| Remeasurement of defined benefit obligation – tax effect | – | 76,720 | – | 76,720 |
| Currency translation differences | – | – | (7,027,278) | (7,027,278) |
| **Balance as at 31 December 2023** | **3,663,337** | **(2,155,739)** | **(16,076,774)** | **(14,569,176)** |

## 18 Equity (continued)
### 18.4 Treasury shares

| | 2023 | 2022 |
|---|---|---|
| **Beginning of the year (shares)** | **386,763** | **343,227** |
| **Purchase** | **218,826** | **144,734** |
| Unit price ranging from CHF | 145.50 to 192.00 | 90.75 to 183.20 |
| **Sale** | – | – |
| Unit price ranging from CHF | | |
| **Remittance to optionees/grant of shares** | **(134,485)** | **(101,198)** |
| Unit price ranging from CHF | 49.89 to 187.70 | 34.02 to 200.50 |
| **End of the year (shares)** | **471,104** | **386,763** |
| | | |
| **Total as at 31 December (CHF)** | **66,939,521** | **40,106,180** |
| % of the issued shares | 3.07% | 2.52% |

The balance of 471,104 treasury shares is primarily held for the purpose of covering employees' share and option plans (outstanding options: 570,478). During 2023, the Group granted and allocated for free a total of 6,281 shares (2022: 5,946) to employees (blocked for a 5-year period) and Board members (blocked for a 3-year period).

### 18.5 Retained earnings (payout)
Under Swiss law, dividends can only be paid out of the distributable reserves that are determined on a non-consolidated basis. Final dividends are not accounted for until they have been ratified at the Annual General Meeting.

| in CHF | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Payout per share | 4.30[1] | 2.20 | 2.20 | 1.50 | 1.00 |

[1] Proposal of the Board of Directors

### 19 Net fee and commission income

| in CHF | 2023 | 2022 |
|---|---|---|
| Brokerage and related income | 108,590,018 | 129,125,560 |
| Custody and other account services fees | 37,816,106 | 28,835,980 |
| Platform, technology and support services fees | 18,340,936 | 18,800,709 |
| Management fees, referral fees and fiduciary commissions | 11,824,038 | 13,137,335 |
| Other commission income | 6,105,871 | 7,751,023 |
| **Total fee and commission income** | **182,676,969** | **197,650,607** |
| | | |
| Fee and commission expenses | (20,935,680) | (21,067,568) |
| **Total net fee and commission income** | **161,741,289** | **176,583,039** |

Fiduciary commissions are now included in Management fees, referral fees and fiduciary commissions. The comparative figures for 2022 were changed accordingly.

Brokerage and related income represents revenues that are based on number of transactions or volume of transactions and recognised at a point in time.

Custody and other account services fees, Management fees, referral fees and fiduciary commissions, as well as Platform, technology and support services fees mainly consist of non-transaction-based income (typically a percentage of assets deposited or a fixed amount) and are provided over time.

Other commission income is a mix of transaction-based and non-transaction-based revenues and includes amongst others payment fees recognised at a point in time.

Disaggregation of revenues: the total balance of net fee and commission income is allocated to the reportable segment designated as "Securities trading".

### 20 Net interest income

| in CHF | Activities excluding FX swaps | FX swaps | 2023 | 2022 |
|---|---|---|---|---|
| **Interest income** | | | | |
| Cash and balances with central banks | 41,052,980 | – | 41,052,980 | 3,118,272 |
| Treasury bills and other eligible bills | 15,075,543 | – | 15,075,543 | 1,386,032 |
| Due from banks | 73,626,998 | – | 73,626,998 | 19,134,308 |
| Loans and due to customers | 35,196,763 | – | 35,196,763 | 25,997,372 |
| Investment securities | 34,402,982 | – | 34,402,982 | 14,993,040 |
| **Total interest income** | **199,355,266** | **–** | **199,355,266** | **64,629,024** |
| **Interest expense** | | | | |
| Cash and balances with central banks, treasury bills and loans | – | – | – | (16,851,608) |
| Due to banks and due from banks | (3,897,170) | – | (3,897,170) | (3,601,531) |
| Investment securities | (548,127) | – | (548,127) | (1,202,137) |
| Due to customers and others | (24,677,875) | – | (24,677,875) | (824,275) |
| **Total interest expense** | **(29,123,172)** | **–** | **(29,123,172)** | **(22,479,551)** |
| **Other interest income** | | | | |
| Derivative financial instruments | – | 49,478,936 | 49,478,936 | 35,170,312 |
| Loans | 1,465,902 | – | 1,465,902 | 240,070 |
| **Total other interest income** | **1,465,902** | **49,478,936** | **50,944,838** | **35,410,382** |
| **Other interest expense** | | | | |
| Derivative financial instruments | (4,920,352) | (3,195,989) | (8,116,341) | (4,089,863) |
| **Total other interest expense** | **(4,920,352)** | **(3,195,989)** | **(8,116,341)** | **(4,089,863)** |
| **Total net interest income** | **166,777,644** | **46,282,947** | **213,060,591** | **73,469,992** |

Net interest income benefitted from rises in market interest rates. In this context, negative interest impact is not material anymore and therefore not presented separately.

Disaggregation of revenues: the total balance of net interest income is allocated to the reportable segment designated as "Securities trading".

## 21 Net trading income

| in CHF | 2023 | 2022 |
|---|---|---|
| **Foreign exchange revenues:** | | |
| From leveraged forex | 101,090,770 | 103,919,345 |
| From other foreign exchange income | 51,147,810 | 54,449,131 |
| **Net gains/(losses):** | | |
| From trading assets, investment securities and others | 3,828,198 | (275,038) |
| **Net trading income** | **156,066,778** | **158,093,438** |

Foreign exchange revenues from leveraged forex represent mainly spreads paid by customers in respect of the opening and closing of positions in contracts-for-differences and in over-the-counter foreign exchange. Out of CHF 101.1 million (2022: CHF 103.9 million), CHF 19.9 million (2022: CHF 17.8 million) are related to the funding charges paid by clients when holding contracts and represent non-transaction based income.

Other foreign exchange income is generated by spreads applied on foreign exchange transactions performed by clients and also on foreign currency translation of monetary assets and liabilities denominated in other currencies than functional currency.

Disaggregation of revenues: of the total balance of net trading income of CHF 156.1 million, CHF 101.1 million was allocated to the reportable segment designated as “Leveraged forex“ (remaining balance: Securities trading).

## 22 Operating expenses

| in CHF | 2023 | 2022 |
|---|---|---|
| Payroll and related expenses | 136,665,209 | 103,128,004 |
| Other operating expenses | 64,650,895 | 55,126,547 |
| Depreciation and amortisation | 37,988,985 | 32,767,364 |
| Marketing expenses | 29,353,162 | 27,015,196 |
| Provisions | 2,278,127 | (3,080,554) |
| **Total** | **270,936,378** | **214,956,557** |

**Payroll and related expenses consist of:**

| in CHF | 2023 | 2022 |
|---|---|---|
| Wages and salaries | 144,694,662 | 111,964,893 |
| Social security costs | 12,375,842 | 11,754,284 |
| Pension costs (defined benefit and defined contribution) | 7,904,620 | 4,430,176 |
| **Subtotal** | **164,975,124** | **128,149,353** |
| | | |
| Less: capitalised costs | (28,309,915) | (25,021,349) |
| **Total** | **136,665,209** | **103,128,004** |
| | | |
| Headcount (FTE) - year-end average | 1,095 | 1,004 |

With the development of international activities of the Group, wages and salaries comprise a balance of CHF 16.3 million, which is not subject to Swiss social security (2022: CHF 14.4 million). Payroll and related expenses comprise an accrued amount of CHF 17.4 million related to variable remuneration (2022: CHF 10.1 million).

The capitalised costs relate to internally generated computer software capitalised according to IAS 38 (Note 9).

## 23 Earnings per share

### Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the weighted average number of ordinary shares purchased and held as treasury shares.

| | 2023 | 2022 |
|---|---:|---:|
| Net profit (CHF) | 217,630,252 | 157,393,757 |
| Weighted average number of ordinary shares in issue | 14,880,929 | 14,973,139 |
| **Earnings per share (CHF)** | **14.62** | **10.51** |

### Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options are the only type of dilutive potential ordinary shares and they have a dilutive effect only when the average market price of ordinary shares during the year exceeds the exercise price of the options (i.e. they are 'in the money'): a calculation is performed to determine the number of shares that could have been acquired at fair value (determined at the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference between the two represents the number of dilutive potential shares to be added to the weighted average number of ordinary shares.

| | 2023 | 2022 |
|---|---:|---:|
| Net profit (CHF) | 217,630,252 | 157,393,757 |
| Weighted average number of ordinary shares | 14,880,929 | 14,973,139 |
| Adjustments for share options | 75,880 | 93,198 |
| Weighted average number of ordinary shares for diluted earnings per share | 14,956,809 | 15,066,337 |
| **Diluted earnings per share (CHF)** | **14.55** | **10.45** |

## 24 Related-party transactions

Related-party transactions are defined as transactions and balances with members of the Board of Directors and of the Executive Management and their close family members (as defined by IAS 24), transactions with shareholders with a significant influence, and with joint ventures in which the Group is a venturer.

### Transactions with key management personnel

| in CHF | 2023 | 2022 |
|---|---|---|
| KEY MANAGEMENT COMPENSATION | | |
| Short-term employee benefits | 6,402,306 | 5,425,871 |
| Post-employment benefits | 760,447 | 688,630 |
| **Total** | **7,162,753** | **6,114,501** |
| Of which: | | |
| **Share-based payment (market value)** | **833,764** | **675,150** |
| Loans | 5,704,923 | 6,158,858 |
| Due to customers | 8,914,243 | 11,081,655 |
| Interest income | 3,010 | 213,607 |
| Interest expense | 57,197 | 301 |

Transactions are made on an arm's-length basis. Interest rate on Lombard loans and similar loans is based on a reference interest rate plus a mark-up.

### Transactions with joint ventures

| in CHF | 2023 | 2022 |
|---|---|---|
| Contributions | 9,500,000 | – |
| Accounts receivable | – | 11,346,330 |
| Accounts payable | 530,660 | – |
| Due to customers | 20,101 | 11,220 |
| Revenues | 19,576,220 | 14,696,972 |
| Funding commitments | – | 9,500,000 |

Transactions with the joint venture Yuh Ltd are made on an arm's-length basis and relate mainly to contractual IT and banking services provided by Swissquote Bank Ltd.

### Transaction with other related parties

Transactions are made on an arm's-length basis. The services provided to related parties are made on terms equivalent to those that prevail in arm's length transactions.

## 25 Off-balance sheet commitments

| in CHF | 2023 | 2022 |
|---|---:|---:|
| Capital expenditure commitments | 101,816,254 | 107,976,618 |
| Loan commitments | 62,336,144 | 40,268,000 |
| Funding commitments | – | 9,500,000 |
| **Total** | **164,152,398** | **157,744,618** |

**Capital expenditure commitments**

On 1 November 2022, Swissquote Bank Ltd entered into a contract with a construction company, the purpose of which is the realisation of the extension of the Group's headquarters in Gland, Switzerland.

The value of the contract is CHF 113 million, including applicable VAT. Swissquote has the right to withdraw from the contract at any time, subject to the payment by Swissquote for an amount of the work already performed up to the date of withdrawal.

The building construction will start in 2024 and should last three years. Reference is made to Note G4.

**Loan commitments**

Swiss banking law and the deposit insurance scheme require Swiss banks and securities dealers to jointly guarantee an amount equivalent to 1.6% of all protected deposits in Switzerland, but at least CHF 6 billion for privileged deposits in the event a Swiss bank or a securities dealer becomes insolvent. As per FINMA guidelines, the payment obligation of the Group has to be recognised as an irrevocable commitment under the off-balance sheet transactions and was communicated in writing to the Group.

**Client assets**

Reference is made to Note 26.

### 26 Client assets

#### Assets under management (FINMA definition)

Assets under management are calculated and reported in accordance with the guidelines issued by the Swiss Financial Market Supervisory Authority (FINMA) concerning accounting standards for banks. According to FINMA, assets under management comprise assets for which the strict condition of having either a discretionary management mandate or an investment advisory agreement signed by the client with the Group itself is fulfilled.

| in CHF | 2023 | 2022 |
|---|---|---|
| Assets with management/investment advisory mandate | 326,896,517 | 330,203,082 |
| Assets in self-managed collective investments instruments | 35,626,358 | 39,168,209 |
| **Total as at 31 December** | **362,522,875** | **369,371,291** |
| Of which double counts | – | – |

| in CHF | 2023 | 2022 |
|---|---|---|
| Change attributable to net new money | (14,866,416) | (3,541,581) |
| Change attributable to market value | 8,018,000 | (97,468,232) |
| **Total change in assets under management** | **(6,848,416)** | **(101,009,813)** |

#### Client assets

Client assets is a broader term than assets under management under the FINMA definition and comprises all stable bankable assets that are managed or deposited with the Group, including assets that are not held for custody, but for which the technology of the Group gives clients access to asset classes and stock markets and/or for which other services are provided. As a result, Client assets may deviate from the reported assets under management or reported assets under custody (some assets could be included or excluded from the definition).

| in CHF | 2023 | 2022 |
|---|---|---|
| Trading assets [1] | 56,899,581,753 | 51,094,264,905 |
| Robo-Advisory / Saving assets | 611,419,057 | 634,857,808 |
| eForex assets | 492,909,345 | 459,847,036 |
| **Total client assets as at 31 December** | **58,003,910,155** | **52,188,969,749** |
| - Client assets that are not deposited with the Group | (945,988,038) | (1,210,801,681) |
| + Assets that do not meet the Group's definition of client assets | 1,053,208,879 | – |
| **Total assets under custody as at 31 December** | **58,111,130,996** | **50,978,168,068** |

[1] Of which crypto assets: CHF 2.6 billion (2022: CHF 1.0 billion)

### 27 Disclosure of shareholdings of the Board of Directors and Executive Management

In compliance with Art. 734d of Swiss Code of Obligations, the following table summarises all shareholdings held by each member of the Board of Directors, the Executive Management and closely related persons:

| | Number of shares 2023 | Number of shares 2022 | Number of stock options by year of expiry 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|---|
| SHAREHOLDINGS | | | | | | | |
| Markus Dennler, Chairman of the Board | 32,829 | 32,549 | – | – | – | – | – |
| Monica Dell'Anna, member of the Board | 2,750 | 2,592 | – | – | – | – | – |
| Demetra Kalogerou, member of the Board | 390 | 232 | – | – | – | – | – |
| Beat Oberlin, member of the Board | 4,211 | 4,036 | – | – | – | – | – |
| Jean-Christophe Pernollet, member of the Board | 4,797 | 4,610 | – | – | – | – | – |
| Michael Ploog, member of the Board | 45,656 | 45,498 | 2,666 | 1,000 | – | – | – |
| Paolo Buzzi, member of the Board | 1,595,535 | 1,595,377 | 3,832 | 2,167 | 917 | – | – |
| Esther Finidori, member of the Board | 140 | – | – | – | – | – | – |
| Marc Bürki, CEO | 1,772,000 | 1,771,511 | 3,832 | 2,167 | 917 | 2,500 | 2,000 |
| Yvan Cardenas, CFO | 345 | 320 | 916 | 2,167 | 917 | 2,500 | 2,000 |
| Gilles Chantrier, CRO | 340 | 340 | 3,632 | 2,167 | 917 | 2,500 | 2,000 |
| Alexandru Craciun, CTO | 1,716 | 1,716 | 916 | 917 | 917 | 2,500 | 2,000 |
| Jan De Schepper, CSO | 2,593 | 2,093 | 2,832 | 2,167 | 917 | 2,500 | 2,000 |
| Lino Finini, COO | 1,400 | 1,820 | 2,166 | 2,167 | 917 | 2,500 | 2,000 |
| Morgan Lavanchy, CLO | 1,000 | 840 | 916 | 2,167 | 917 | 2,500 | 2,000 |
| Closely related persons[1] | 36,779 | 39,373 | 716 | 452 | 294 | 800 | 320 |
| **Total** | **3,502,481** | **3,502,907** | **22,424** | **17,538** | **7,630** | **18,300** | **14,320** |

[1] The data reported in the table above is based on the Group's best knowledge of the number of shares and options owned by close relatives of the members of the Board and members of the Executive Management. Close relatives consist of spouse or partner, parents, children, siblings, fathers-in-law, mothers-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law and any person (other than domestic employees and irrespective of any family bond) who shares the individual's home. As at 31 December 2023 and 31 December 2022, close relatives are mainly related to Marc Bürki (CEO) and Paolo Buzzi (member of the Board).

### 28 Subsequent event

On 1 March 2024, the Group acquired all the outstanding shares of Optimatrade Investment Partners (Pty) Ltd (Optimatrade). Optimatrade is based in Cape Town (South Africa) and is regulated locally as a financial services provider. The sale and purchase agreement was signed on 7 February 2024.

Since 2013, Optimatrade has been acting as an introducer for Swissquote Bank Ltd. The transaction will enable natural synergies, in particular when rebranding Optimatrade, and will strengthen the local presence.

The purchase price allocation will be determined based on value of the net identified assets of the Company which mainly comprises of due from banks and trade receivables. The corresponding goodwill is expected at an amount between CHF 4 and 5 million.

# Report of the statutory auditor to the General Meeting of Swissquote Group Holding Ltd Gland

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Swissquote Group Holding Ltd and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 20 to 118) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

### Basis for opinion

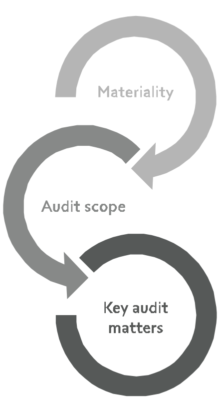
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Our audit approach

Overview




**Overall Group materiality: CHF 12'771'800**

**We conducted full scope audit work at Swissquote Group Holding Ltd and Swissquote Bank Ltd both in Gland.**

**As key audit matter the following area of focus has been identified:**

- **Goodwill impairment assessment**

PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, case postale, CH-1001 Lausanne, Switzerland
Téléphone: +41 58 792 81 00, Téléfax: +41 58 792 81 10, www.pwc.ch

**Materiality**
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

| | |
|---|---|
| Overall group materiality | CHF 12'771’800 |
| Benchmark applied | Profit before tax (operating profit) |
| Rationale for the materiality benchmark applied | We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured, and it is a generally accepted benchmark. |

We agreed with the Audit & Risk Committee that we would report to them misstatements above CHF 1’277’180 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

**Audit scope**
We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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

**Goodwill impairment assessment**

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| The goodwill impairment assessment is considered a key audit matter due to the size of the goodwill balance (CHF 54.8 million) as well as considerable judgement with respect to the assumptions used in calculation of the value in use, including the future results of the business and the discount rate applied to future cash flow forecasts. | We performed the following procedures:<br>• We evaluated the cash flow forecasts included in the models (used to determine the value in use of the cash generating units) and the process by which they were developed (including verifying the mathematical accuracy of the underlying calculations). We also compared the forecasts to the latest budget approved by the Board of Directors. We found that the forecasts used in the value in use calculations were consistent with the Board of Directors approved budget, and that the key assumptions were subject to oversight by the members of the Board of Directors;<br>• We compared the current year actual results (2023) with the figures included in the prior year's forecast (2022) to consider whether they included assumptions that, with hindsight, may have been optimistic. We found that the forecast was in line with the current year results.<br>• With the assistance of specialists in the area of valuation, we challenged the reasonableness of Management's assumptions on the revenue and expense projections as well as on discount rate by comparing the cost income ratio and the discount rate with comparable institutions active in similar businesses. We found the assumptions on the revenue and expense projections to be consistent and in line with our expectations. Similarly, we found the discount rate used by Management consistent with market data and comparable businesses.<br>• We reperformed sensitivity analyses around the key assumptions (revenue growth and expense projections as well as discount rate) to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired. We found that headroom remained between the stress-tested value-in-use calculations and the carrying value in the consolidated financial statements.<br><br>As a result of our procedures, we determined that the conclusions reached by Management with regard to the carrying value of goodwill were reasonable and supportable. |

pwc

**Other information**
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the parent company financial statements, the remuneration report and our auditor's report thereon.

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

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

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

**Board of Directors' responsibilities for the consolidated financial statements**
The Board of Directors is responsible for the preparation of consolidated financial statements, that give a true and fair view in accordance with the IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements**
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

**Report on other legal and regulatory requirements**
In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence an internal control system, that has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

| | |
|---|---|
| Christophe Kratzer | Jonathan Derungs |
| Licensed audit expert<br>Auditor in charge | Licensed audit expert |

Lausanne, 13 March 2024

# Statutory financial statements

# Statutory balance sheet

| in CHF | Notes | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| ASSETS | | | |
| Cash and banks | | 237,210 | 242,017 |
| Receivable from subsidiaries | 1 | 87,673,889 | 44,912,065 |
| **Total current assets** | | **87,911,099** | **45,154,082** |
| | | | |
| Investment in subsidiaries | 2 | 212,301,576 | 212,513,556 |
| **Total non-current assets** | | **212,301,576** | **212,513,556** |
| **Total assets** | | **300,212,675** | **257,667,638** |
| LIABILITIES AND EQUITY | | | |
| Tax payable | | 2,454,652 | 3,032,957 |
| **Total short-term liabilities** | | **2,454,652** | **3,032,957** |
| **Total liabilities** | | **2,454,652** | **3,032,957** |
| **Equity** | | | |
| Share capital | 3 | 3,065,634 | 3,065,634 |
| Legal capital reserves | | | |
| Reserves from capital contributions | | 349,776 | 349,776 |
| Other capital reserves | | 6,109,093 | 6,109,093 |
| Retained earnings | 4 | 252,227,902 | 242,619,302 |
| Net profit | | 102,945,139 | 42,597,056 |
| Treasury shares | 5 | (66,939,521) | (40,106,180) |
| **Total equity** | | **297,758,023** | **254,634,681** |
| | | | |
| **Total liabilities and equity** | | **300,212,675** | **257,667,638** |

The notes on pages 126 to 130 are an integral part of these financial statements.

# Statutory income statement

| in CHF | Notes | 2023 | 2022 |
|---|---|---|---|
| Royalties | | 24,329,954 | 19,040,625 |
| Dividend received from subsidiaries | | 84,000,000 | 28,000,000 |
| Other revenues | | 5,820,884 | 4,528,691 |
| Operating expenses | | (2,005,212) | (1,734,891) |
| Marketing expenses | | (4,381,409) | (4,282,541) |
| Depreciation | | (1,650,000) | – |
| **Operating profit** | | **106,114,217** | **45,551,884** |
| | | | |
| Income tax expense | | (3,169,078) | (2,954,828) |
| **Net profit** | | **102,945,139** | **42,597,056** |

# Notes to the statutory financial statements

## General information

Swissquote Group Holding Ltd (the "Company") was formed on 12 August 1999 and is registered in the Canton of Vaud, Switzerland, with headquarters in Gland. Swissquote Group Holding Ltd is the parent company of a financial group that is active in online financial services, the main subsidiaries being Swissquote Bank Ltd in Switzerland and Swissquote Bank Europe SA in Luxembourg. As at 31 December 2023, the Company did not employ more than 10 full-time equivalents (2022: no changes).

The shares of Swissquote Group Holding Ltd have been listed on the Swiss Stock Exchange since 29 May 2000. The ticker is SQN, the security number is 1067586 and the ISIN Number is CH0010675863.

The main shareholders (pursuant to Swiss Financial Market Infrastructure Act FMIA) are (including stock options):

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Shares | Options | Total | Shares | Options | Total |
| Marc Bürki | 11.56% | 0.07% | **11.63%** | 11.56% | 0.09% | **11.65%** |
| Paolo Buzzi | 10.41% | 0.05% | **10.46%** | 10.41% | 0.05% | **10.46%** |
| PostFinance AG | 5.00% | – | **5.00%** | 5.00% | – | **5.00%** |
| **Treasury shares:** | | | | | | |
| Swissquote Group Holding Ltd | | | **3.07%** | | | **2.52%** |

The statutory financial statements were approved for issue by the Board of Directors of the Company on 13 March 2024.

The information relative to remuneration in companies whose shares are listed on a stock exchange is comprised in the dedicated Remuneration Report as per Art. 734ss of the Swiss Code of Obligations.

# Notes to the statutory financial statements

## Summary of significant accounting policies

These statutory financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations ("CO") (Art. 957 to 963b CO). According to Art. 962 Para. 3 CO, the Company does not present additional statutory financial statements in accordance with a recognised financial reporting standard.

**Foregoing a cash flow statement and additional disclosures in the notes**
Because consolidated financial statements are prepared in accordance with IFRS, the Company has decided, pursuant to Art. 961d CO, to forego presenting additional information on audit fees in the notes as well as a cash flow statement in accordance with Swiss law.

Where not described below, accounting and valuation principles are provided by law.

**A Investments in subsidiaries**
Investments in subsidiaries are valued at cost less economically necessary impairment charges.

**B Treasury shares**
Treasury shares are valued at the acquisition price and are deducted from equity in accordance with Art. 959a Para. 2 CO. Gains and losses on disposal of treasury shares are recognised in equity (but remain accountable for the determination of the taxable profit).

### 1 Receivables from subsidiaries

The current balance of CHF 87,673,889 (2022: CHF 44,912,065) is related to cash deposited into a bank account opened with Swissquote Bank Ltd.

### 2 Investments in subsidiaries

| in CHF | Office/country | 2023 | | 2022 | |
|---|---|---|---|---|---|
| Swissquote Bank Ltd | Gland/Switzerland | 100.0% | 137,560,002 | 100.0% | 137,560,002 |
| Swissquote Bank Europe SA | Luxembourg/Luxembourg | 100.0% | 70,907,430 | 100.0% | 70,907,430 |
| Swissquote Financial Services (Malta) Ltd | St. Julian's/Malta | >99.9% | 1,877,004 | >99.9% | 1,877,004 |
| Swissquote Capital Markets Ltd | Limassol/Cyprus | 100.0% | 1,718,190 | 100.0% | 1,930,170 |
| Swissquote Trade Ltd in liquidation | Gland/Switzerland | 100.0% | 238,950 | 100.0% | 238,950 |
| **Total as at 31 December** | | | **212,301,576** | | **212,513,556** |

During the year, the company increased the capital of Swissquote Capital Markets Ltd for EUR 1.5 million (CHF 1.4 million), with a subsequent depreciation of CHF 1.6 million.

### 3 Share capital

| in CHF | 2023 | 2022 |
|---|---|---|
| **ORDINARY ISSUED SHARE CAPITAL** | | |
| Number of shares in issue | 15,328,170 | 15,328,170 |
| Nominal value of each share (registered shares) | 0.20 | 0.20 |
| **Ordinary share capital (CHF)** | **3,065,634** | **3,065,634** |
| **UNISSUED SHARE CAPITAL (CHF)** | | |
| Conditional share capital (nominal value) | 192,000 | 192,000 |
| Capital band (2023) / Authorised share capital (2022) (nominal value) | 300,000 | 300,000 |

**Capital band and conditional share capital**

With the new company law entered in force on 1 January 2023, the old concept of authorised capital was replaced with the new concept of capital band. The provision ruling the utilisation of the capital band provides details on the capital increase process and exercise of preferential subscription rights and stipulates that the Board of Directors is allowed to increase the share capital of the Company within the capital band of 1,500,000 new registered shares with a nominal value of CHF 0.20 each, from CHF 3,065,634 (lower limit) to CHF 3,365,634 (upper limit). The Board of Directors is allowed to use the capital band in one or several tranches of variable amounts until 10 May 2025.

The provision ruling the utilisation of the conditional share capital provides that the Board of Directors is authorised to increase the share capital of the Company by a maximum of CHF 192,000 by issuing no more than 960,000 shares. The capital increase may be carried out through the exercise of options granted to employees.

**Shares for members of the Board of Directors**

Board members were granted free shares of the Company which are subject to a blocking period. The grants performed on behalf of 2023 and 2022 were as follows:

| | Shares | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| | Number | Market value | Tax value | Number | Market value | Tax value |
| **Members of the Board** | **1,414** | **289,304** | **242,905** | **1,847** | **246,575** | **207,030** |

## 4 Retained earnings

| in CHF | 2023 | 2022 |
|---|---|---|
| Retained earnings | 242,619,302 | 206,650,824 |
| Net profit (previous year) | 42,597,056 | 67,580,206 |
| **1 January** | **285,216,358** | **274,231,030** |
| | | |
| Dividend paid on behalf of previous year | (32,729,952) | (33,022,905) |
| Realised (loss)/gain on treasury shares | (258,504) | 1,411,177 |
| **31 December** | **252,227,902** | **242,619,302** |

## 5 Treasury shares

| in CHF | 2023 | 2022 |
|---|---|---|
| **Beginning of the year (shares)** | **386,763** | **343,227** |
| **Purchase** | **218,826** | **144,734** |
| Unit price ranging from CHF | 145.50 to 192.00 | 90.75 to 183.20 |
| **Sale** | – | – |
| Unit price ranging from CHF | | |
| **Remittance to optionees/grant of shares** | **(134,485)** | **(101,198)** |
| Unit price ranging from CHF | 49.89 to 187.70 | 34.02 to 200.50 |
| **End of the year (shares)** | **471,104** | **386,763** |
| | | |
| **Total as at 31 December (CHF)** | **66,939,521** | **40,106,180** |
| % of the issued shares | 3.07% | 2.52% |

# Proposed appropriation of retained earnings

## Proposal of the Board of Directors for appropriation of retained earnings as at 31 December 2023

The Board of Directors proposes to the Annual General Meeting to utilise retained earnings available for appropriation as follows:

| in CHF | 2023 |
|---|---|
| Net profit for the year | 102,945,139 |
| Retained earnings carried forward | 252,227,902 |
| **Retained earnings available for appropriation** | **355,173,041** |

| ALLOCATION OF AVAILABLE RETAINED EARNINGS | |
|---|---|
| Available retained earnings as at 31 December 2023 | 355,173,041 |
| Proposed dividend (CHF 4.30 per share) | (65,911,131) |
| **Retained earnings to be carried forward** | **289,261,910** |

Amount of proposed dividend is based on the number of shares issued as at 31 December 2023. However, no distribution is allocated to the treasury shares.

# Report of the statutory auditor to the General Meeting of Swissquote Group Holding Ltd Gland

## Report on the audit of the financial statements

**Opinion**

We have audited the financial statements of Swissquote Group Holding Ltd (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 124 to 131) comply with Swiss law and the Company's articles of association.

**Basis for opinion**

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

**Our audit approach**

**Materiality**

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

| | |
|---|---|
| Overall materiality | CHF 5'305'700 |
| Benchmark applied | Profit before tax (operating profit) |
| Rationale for the materiality benchmark applied | We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured, and it is a generally accepted benchmark. |

We agreed with the Audit & Risk Committee that we would report to them misstatements above CHF 530'570 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, case postale, CH-1001 Lausanne, Switzerland
Téléphone: +41 58 792 81 00, Téléfax: +41 58 792 81 10, www.pwc.ch

pwc

**Audit scope**

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

**Key audit matters**

We have determined that there are no key audit matters to communicate in our report.

**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

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

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

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

**Board of Directors' responsibilities for the financial statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

**Report on other legal and regulatory requirements**
In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence an internal control system that has been designed pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

We further confirm that the proposed appropriation of retained earnings complies with Swiss law and the Company's articles of association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

| | |
|---|---|
| Christophe Kratzer | Jonathan Derungs |
| Licensed audit expert<br>Auditor in charge | Licensed audit expert |

Lausanne, 13 March 2024