Swissquote

TWENTY ONE

ANNUAL REPORT

swissquote.com

OUR EXTERNAL REPORTING APPROACH

The legal and regulatory framework shapes the way Swissquote is performing external reporting. Swissquote is subject to Swiss legal and regulatory requirements (including the requirements by the Swiss Financial Market Supervisory Authority FINMA and the Swiss Code of Obligations), accounting standards and SIX Swiss Exchange rules.
In this regard, Swissquote issues an Annual Report that contains a financial report, a corporate governance report, a remuneration report and a sustainability report.

The Swissquote Annual Report consists of one volume containing the four reports as described thereafter.

Financial Report

The financial report contains our audited consolidated financial statements and notes, as well the audited statutory financial statements and notes.

Corporate Governance Report

The corporate governance report informs shareholders, other members of the financial community and the larger public on Swissquote's policies in matters of corporate governance.

Remuneration Report

The remuneration report provides information about the Group's remuneration policy and organisation and about the remuneration of the members of the Board of Directors and the Executive Management.

Sustainability Report

The sustainability report gives comprehensive insights into our sustainability approach and performance by employing the Standards of the Global Reporting Initiative (GRI).

A dedicated website offers a comprehensive oversight of external reporting and covers an annual topic changing every year (this year 2021 : Human capital, last year 2020 : Customer experience) with interviews and highlights. In addition, a chart generator is available with the most important financial and non-financial figures and comparatives. All the reports, some selected key figures and a financial presentation are available in our download center.

Annual Report 2021

The Swiss leader in online banking
www.swissquote.com

Key figures

	2021	2020	2019	2018	2017
Number of accounts	487,847	410,248	359,612	329,100	309,286
% change	18.9%	14.1%	9.3%	6.4%	2.2%
Net new money in CHFm	9,600	5,275	4,558	3,115	2,714
% change	82.0%	15.7%	46.3%	14.8%	-55.3%
Client assets in CHFm [1]	55,890	39,773	32,241	23,822	24,112
% change	40.5%	23.4%	35.3%	-1.2%	29.9%
Employees	952	805	722	662	593
% change	18.3%	11.5%	9.1%	11.6%	7.8%

[1] Including assets that are not held for custody purposes, but for which the technology of the Group gives clients access to the stock market and/or that are managed by Swissquote.

in CHF thousand, except where indicated	2021	2020	2019	2018	2017
Operating income	471,803	341,337	232,355	223,041	187,756
% change	38.2%	46.9%	4.2%	18.8%	25.0%
Operating expenses	247,534	211,668	180,052	160,763	141,974
% change	16.9%	17.6%	12.0%	13.2%	11.8%
Operating profit	223,342	105,642	50,588	53,761	45,782
% change	111.4%	108.8%	–5.9%	17.4%	97.3%
Operating profit margin [%]	47.3%	30.9%	21.8%	24.1%	24.4%
Net profit	193,113	91,021	44,654	44,603	39,185
% change	112.2%	103.8%	0.1%	13.8%	88.8%
Net profit margin [%]	40.9%	26.7%	19.2%	20.0%	20.9%
Total equity	615,459	440,181	374,757	352,221	295,148
% change	39.8%	17.4%	6.4%	19.3%	5.1%
Capital ratio [%] [1]	26.2%	23.0%	21.7%	29.0%	26.1%

[1] Since 2021, capital ratio is presented after future expected dividend

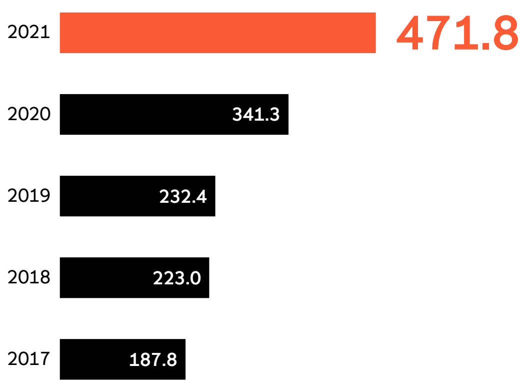
200.50 CHF
SWISSQUOTE STOCK PRICE
as at 31 December 2021

26.2%
CAPITAL RATIO

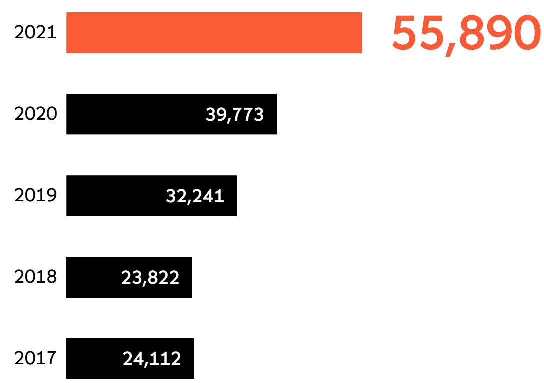
471.8m CHF
OPERATING INCOME

Key figures

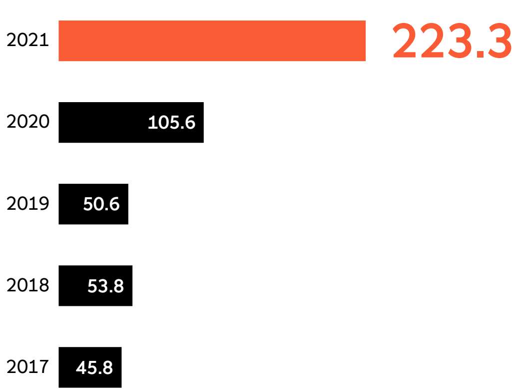
OPERATING INCOME
in CHFm



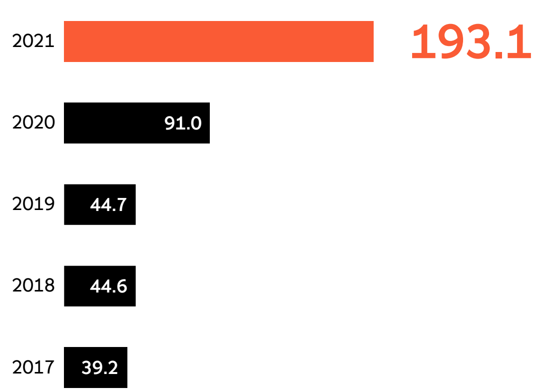
CLIENT ASSETS
in CHFm



OPERATING PROFIT
in CHFm



NET PROFIT
in CHFm



9.6 bn CHF
NET NEW MONEY INFLOW

47.3%
OPERATING PROFIT MARGIN

55.9 bn CHF
CLIENT ASSETS

Swissquote share

Stock market trading

The registered shares, each with a nominal value of CHF 0.20, are listed on SIX Swiss Exchange under securities number 1067586 and ISIN CH0010675863. Their ticker symbols are: SQN (Swissquote); SQZ.S (Reuters); SQNSW (Bloomberg); SQN (Telekurs).

DEVELOPMENT OF STOCK MARKET SHARE PRICE 2017 – 2021

in CHF

DEVELOPMENT OF STOCK MARKET SHARE PRICE JANUARY TO DECEMBER 2021

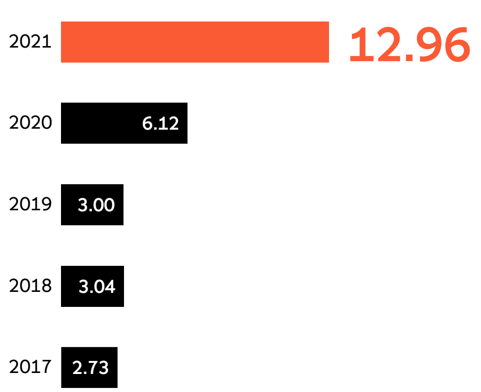
in CHF

Swissquote share

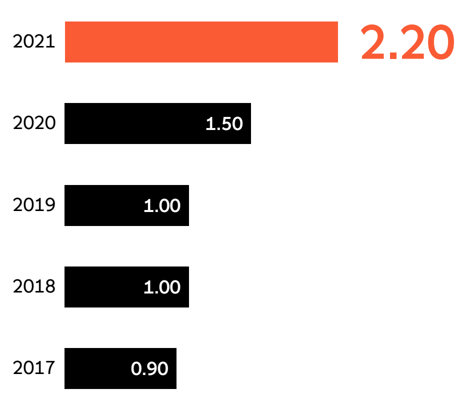
	2021	2020	2019	2018	2017
SHARE PRICE IN CHF					
High	206.00	90.80	53.50	75.80	38.55
Low	88.70	44.28	34.25	38.20	23.30
31 December	200.50	85.90	48.52	45.25	38.15
MARKET CAPITALISATION IN CHF MILLION					
High	3,157.6	1,391.8	820.1	1,161.9	590.9
Low	1,359.6	678.7	525.0	585.5	357.1
31 December	3,073.3	1,316.7	743.7	693.6	584.8
TOTAL EQUITY					
Operating income per share	31.65	22.96	15.63	15.22	13.09
Earnings per share	12.96	6.12	3.00	3.04	2.73
Equity per share	40.15	28.72	24.45	22.98	19.26
Payout per share	2.20[1]	1.50	1.00	1.00	0.90

[1] Proposal of the Board of Directors.

EARNINGS PER SHARE
in CHF



PAYOUT PER SHARE
in CHF



«We want to be the world's most pioneering and intuitive online bank. Therefore, we challenge convention via innovation and technology.»

- Swiss digital banking Group with Swiss roots and growing international operations
- Listed since 2000 on Swiss Stock Exchange SIX
- Leading cross-assets platform
- Technology powerhouse
- Multiple growth opportunities
- Pioneers in Robo-Advisory services and crypto-assets
- Unique one-stop shop positioning for private clients and institutional partners
- Reputable brand
- Well capitalised
- Strongly regulated

UNITE AS ONE

DARE TO BE DIFFERENT

DO THE RIGHT THING

IN PURSUIT OF EXCELLENCE

ALWAYS SAY IT HOW IT IS

CHAMPION THE CUSTOMER

SWISSQUOTE TRADING PLATFORM

Member
SIX & EUREX

+70
Stock exchanges

Real time
www.swissquote.ch

+60 000
Bonds

20 000
Investment funds

+90 000
Structured products

+40
Themes trading

+75
Currency pairs and FX options

+320
CFD stock indices

+25
Cryptocurrencies & tokens

Deriva-tives
EUREX, CME, etc.

+20
Precious metals and commodities

SWISSQUOTE SERVICES

- Multicurrency account
- Custodian services
- Services to asset managers
- White-label services
- Online leasing
- Robo-Advisory services
- eMortgages
- Multicurrency credit card
- Crypto services
- Lombard and margin loans

«With offices in seven countries, Swissquote expands its international presence and is a global market player.»

1 Geneva, Zurich, Bern
Swissquote Bank Ltd

2 Luxembourg
Swissquote Bank Europe SA

3 Malta
Swissquote Financial Services (Malta) Ltd

4 London
Swissquote Ltd

- eForex services
- eTrading services
- Robo-Advisory services
- Fund custody services

5 **Dubai**
Swissquote MEA Ltd,
Swissquote Bank Ltd
Rep. Office

6 **Hong Kong**
Swissquote Asia Ltd,
Swissquote Bank Ltd
Rep. Office

7 **Singapore**
Swissquote Pte. Ltd

Report to the shareholders

Dear shareholders,

Swissquote's annual results confirmed that 2021 was a record year. Thanks to strong growth dynamics on the client side, the communicated medium-term profit targets set initially for 2024 were already reached by the end of 2021. Operating income increased by 38.2 percent year-on-year to CHF 471.8 million, while operating profit reached a record high of CHF 223.3 million (target for 2024 was CHF 200 million), an increase of 111.4 percent. Profitability, with an operating profit margin of 47.3 percent, increased strongly thanks to higher trading volumes and more customer accounts (+77,599). With organic net new money inflow hitting a record high of CHF 9.6 billion, client assets grew to CHF 55.9 billion. The Board of Directors will propose to the Annual General Meeting that the dividend be increased by 46.7 percent from CHF 1.50 to CHF 2.20 per share.

Swissquote confirms record year and strong customer growth

Revenues set new records year after year

At CHF 471.8 million (CHF 341.3 million), **operating income** was at its highest level to date, having risen by 38.2 percent year-on-year. **Net fee and commission income** rose by 62.5 percent to CHF 263.2 million (CHF 162.0 million) due to strong growth in trading accounts and increased trading activity. Trading activity was particularly strong in crypto assets as this asset class continued to move towards broader acceptance among both private and institutional investors. **Net trading income** rose by 21.7 percent to CHF 192.8 million (CHF 158.4 million). As expected, **net interest income** dropped by 24.6 percent to CHF 15.8 million (CHF 21.0 million) due to the persisting negative/low interest rate environment.

Markus Dennler
Chairman of the Board of Directors

Marc Bürki
Chief Executive Officer

Operating expenses in line with growth ambitions

At CHF 247.5 million (CHF 211.7 million), **operating expenses** were 16.9 percent higher than in the previous year, due mainly to the rise in payroll and related expenses as well as marketing expenses. In 2021, Swissquote launched a set of ambitious initiatives to strengthen its brand awareness outside of Switzerland, such as the 3-year sponsorship of the UEFA Europa League and UEFA Europe Conference League. At the end of 2021, Swissquote had a workforce of 952 employees (+18.3 percent).

Net profit exceeds expectations

The combination of revenues and expenses brought a 111.4 percent increase in **operating profit** to CHF 223.3 million (CHF 105.6 million) and resulted in an operating profit margin of 47.3 percent (30.9 percent) for 2021. **Net profit** more than doubled year-on-year to CHF 193.1 million (CHF 91.0 million). This is the result of strong organic growth and a diversified and innovative product offering, which enabled Swissquote to capture the operational leverage provided by its technology.

Report to the shareholders

Sound capital base and increased dividend per share

Swissquote successfully combined top profitability and organic growth with a strong capital ratio of 26.2 percent. As of the end of 2021, Swissquote exhibits a solid and well-capitalised balance sheet of CHF 9,053.8 million. **Total equity** increased by 39.8 percent to CHF 615.5 million (CHF 440.2 million). The Board of Directors will propose to the Annual General Meeting of 6 May 2022 that the dividend be increased by 46.7 percent from CHF 1.50 to CHF 2.20 per share.

487,847

Total number of accounts

Record-high organic net money inflow and client assets

The **net new money inflow** continued to increase to CHF 9.6 billion in 2021 (CHF 5.3 billion). This trend is attributable to Swissquote's international expansion (52% of the net new monies were related to customers resident abroad), as well as to its unique positioning for mass affluent customers. **Client assets** rose by 40.5 percent to CHF 55.9 billion (CHF 39.8 billion) thanks to net new money inflow but also to the positive market environment. Per customer, this equates to a healthy average deposit in excess of CHF 110,000. The **total number of accounts** reached 487,847 (+18.9 percent) by the end of 2021.

Benelux as second home market

With the acquisition of Keytrade Bank Luxembourg, Swissquote has reinforced its positioning in the Benelux area as a market leader in online trading and investing. The transaction is expected to close in the first half of 2022 and will bring in somewhat more than 8,200 new customers and EUR 1.7 billion in client assets. With this move, Swissquote confirms its ambitious expansion strategy in Europe and more generally outside of Switzerland.

Corporate Governance and compensation

During the year, Swissquote intensified and further structured its dialogue with shareholders, giving it the opportunity to discuss topics such as corporate governance, compensation and sustainability. All the points raised have been reviewed and evaluated. On this basis, disclosures have been improved and a number of decisions aimed at enhancing the company's framework and policies have been made.

After reviewing all the comments received on the Executive Management's Long Term Incentive Plan (LTIP), the Board of Directors decided to retain the stock option plan. The Board of Directors believes that it is an adequate incentive for a growth company to work towards further value creation. This applies as long as the strike price is above the market value of the underlying at the time of allocation. Nevertheless, in order to better meet the expectations of our investors, the vesting period of stock options granted to Executive Management will be harmonised to three years from 2022 onwards. Furthermore, caps to the LTIP were adopted.

Regarding the Short Term Incentive Plan (STIP) of the Executive Management, the adjustments introduced in the previous Remuneration Report in order to increase transparency with regard to the achievement of the objectives set to the Executive Management have been well received by investors. In the 2021 Remuneration Report, transparency has been further increased by providing the complete list of objectives, the weighting of these objectives and the achievement per objective and category of objectives.

We greatly appreciated the active participation of our shareholders and the time they have devoted. We would like to maintain and further expand this exchange in the future.

Report to the shareholders

More focus on ESG objectives

While last year was marked by the release of our first Sustainability Report, the current year was used to carry out gap analyses and implement additional measures with the aim of attaining Swissquote's sustainability goals. For 2022, the Board of Directors has decided to give a higher weighting (15 percent) to ESG as part of the objectives set to the Executive Management. This Board's decision confirms the importance of ESG for Swissquote.

COVID-19

In general, the COVID 19 pandemic has not negatively impacted Swissquote. Although greater customer interest and higher trading volumes led to an increase in operating income and operating profit, the Board considers this positive impact to have been marginal. No public subsidies, redundancies or short-time work/exemption schemes (furlough) were required in 2021. We have always given the utmost priority to the safety and well-being of our employees, as well as to ensuring the highest level of IT security required for home-working.

Guidance for 2022

During the two first months of 2022, customer growth continued its strong trend with CHF 1.4 billion of net new monies. Swissquote's growth story will be able to offset the difficult market environment and despite the current geopolitical uncertainty, Swissquote expects to replicate its very successful year 2021. In 2022, operating income is expected at CHF 475 million (+0.7%) and operating profit at CHF 225 million (+0.7%).

Thanks

On behalf of the Board of Directors and Executive Management, we would like to thank our clients, who, by actively using our platform and providing a wide spectrum of informed feedback, are making a key contribution to Swissquote's business success and therefore its long-term solidity and growth. We attach great importance to their suggestions and requests as well as their criticism, all of which help to drive us forward. Furthermore, in this exceptional year, we would like to thank our shareholders for the trust they place in us, and all employees for their personal commitment and willingness to push the boundaries time after time. And finally, we also owe a debt of gratitude to our cooperation partners for their unfailing expertise and support in helping us to grow our business.

Markus Dennler
Chairman of the Board
of Directors

Marc Bürki
Chief Executive Officer

FINAN-
CIAL
REPORT

Consolidated financial statements

Consolidated statement of financial position

in CHF	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and balances with central banks	1	5,589,152,222	4,062,541,475
Treasury bills and other eligible bills	1	242,290,309	449,831,424
Due from banks	1/4	1,335,970,068	1,538,095,680
Derivative financial instruments	2	92,688,397	113,403,124
Trading assets	3	5,856,891	5,090,574
Loans	5	819,593,923	551,518,696
Investment securities	6	737,203,239	484,558,406
Investment in joint venture	7	11,159,753	–
Deferred income tax assets	14a	3,839,967	3,008,440
Intangible assets	8	44,527,773	45,528,777
Information technology systems	9	56,764,930	60,792,650
Property, plant and equipment	10	69,966,293	70,970,244
Other assets	11	44,821,745	44,612,067
Total assets		**9,053,835,510**	**7,429,951,557**
LIABILITIES AND EQUITY			
Liabilities			
Deposits from banks	1	247,605,557	248,112,871
Derivative financial instruments	2	53,210,953	67,449,118
Due to customers	12	7,955,232,932	6,545,783,196
Other liabilities	13	151,486,773	111,948,859
Current income tax liabilities	14c	18,160,514	7,192,166
Deferred tax liabilities	14b	1,670,869	1,230,575
Provisions	15	11,008,579	8,053,334
Total liabilities		**8,438,376,177**	**6,989,770,119**
Equity			
Ordinary shares	17.1	3,065,634	3,065,634
Share premium		56,422,625	54,437,365
Share option reserve	17.2	3,154,374	2,557,489
Other reserve	17.3	(18,837,928)	(14,956,885)
Treasury shares	17.4	(27,656,922)	(31,718,631)
Retained earnings	17.5	599,311,550	426,796,466
Total equity		**615,459,333**	**440,181,438**
Total liabilities and equity		**9,053,835,510**	**7,429,951,557**

The notes on pages 26 to 115 are an integral part of these financial statements.

Consolidated income statement

in CHF	Notes	2021	2020
Fee and commission income	18	289,730,497	180,391,215
Fee and commission expense	18	(26,495,997)	(18,403,697)
Net fee and commission income		**263,234,500**	**161,987,518**
Interest income	19	29,569,468	25,225,450
Interest expense (incl. negative interest on assets)	19	(31,707,840)	(22,920,883)
Other interest income	19	19,242,635	19,294,786
Other interest expense	19	(1,292,422)	(640,955)
Net interest income		**15,811,841**	**20,958,398**
Net trading income	20	**192,756,198**	**158,391,377**
Operating income		**471,802,539**	**341,337,293**
Credit loss release / (expense)	21	667,749	(24,027,896)
Operating expenses	22	(247,534,287)	(211,667,800)
Net result from investment in joint venture	7	(1,594,094)	–
Operating profit		**223,341,907**	**105,641,597**
Income tax expense	14d	(30,228,758)	(14,620,816)
Net profit		**193,113,149**	**91,020,781**
SHARE INFORMATION			
Earnings per share	23	12.96	6.12
Diluted earnings per share	23	12.82	6.08
Weighted average number of shares	23	14,904,791	14,863,811

The notes on pages 26 to 115 are an integral part of these financial statements.

Consolidated statement of comprehensive income

in CHF	Notes	2021	2020
NET PROFIT		**193,113,149**	91,020,781
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)		–	(45,185)
Net realised gains/(losses) reclassified to the income statement from equity	20	(6,535)	(68,403)
Income tax effect		850	13,838
Currency translation differences	17.3	(1,695,957)	(915,927)
Total other comprehensive income that may be reclassified to the income statement		**(1,701,642)**	**(1,015,677)**
Items that will not be reclassified to the income statement			
Investment securities measured at fair value through other comprehensive income (FVOCI equities):			
Net unrealised gains/(losses)		1,661,942	1,645,597
Income tax effect		(216,053)	(213,927)
Defined benefit obligation:			
Remeasurement	16b	(4,167,000)	(1,959,000)
Income tax effect		541,710	254,670
Total other comprehensive income that will not be reclassified to the income statement		**(2,179,401)**	**(272,660)**
Other comprehensive income for the period (net of tax)		(3,881,043)	(1,288,337)
Total comprehensive income for the period		189,232,106	89,732,444

The notes on pages 26 to 115 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 2021		3,065,634	54,437,365	2,557,489	(14,956,885)	(31,718,631)	426,796,466	440,181,438
Net profit of the period		–	–	–	–	–	193,113,149	193,113,149
Investment securities FVOCI & FVOCI equities	6/20	–	–	–	1,655,407	–	–	1,655,407
Remeasurement of defined benefit obligation	16b	–	–	–	(4,167,000)	–	–	(4,167,000)
Income tax effect (aggregated)		–	–	–	326,507	–	–	326,507
Currency translation differences	17.3	–	–	–	(1,695,957)	–	–	(1,695,957)
Total comprehensive income for the period		**–**	**–**	**–**	**(3,881,043)**	**–**	**193,113,149**	**189,232,106**
Dividend	17.5	–	–	–	–	–	(22,327,073)	(22,327,073)
Employee stock option plan:								
Amortisation of services	17.2	–	–	2,325,893	–	–	–	2,325,893
Stock options exercised, lapsed or forfeited	17.2	–	–	(1,729,008)	–	–	1,729,008	–
Treasury shares:								
Purchase	17.4	–	–	–	–	(6,396,434)	–	(6,396,434)
Sale/remittance	17.4	–	1,985,260	–	–	10,458,143	–	12,443,403
Balance as at 31 December 2021		**3,065,634**	**56,422,625**	**3,154,374**	**(18,837,928)**	**(27,656,922)**	**599,311,550**	**615,459,333**

The notes on pages 26 to 115 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 2020		3,065,634	52,399,616	2,134,630	(13,668,548)	(18,787,665)	349,613,723	374,757,390
Net profit of the period		–	–	–	–	–	91,020,781	91,020,781
Investment securities FVOCI & FVOCI equities	6/20	–	–	–	1,532,009	–	–	1,532,009
Remeasurement of defined benefit obligation	16b	–	–	–	(1,959,000)	–	–	(1,959,000)
Income tax effect (aggregated)		–	–	–	54,581	–	–	54,581
Currency translation differences	17.3	–	–	–	(915,927)	–	–	(915,927)
Total comprehensive income for the period		**–**	**–**	**–**	**(1,288,337)**	**–**	**91,020,781**	**89,732,444**
Dividend	17.5	–	–	–	–	–	(14,899,013)	(14,899,013)
Employee stock option plan:								
Amortisation of services	17.2	–	–	1,483,834	–	–	–	1,483,834
Stock options exercised, lapsed or forfeited	17.2	–	–	(1,060,975)	–	–	1,060,975	–
Treasury shares:								
Purchase	17.4	–	–	–	–	(18,626,539)	–	(18,626,539)
Sale/remittance	17.4	–	2,037,749	–	–	5,695,573	–	7,733,322
Balance as at 31 December 2020		**3,065,634**	**54,437,365**	**2,557,489**	**(14,956,885)**	**(31,718,631)**	**426,796,466**	**440,181,438**

The notes on pages 26 to 115 are an integral part of these financial statements.

Consolidated statement of cash flows

in CHF	Notes	2021	2020
Cash flow from/(used in) operating activities:			
Fee and commission received		290,896,229	181,755,860
Fee and commission paid		(26,249,835)	(18,074,778)
Interest received		54,174,608	49,786,505
Interest paid		(34,901,537)	(20,934,267)
Net trading income received		191,104,216	155,939,188
Income tax paid		(19,125,689)	(9,441,456)
Payments to employees		(103,345,931)	(89,499,828)
Payments to suppliers		(70,208,675)	(64,387,787)
Cash flow from operating profit before changes in operating assets and liabilities		**282,343,386**	**185,143,437**
Net change in operating assets and liabilities:			
Treasury bills and other eligible bills (above 3 months)		118,505,645	(51,989,654)
Due from banks (above 3 months)		(3,617,211)	17,869,269
Derivative financial instruments (assets)		20,714,727	(15,644,106)
Trading assets		(308,157)	1,273,453
Loans		(268,296,747)	(238,189,446)
Derivative financial instruments (liabilities)		(14,238,165)	8,508,294
Due to customers		1,407,990,676	772,443,294
Net cash from operating activities		**1,543,094,154**	**679,414,541**
Cash flow from/(used in) investing activities:			
Purchase of property, plant and equipment and information technology systems	9/10	(28,019,691)	(30,687,069)
Proceeds from sale and reimbursement of investment securities		81,510,516	140,528,022
Purchase of investment securities		(339,610,684)	(302,509,848)
Purchase of a joint venture	7	(5,500,000)	–
Net cash from investing activities		**(291,619,859)**	**(192,668,895)**
Cash flow from/(used in) financing activities:			
Repayment of lease liabilities		(2,636,295)	(2,780,236)
Purchase of treasury shares		(6,396,434)	(18,626,539)
Sale of treasury shares		11,723,842	7,225,992
Dividend and reimbursement from reserves	17.5	(22,327,073)	(14,899,013)
Net cash from/(used in) financing activities		**(19,635,960)**	**(29,079,796)**
Net increase in cash and cash equivalents		**1,231,838,335**	**457,665,850**
Cash and cash equivalents as at 1 January	1	5,122,953,383	4,695,284,043
Exchange difference on cash and cash equivalents		174,346	(29,996,510)
Cash and cash equivalents as at 31 December [1]	**1**	**6,354,966,064**	**5,122,953,383**
Cash and cash equivalents:			
Cash and balances with central banks		5,589,152,222	4,062,541,475
Treasury bills and other eligible bills (less than 3 months)		91,008,644	180,087,836
Due from banks (less than 3 months)		922,410,755	1,128,436,943
Deposits from banks		(247,605,557)	(248,112,871)
Total as at 31 December [1]	**1**	**6,354,966,064**	**5,122,953,383**

[1] CHF 305.3 million and CHF 404.5 million of cash and cash equivalents were restricted as at 31 December 2021 and 31 December 2020, respectively (see Note 1).

The notes on pages 26 to 115 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 and Malta), the Republic of China (Hong Kong) and Asia Pacific (Singapore).

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

Since April 2021, the Group shares 50% interest in a newly founded company designated as Yuh Ltd and headquartered in Gland (Switzerland). This company markets a digital banking mobile application under a separate brand in the Swiss market (www.yuh.com).

The Group employed 952 employees (full-time equivalent) at the end of December 2021 (31 December 2020: 805) and 487,847 customers were using the platforms and apps of Swissquote (31 December 2020: 410,248).

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 2021 consisted of 15,328,170 ordinary shares of CHF 0.20 nominal value each (2020: 15,328,170 ordinary shares of CHF 0.20 nominal value). There is also a conditional capital and an authorised capital. Details are provided in Note 17.1.

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

	2021			2020		
	Shares	Options	Total	Shares	Options	Total
Marc Bürki	11.53%	0.10%	**11.63%**	11.83%	0.11%	**11.94%**
Paolo Buzzi	10.48%	0.05%	**10.53%**	11.67%	0.11%	**11.78%**
PostFinance AG	5.00%	–	**5.00%**	5.00%	–	**5.00%**
ACE Core Convictions Ltd	3.53%	–	**3.53%**	<3%	–	**<3%**
JPMorgan Chase & Co.	<3%	–	**<3%**	3.43%	–	**3.43%**
Mario Fontana	<3%	–	**<3%**	3.04%	–	**3.04%**
Credit Suisse Funds AG	<3%	–	**<3%**	3.01%	–	**3.01%**
Treasury shares:						
Swissquote Group Holding Ltd (Note 17.4)			**2.24%**			**3.35%**

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 2021. 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 2021 is 72.99% (2020: 71.50%).

The consolidated financial statements were approved for publication by the Board of Directors on 16 March 2022.

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;
- Swissquote launches savings accounts.

2010

- Launch of the Swissquote Magazine;
- New digital asset management service with Swissquote's Robo-Advisor;
- 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.

2014

- Strategic partnership between Swissquote and PostFinance, the main white-label partner in the field of eTrading as of today.

2016

- First Swiss bank to launch an Apple TV application.

2017

- First online bank to offer trading and custody on five cryptocurrencies: Bitcoin, Bitcoin Cash, Ether, Litecoin and Ripple;
- Launch of the first virtual-reality trading application.

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;
- Launch of a multi-currency credit card allowing its holder to execute purchases in 12 currencies.

2019

- Creation of Swissquote Singapore Pte. Ltd approved by the Monetary Authority of Singapore (MAS);
- Nine additional stock exchanges in the Asia Pacific region made available online to our clients; up to 60 stock exchanges online.

2020

- Expansion of offering in the area of cryptocurrencies (e.g. EOS, Stellar and Chainlink) with a new total of 12 cryptocurrencies;
- Launch of a new online leasing offering in collaboration with electric carmaker.

2021

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

As at 31 December 2021, 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 contract-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 as well by adding products and services such as Lombard loans, crypto assets trading and online car leasing. In the securities trading segment, the Group operates in a number of geographic markets and is regulated by different financial regulators. The Group's revenues are mainly generated by a transaction fee for each transaction.

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 as well 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).

Based thereon, the analysis of reportable segments for 2021 and 2020 is as follows:

in CHF	2021	2020
OPERATING INCOME BY GEOGRAPHY		
Securities trading		
Switzerland	321,113,914	211,285,814
Europe	16,465,374	15,971,353
Middle East	11,358,715	6,518,159
Asia Pacific	1,559,180	218,587
Subtotal securities trading	**350,497,183**	**233,993,913**
Leveraged forex		
Switzerland	99,681,718	87,917,621
Europe	2,746,092	2,719,511
Middle East	11,625,113	10,458,837
Asia Pacific	7,252,433	6,247,411
Subtotal leveraged forex	**121,305,356**	**107,343,380**
Total operating income	**471,802,539**	**341,337,293**
Total unallocated expenses	(248,460,632)	(235,695,696)
Operating profit	**223,341,907**	**105,641,597**

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

in CHF	2021	2020
OPERATING INCOME BY PRODUCT		
Securities trading		
Cash and foreign exchange	87,051,557	71,798,709
Shares	87,874,375	84,380,247
ETFs and investment funds	16,993,093	14,631,094
Structured products and derivatives	26,492,834	27,520,549
Crypto assets	102,084,288	16,005,629
Fixed income and others	30,001,036	19,657,685
Subtotal securities trading	**350,497,183**	**233,993,913**
Leveraged forex		
Foreign exchange	62,657,325	62,482,782
Contracts for difference	34,058,914	28,619,171
Precious metals	24,589,117	16,241,427
Subtotal leveraged forex	**121,305,356**	**107,343,380**
Total operating income	**471,802,539**	**341,337,293**
Total unallocated expenses	(248,460,632)	(235,695,696)
Operating profit	**223,341,907**	**105,641,597**

Notes to the consolidated financial statements

Section III: Adoption of new and revised international financial reporting standards

The consolidated financial statements for the year 2021 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 2021

There are no IFRS or IFRIC interpretations, effective for the first time for the financial year beginning 1 January 2021, with a material impact on the Group.

B Standards and interpretations issued, but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 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 2021.

The main accounting policies applied in the preparation of these consolidated financial statements are 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 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

Subsidiaries are all entities over which the Group has the 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 Group companies 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, plus costs directly attributable to the acquisition. 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

			Interest as at 31 December	
Group entities	Office/country	Status	2021	2020
Swissquote Bank Ltd	Gland/Switzerland	Active	100%	100%
Swissquote Trade Ltd	Gland/Switzerland	Dormant	100%	100%
Swissquote MEA Ltd	Dubai/UAE	Active	100%	100%
Swissquote Financial Services (Malta) Ltd	Valletta/Malta	Active	100%	100%
Swissquote Ltd	London/UK	Active	100%	100%
Swissquote Asia Ltd	Hong Kong/China	Active	100%	100%
Swissquote Bank Europe SA	Luxembourg/Luxembourg	Active	100%	100%
Swissquote Pte. Ltd	Singapore/Singapore	Active	100%	100%
Yuh Ltd	Gland/Switzerland	Active	50%	–

On 19 January 2022, a new subsidiary named Swissquote Tech Hub Bucharest S.R.L. was incorporated in Romania. This fully owned subsidiary will be active in computer programming, with the aim to provide software development services to the Group.

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 GBP, HKD, EUR, USD and SGD.

Foreign currency translation	2021 Closing rates	2021 Average rates	2020 Closing rates	2020 Average rates
AED	0.2483	0.2491	0.2410	0.2541
AUD	0.6630	0.6838	0.6825	0.6468
CAD	0.7211	0.7301	0.6955	0.6975
CNY	0.1433	0.1420	0.1362	0.1355
DKK	0.1396	0.1451	0.1454	0.1437
EUR	1.0379	1.0792	1.0816	1.0709
GBP	1.2340	1.2574	1.2107	1.2070
HKD	0.1170	0.1177	0.1142	0.1205
JPY	0.0079	0.0083	0.0086	0.0088
NOK	0.1035	0.1060	0.1032	0.0996
SEK	0.1008	0.1061	0.1076	0.1023
SGD	0.6766	0.6810	0.6698	0.6785
TRY	0.0689	0.1029	0.1190	0.1331
USD	0.9121	0.9149	0.8854	0.9345

Average rates that are disclosed in the table 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 companies

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 debt instruments 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 since 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 release/expense).

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 release/expense, 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 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	2 to 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).

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 tax is 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 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 2021, the Group operates various post-employment schemes, including defined benefit and defined contribution pension plans (2020: 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 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.

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 that represent its main revenue stream. Net fee and commission income can be split into two categories: (1) services rendered over time (custody 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. 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.

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. 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. In 2021, the Adaptation of Federal Law to Developments in Distributed

Ledger Technology (DLT bill) entered into force and provides legal certainty in the area of distributed ledger technology. The amendments to several civil and financial market 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. Cash and balances with central banks comprise deposits with Swiss National Bank and Banque centrale du Luxembourg, which are available on demand. All receivables from central banks with a maturity over 90 days are presented under Due from 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 2021, 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 2021, the carrying amount of goodwill amounted to CHF 44.5 million (2020: CHF 44.8 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 (see Note 8). 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 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 2021, the defined benefit obligation amounted to CHF 101.2 million (2020: CHF 78.4 million) which resulted in a net liability of CHF 28.8 million (2020: CHF 22.0 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 16).

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 risks (including margining of collateral risks);
- Liquidity risks;
- Market risks (comprising the scope of assets considered for investment and provisions on market, interest rate and liquidity risks);
- Capital management policies;
- Operational risks.

Furthermore, once a year, the Board of Directors organises a conference dedicated to an in-depth review of risk 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.

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 equities	Total	Fair value
CLASSES OF FINANCIAL ASSETS					
Cash and balances with central banks	5,589,152,222	–	–	5,589,152,222	5,589,152,222
Treasury bills and other eligible bills	242,290,309	–	–	242,290,309	242,290,309
Due from banks	1,335,970,068	–	–	1,335,970,068	1,335,970,068
Derivative financial instruments	–	92,688,397	–	92,688,397	92,688,397
Trading assets	–	5,856,891	–	5,856,891	5,856,891
Loans	819,593,923	–	–	819,593,923	819,593,923
Investment securities	707,478,548	10,101,608	19,623,083	737,203,239	742,363,998
Other assets	18,061,969	–	–	18,061,969	18,061,969
Total financial assets	**8,712,547,039**	**108,646,896**	**19,623,083**	**8,840,817,018**	**8,845,977,777**
Investment in joint venture				11,159,753	
Deferred income tax assets				3,839,967	
Intangible assets				44,527,773	
Information technology systems				56,764,930	
Property, plant and equipment				69,966,293	
Other assets (precious metals)				26,759,776	
Total non-financial assets				**213,018,492**	
Total assets as at 31 December 2021				**9,053,835,510**	

in CHF	Amortised cost	FVTPL	Total	Fair value
CLASSES OF FINANCIAL LIABILITIES				
Deposits from banks	247,605,557	–	247,605,557	247,605,557
Derivative financial instruments	–	53,210,953	53,210,953	53,210,953
Due to customers	7,955,232,932	–	7,955,232,932	7,955,232,932
Other liabilities	151,486,773	–	151,486,773	151,486,773
Total financial liabilities	**8,354,325,262**	**53,210,953**	**8,407,536,215**	**8,407,536,215**
Current income tax liabilities			18,160,514	
Deferred tax liabilities			1,670,869	
Provisions			11,008,579	
Total non-financial liabilities			**30,839,962**	
Total liabilities as at 31 December 2021			**8,438,376,177**	
Net balance as at 31 December 2021			**615,459,333**	

B Financial assets and liabilities categorisation (continued)

in CHF	Amortised cost	FVTPL	FVOCI & FVOCI equities	Total	Fair value
CLASSES OF FINANCIAL ASSETS					
Cash and balances with central banks	4,062,541,475	–	–	4,062,541,475	4,062,541,475
Treasury bills and other eligible bills	449,831,424	–	–	449,831,424	449,831,424
Due from banks	1,538,095,680	–	–	1,538,095,680	1,538,095,680
Derivative financial instruments	–	113,403,124	–	113,403,124	113,403,124
Trading assets	–	5,090,574	–	5,090,574	5,090,574
Loans	551,518,696	–	–	551,518,696	551,518,696
Investment securities	459,424,405	10,556,455	14,577,546	484,558,406	495,573,621
Other assets	20,690,980	–	–	20,690,980	20,690,980
Total financial assets	**7,082,102,660**	**129,050,153**	**14,577,546**	**7,225,730,359**	**7,236,745,574**
Deferred income tax assets				3,008,440	
Intangible assets				45,528,777	
Information technology systems				60,792,650	
Property, plant and equipment				70,970,244	
Other assets (precious metals)				23,921,087	
Total non-financial assets				**204,221,198**	
Total assets as at 31 December 2020				**7,429,951,557**	

in CHF	Amortised cost	FVTPL	Total	Fair value
CLASSES OF FINANCIAL LIABILITIES				
Deposits from banks	248,112,871	–	248,112,871	248,112,871
Derivative financial instruments	–	67,449,118	67,449,118	67,449,118
Due to customers	6,545,783,196	–	6,545,783,196	6,545,783,196
Other liabilities	111,948,859	–	111,948,859	111,948,859
Total financial liabilities	**6,905,844,926**	**67,449,118**	**6,973,294,044**	**6,973,294,044**
Current income tax liabilities			7,192,166	
Deferred tax liabilities			1,230,575	
Provisions			8,053,334	
Total non-financial liabilities			**16,476,075**	
Total liabilities as at 31 December 2020			**6,989,770,119**	
Net balance as at 31 December 2020			**440,181,438**	

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 and investment securities. The 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 investment fund units as well as Swiss 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 2021					
Assets measured at fair value					
Derivative financial instruments	44,301,852	48,386,545	–	92,688,397	92,688,397
Trading assets	5,856,891	–	–	5,856,891	5,856,891
Investment securities	13,991,763	15,732,928	–	29,724,691	29,724,691
Other assets (precious metals)	26,759,776	–	–	26,759,776	26,759,776
Total assets measured at fair value	**90,910,282**	**64,119,473**	**–**	**155,029,755**	**155,029,755**
Assets not measured at fair value					
Cash and balances with central banks					5,589,152,222
Treasury bills and other eligible bills					242,290,309
Due from banks					1,335,970,068
Loans					819,593,923
Investments securities	302,155,982	405,322,566	–	712,639,307	707,478,548
Investment in joint venture					11,159,753
Deferred income tax assets					3,839,967
Intangible assets					44,527,773
Information technology systems					56,764,930
Property, plant and equipment					69,966,293
Other assets					18,061,969
Total assets not measured at fair value	**302,155,982**	**405,322,566**	**–**	**712,639,307**	**8,898,805,755**
Total assets	**393,066,264**	**469,442,039**	**–**	**867,669,062**	**9,053,835,510**
Liabilities measured at fair value					
Derivative financial instruments	7,042,897	46,168,056	–	53,210,953	53,210,953
Total liabilities measured at fair value	**7,042,897**	**46,168,056**	**–**	**53,210,953**	**53,210,953**
Liabilities not measured at fair value					
Deposits from banks					247,605,557
Due to customers					7,955,232,932
Other liabilities					151,486,773
Current income tax liabilities					18,160,514
Deferred tax liabilities					1,670,869
Provisions					11,008,579
Total liabilities not measured at fair value	**–**	**–**	**–**	**–**	**8,385,165,224**
Total liabilities	**7,042,897**	**46,168,056**	**–**	**53,210,953**	**8,438,376,177**

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 2021: CHF 10.1 million of which CHF 8.7 million is classified as level 2) and financial assets at fair value through other comprehensive income equities (31 December 2021: CHF 19.6 million of which CHF 7.1 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 2020					
Assets measured at fair value					
Derivative financial instruments	46,536,961	66,866,163	–	113,403,124	113,403,124
Trading assets	5,090,574	–	–	5,090,574	5,090,574
Investment securities	13,674,851	11,459,150	–	25,134,001	25,134,001
Other assets (precious metals)	23,921,087	–	–	23,921,087	23,921,087
Total assets measured at fair value	**89,223,473**	**78,325,313**	**–**	**167,548,786**	**167,548,786**
Assets not measured at fair value					
Cash and balances with central banks					4,062,541,475
Treasury bills and other eligible bills					449,831,424
Due from banks					1,538,095,680
Loans					551,518,696
Investments securities	218,117,895	252,321,725	–	470,439,620	459,424,405
Deferred income tax assets					3,008,440
Intangible assets					45,528,777
Information technology systems					60,792,650
Property, plant and equipment					70,970,244
Other assets					20,690,980
Total assets not measured at fair value	**218,117,895**	**252,321,725**	**–**	**470,439,620**	**7,262,402,771**
Total assets	**307,341,368**	**330,647,038**	**–**	**637,988,406**	**7,429,951,557**
Liabilities measured at fair value					
Derivative financial instruments	7,588,923	59,860,195	–	67,449,118	67,449,118
Total liabilities measured at fair value	7,588,923	59,860,195	–	67,449,118	67,449,118
Liabilities not measured at fair value					
Deposits from banks					248,112,871
Due to customers					6,545,783,196
Other liabilities					111,948,859
Current income tax liabilities					7,192,166
Deferred tax liabilities					1,230,575
Provisions					8,053,334
Total liabilities not measured at fair value	**–**	**–**	**–**	**–**	**6,922,321,001**
Total liabilities	**7,588,923**	**59,860,195**	**–**	**67,449,118**	**6,989,770,119**

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 2020: CHF 10.6 million of which CHF 9.0 million is classified as level 2), financial assets at fair value through other comprehensive income (31 December 2020: CHF 2.5 million of which CHF 2.5 million is classified as level 2) and financial assets at fair value through other comprehensive income equities (31 December 2020: CHF 12.1 million of which none is classified as level 2).

Financial assets and liabilities not measured at fair value

Investment securities not measured at fair value are all 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 2021, 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).

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 2021 and 2020
Credit risk	International Standard Approach – AS-BRI
Market risk	Standardised Approach
Operational risk	Basic Indicator Approach

Other foreign subsidiaries of the Group are as well 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.

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 2021	31 December 2020	31 December 2021	31 December 2020
Credit risk:				
Sovereign	61,004,000	51,742,300	4,880,320	4,139,384
Banks	483,137,000	464,387,000	38,650,960	37,150,960
Corporates	253,383,000	170,550,700	20,270,640	13,644,056
Other institutions	69,342,000	108,302,800	5,547,360	8,664,224
Retail	158,326,000	90,725,000	12,666,080	7,258,000
Others	124,914,500	44,764,000	9,993,160	3,581,120
Non-counterparty risk	126,731,222	131,762,894	10,138,498	10,541,032
Market risk	93,975,500	98,875,462	7,518,040	7,910,037
Operational risk	655,323,455	507,344,152	52,425,876	40,587,532
Total	**2,026,136,677**	**1,668,454,308**	**162,090,934**	**133,476,345**

D3 Eligible capital and capital ratios (unaudited)

To determine the total eligible capital under Basel III, additional deductions are made 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). Moreover, the Group started presenting its capital ratios after future expected dividend in 2021.

in CHF	31 December 2021	31 December 2020
ELIGIBLE CAPITAL		
Ordinary shares	3,065,634	3,065,634
Share premium	56,422,625	54,437,365
Share option reserve	3,154,374	2,557,489
Other reserve	(18,837,928)	(14,956,885)
Treasury shares	(27,656,922)	(31,718,631)
Retained earnings	599,311,550	426,796,466
Subtotal	**615,459,333**	**440,181,438**
General adjustments		
Intangible assets	(44,527,773)	(45,528,777)
Others	(6,723,342)	(11,738,600)
Total common equity tier 1 capital (CET1 capital)	**564,208,218**	**382,914,061**
Total tier 2 capital (T2)	1,307,644	659,421
Total eligible capital	**565,515,862**	**383,573,482**
Future expected dividend	(33,721,974)	(22,992,255)
Total eligible capital after future expected dividend	**531,793,888**	**360,581,227**

	Capital ratios		Minimum requirements		
	31 December 2021	31 December 2020	Basel III minimum requirement	Capital conservation buffer	Total minimum requirement
Common equity tier 1 ratio (CET1)	26.2%	21.6%	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 after expected dividend (%)	**26.2%**	**21.6%**	**8.0%**	**3.2%**	**11.2%**
CET1 available after meeting Basel III minimum requirement (8.0%)	18.2%	13.6%			
Capital ratio before expected dividend (%)	**27.9%**	**23.0%**			

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 (including future expected dividend) and off-balance sheet items.

in CHF thousand, except where indicated	31 December 2021	31 December 2020
Tier 1 capital	531,794	360,581
Total leverage ratio exposure	9,211,292	7,560,070
Leverage ratio (%)	**5.8%**	**4.8%**

Swissquote Bank Ltd and Swissquote Bank Europe SA are as well 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.

The Liquidity Coverage Ratio (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 FINMA Circular 2016/1 "Disclosure – banks" requires entities to publicly disclose the LCR on a quarterly basis, calculated based on the three-month average of the LCR components. The Group's main liquidity figures are presented hereafter.

in CHF thousand, except where indicated	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q4 2020
Cash outflows	1,550,255	1,733,635	1,736,121	2,031,627	1,287,956
Cash inflows	(448,816)	(507,088)	(493,120)	(419,357)	(481,386)
Net cash outflows	1,101,439	1,226,547	1,243,001	1,612,270	806,570
Total high-quality liquid assets (HQLA)	4,286,802	4,510,353	4,826,203	5,248,093	3,812,094
Liquidity Coverage Ratio (LCR in %)	**389%**	**368%**	**388%**	**326%**	**473%**

During 2021, the LCR was mainly influenced by 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)

On 1 July 2021, article 17f of the Liquidity Ordinance entered into force and triggered the requirement for Swissquote Bank Ltd 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 of Swissquote Bank Ltd is presented in the table below.

in CHF thousand, except where indicated	31 December 2021	31 December 2020
Available stable funding	6,162,667	5,171,164
Required stable funding	1,869,198	1,819,780
Net stable funding ratio (NSFR in %)	**330%**	**284%**

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 2021, with a coverage of 200% (31 December 2020: 181%).

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 proposed extensions of credit, 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 (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. 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 (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:

– Interbank deposits;
– Collateral deposits;
– Receivables from banks.

Interbank deposits: these deposits are made in order to gain an interest margin in the form of current accounts, term deposits 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				
	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
CREDIT RISK EXPOSURE RELATING TO FINANCIAL ASSETS SUBJECT TO IMPAIRMENT:					
Cash and balances with central banks	5,589,152,222	–	–	5,589,152,222	4,062,541,475
Treasury bills and other eligible bills	242,371,499	–	–	242,371,499	449,956,335
Due from banks	1,336,435,819	–	391,526	1,336,827,345	1,539,236,322
Loans	819,699,432	–	48,083,297	867,782,729	606,270,225
Investment securities	736,425,217	1,410,422	–	737,835,639	484,889,276
Gross carrying amount (A)	**8,724,084,189**	**1,410,422**	**48,474,823**	**8,773,969,434**	**7,142,893,633**
ECL allowance	(1,176,398)	(108,452)	(48,474,823)	(49,759,673)	(56,347,952)
Carrying amount	**8,722,907,791**	**1,301,970**	**–**	**8,724,209,761**	**7,086,545,681**
CREDIT RISK EXPOSURE RELATING TO FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT:					
Derivative financial instruments	92,688,397	–	–	92,688,397	113,403,124
Others (trading assets and other assets)	23,918,860	–	–	23,918,860	25,781,554
Carrying amount (B)	**116,607,257**	**–**	**–**	**116,607,257**	**139,184,678**
Total financial assets as at 31 December	**8,839,515,048**	**1,301,970**	**–**	**8,840,817,018**	**7,225,730,359**
CREDIT RISK EXPOSURE RELATING TO OFF-BALANCE SHEET ASSETS ARE AS FOLLOWS:					
Loan commitments (depositor protection contribution – Art. 37H BA)				36,744,000	31,878,000
Finance lease commitments				1,329,316	1,646,220
Funding commitments				9,500,000	–
Total credit exposure off-balance sheet (C)				**47,573,316**	**33,524,220**
Total credit exposure (A) + (B) + (C) as at 31 December	**8,840,691,446**	**1,410,422**	**48,474,823**	**8,938,150,007**	**7,315,602,531**

As at 31 December 2021, 62.5% of total credit exposure is related to Swiss National Bank and Banque centrale du Luxembourg (2020: 55.5%), for which no ECL allowance was required.

During 2021, the Group did not purchase any credit-impaired financial assets.

As at 31 December 2021, 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	2021	2020
Collateral at fair value to support loans	2,290,414,672	1,676,279,253
Collateral at fair value to support due from banks	13,682,408	99,964,173
Cash deposits to support derivative financial instruments	436,859,878	439,737,508
Total as at 31 December	**2,740,956,958**	**2,215,980,934**

F6 Due from banks and loans

in CHF	31 December 2021		31 December 2020	
	Loans	Due from banks	Loans	Due from banks
Neither past due nor impaired	819,551,893	1,336,435,819	551,250,535	1,538,856,284
Past due but not impaired	147,539	–	269,997	–
Impaired	48,083,297	391,526	54,749,693	380,038
Gross balance	**867,782,729**	**1,336,827,345**	**606,270,225**	**1,539,236,322**
Impairment allowance	(48,188,806)	(857,277)	(54,751,529)	(1,140,642)
Net balance	**819,593,923**	**1,335,970,068**	**551,518,696**	**1,538,095,680**

Loans:
Loans are spread over 31,244 distinct customers (2020: 22,204), 81.9% of whom are domiciled in Switzerland (2020: 79.3%). The largest balance as at 31 December 2021 is CHF 20,865,285 (2020: CHF 21,153,046).

Due from banks :
They are spread over 69 distinct counterparties (2020: 73). The largest balance as at 31 December 2021 is related to margin deposit with EUREX Exchange of an amount of CHF 77,982,139 (2020: CHF 118,199,516).

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–	194,924,538	159,371,508	–	–	354,296,046
	From A+ to A–	326,833,358	104,468,649	–	–	431,302,007
	From BBB+ to BBB–	130,160,078	32,133,109	–	–	162,293,187
SPECULATIVE GRADE	From BB+ to BB–	–	–	–	–	–
	From B+ to B–	–	–	–	–	–
	From CCC+ to CCC–	–	–	–	–	–
	From CC+ to C–	–	–	–	–	–
UNRATED	Not applicable	270,145,756	117,933,072	–	–	388,078,828
Total as at 31 December 2021		**922,063,730**	**413,906,338**	**–**	**–**	**1,335,970,068**

Unrated counterparties relate mainly to Swiss cantonal banks for CHF 211.4 million (2020: CHF 155.6 million) and to various Swiss and Luxembourg based financial institutions for CHF 115.3 million (2020: CHF 165.3 million).

No credit limits were exceeded during 2021 and 2020.

At year-end, up to CHF 305.3 million (2020: CHF 404.5 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–	226,902,107	108,436,475	–	–	335,338,582
	From A+ to A–	379,838,406	149,123,674	–	–	528,962,080
	From BBB+ to BBB–	233,128,919	35,552,031	7,258,382	–	275,939,332
SPECULATIVE GRADE	From BB+ to BB–	–	–	–	–	–
	From B+ to B–	–	–	–	–	–
	From CCC+ to CCC–	–	–	–	–	–
	From CC+ to C–	–	–	–	–	–
UNRATED	Not applicable	288,014,915	109,840,771	–	–	397,855,686
Total as at 31 December 2020		**1,127,884,347**	**402,952,951**	**7,258,382**	**–**	**1,538,095,680**

F7 Investment securities, treasury bills and other eligible bills

Investment securities (CHF 737.2 million), treasury bills and other eligible bills (CHF 242.3 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–	162,658,622	140,140,840	135,470,157	75,612,639	513,882,258
	From A+ to A–	46,835,069	56,964,478	46,669,934	3,830,407	154,299,888
	From BBB+ to BBB–	28,049,324	88,956,768	55,169,331	6,020,899	178,196,322
SPECULATIVE GRADE	From BB+ to BB–	998,165	289,420	1,301,970	–	2,589,555
	From B+ to B–	–	–	–	–	–
	From CCC+ to CCC–	–	–	–	–	–
	From CC+ to C–	–	–	–	–	–
UNRATED	Not applicable	112,185,458	7,991,338	10,348,729	–	130,525,525
Total as at 31 December 2021		**350,726,638**	**294,342,844**	**248,960,121**	**85,463,945**	**979,493,548**

Cash and balances with central banks	5,589,152,222
Other assets than cash and balances with central banks, investment securities and treasury bills and other eligible bills	2,485,189,740
Total assets as at 31 December 2021	**9,053,835,510**

The balance identified as unrated mainly consists of loans to Swiss municipalities and cantons for CHF 79.9 million (2020: CHF 205.2 million) which are classified as treasury bills and other eligible bills.

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

As at 31 December 2021, investment securities, treasury bills and other eligible bills for an amount of CHF 412.6 million (2020: CHF 337.6 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–	222,623,633	2,873,471	157,829,606	28,874,928	412,201,638
	From A+ to A–	32,375,796	39,852,426	53,731,213	16,404,780	142,364,215
	From BBB+ to BBB–	33,950,035	17,991,068	87,705,972	8,382,122	148,029,197
SPECULATIVE GRADE	From BB+ to BB–	–	993,952	950,421	–	1,944,373
	From B+ to B–	–	–	–	–	–
	From CCC+ to CCC–	–	–	–	–	–
	From CC+ to C–	–	–	–	–	–
UNRATED	Not applicable	229,850,407	–	–	–	229,850,407
Total as at 31 December 2020		**518,799,871**	**61,710,917**	**300,217,212**	**53,661,830**	**934,389,830**

Cash and balances with central banks	4,062,541,475
Other assets than cash and balances with central banks, investment securities and treasury bills and other eligible bills	2,433,020,252
Total assets as at 31 December 2020	**7,429,951,557**

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

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	5,535,682,353	53,459,045	10,824	5,589,152,222
Treasury bills and other eligible bills	94,896,790	97,252,875	50,140,644	242,290,309
Due from banks	765,541,134	464,841,824	105,587,110	1,335,970,068
Derivative financial instruments	28,162,483	21,006,756	43,519,158	92,688,397
Trading assets	5,856,891	–	–	5,856,891
Loans	564,424,171	115,971,360	139,198,392	819,593,923
Investment securities	290,190,543	159,042,489	287,970,207	737,203,239
Other assets	15,656,190	1,955,572	450,207	18,061,969
Total financial assets as at 31 December 2021	**7,300,410,555**	**913,529,921**	**626,876,542**	**8,840,817,018**

in CHF	Switzerland	Europe	Rest of the world	Total
Cash and balances with central banks	4,018,577,806	43,958,621	5,048	4,062,541,475
Treasury bills and other eligible bills	240,302,364	101,258,676	108,270,384	449,831,424
Due from banks	779,742,837	595,510,025	162,842,818	1,538,095,680
Derivative financial instruments	27,463,973	22,854,410	63,084,741	113,403,124
Trading assets	5,090,574	–	–	5,090,574
Loans	376,509,270	74,021,791	100,987,635	551,518,696
Investment securities	199,107,521	129,867,046	155,583,839	484,558,406
Other assets	20,690,980	–	–	20,690,980
Total financial assets as at 31 December 2020	**5,667,485,325**	**967,470,569**	**590,774,465**	**7,225,730,359**

F9 Industry sector concentration of assets

The industry sector concentration is analysed below:

in CHF	Cash and treasury bills	Derivative financial instruments	Due from banks and loans	Investment securities	Total as at 31 December 2021	Total as at 31 December 2020
Banks and other financial entities	34,849,764	36,706,017	1,362,128,809	308,241,379	1,741,925,969	1,849,926,431
Central banks	5,589,152,222	–	–	–	5,589,152,222	4,062,541,475
Sovereign and municipalities	207,440,545	–	12,040,000	145,389,078	364,869,623	454,591,739
Subtotal	**5,831,442,531**	**36,706,017**	**1,374,168,809**	**453,630,457**	**7,695,947,814**	**6,367,059,645**
Automobiles & parts	–	–	20,937,123	23,979,983	44,917,106	15,710,056
Basic resources	–	–	–	6,009,308	6,009,308	5,388,609
Chemicals	–	–	–	16,095,670	16,095,670	12,640,265
Constructions & materials	–	–	–	9,405,527	9,405,527	9,107,311
Food & beverages	–	–	–	36,918,064	36,918,064	29,145,661
Healthcare	–	–	–	41,726,462	41,726,462	32,218,032
Individuals	–	55,982,380	760,458,059	230,838	816,671,277	609,529,939
Industrial goods & services	–	–	–	30,908,392	30,908,392	25,666,547
Insurance	–	–	–	12,100,987	12,100,987	9,794,300
Media	–	–	–	5,624,506	5,624,506	2,909,983
Oil & gas	–	–	–	13,005,336	13,005,336	12,705,824
Personal & household goods	–	–	–	16,135,692	16,135,692	15,421,277
Retail	–	–	–	6,192,980	6,192,980	11,602,851
Supranational	–	–	–	1,418,424	1,418,424	–
Technology	–	–	–	25,265,507	25,265,507	21,094,803
Telecommunications	–	–	–	16,445,964	16,445,964	9,737,728
Travel and leisure	–	–	–	5,611,862	5,611,862	4,659,140
Utilities	–	–	–	16,497,280	16,497,280	5,556,834
Subtotal	**–**	**55,982,380**	**781,395,182**	**283,572,782**	**1,120,950,344**	**832,889,160**
Other assets with no industry sector concentration					236,937,352	230,002,752
Total assets					**9,053,835,510**	**7,429,951,557**

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)				
Foreign exchange swaps	9,418,376	9,418,376	1,485,705	7,932,671
Currency options	349,380	349,380	–	349,380
Currency forwards, precious-metals forwards and CFD derivatives	82,920,641	82,920,641	436,859,878	8,251,170
Credit default swaps	–	–	–	–
Balance as at 31 December 2021	**92,688,397**	**92,688,397**	**438,345,583**	**16,533,221**
Foreign exchange swaps	7,374,322	7,374,322	1,500,873	5,873,449
Currency options	2,748,757	2,748,757	–	2,748,757
Currency forwards, precious-metals forwards and CFD derivatives	103,280,045	103,280,045	439,737,508	11,233,919
Credit default swaps	–	–	–	–
Balance as at 31 December 2020	**113,403,124**	**113,403,124**	**441,238,381**	**19,856,125**

in CHF	Gross amounts of recognised financial liabilities	Presented in statement of financial position
DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)		
Foreign exchange swaps	(22,458,410)	(22,458,410)
Currency options	(312,449)	(312,449)
Currency forwards, precious-metals forwards and CFD derivatives	(30,270,649)	(30,270,649)
Credit default swaps	(169,445)	(169,445)
Balance as at 31 December 2021	**(53,210,953)**	**(53,210,953)**
Foreign exchange swaps	(19,455,355)	(19,455,355)
Currency options	(2,748,757)	(2,748,757)
Currency forwards, precious-metals forwards and CFD derivatives	(45,243,668)	(45,243,668)
Credit default swaps	(1,338)	(1,338)
Balance as at 31 December 2020	**(67,449,118)**	**(67,449,118)**

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 436.9 million (2020: CHF 439.7 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	2021	2020
MOVEMENTS, GROSS OF TAX, THAT DO REDUCE THE CARRYING AMOUNT OF FINANCIAL ASSETS:						
Impairment allowance under IFRS 9 as at 1 January 2021	**1,217,607**	**614**	**55,129,731**	**56,347,952**	**–**	**–**
Transfers from stage 1 to stage 3	–	–	11,135	11,135	(11,135)	(24,724,576)
Transfers from stage 1 to stage 2	(122)	86,784	–	86,662	(86,662)	–
Derecognitions and new purchases	24,551	–	–	24,551	(24,551)	195,231
Changes in assumptions (PD, EAD and LGD)	(165,638)	21,054	–	(144,584)	144,584	392,270
Write-offs	–	–	(6,481,415)	(6,481,415)	–	–
Other movements [1]	100,000	–	(184,628)	(84,628)	645,179	100,867
Impairment allowance under IFRS 9 as at 31 December 2021	**1,176,398**	**108,452**	**48,474,823**	**49,759,673**	**–**	**–**
MOVEMENTS, GROSS OF TAX, THAT DO NOT REDUCE THE CARRYING AMOUNT OF FINANCIAL ASSETS:						
Impairment allowance under IFRS as at 1 January 2021	**334**	**–**	**–**	**334**	**–**	**–**
Derecognitions	(334)	–	–	(334)	334	8,312
Changes in assumptions (PD, EAD and LGD)	–	–	–	–	–	–
Total as at 31 December 2021	**1,176,398**	**108,452**	**48,474,823**	**49,759,673**	**–**	**–**
Total as at 1 January 2021	1,217,941	614	55,129,731	56,348,286	–	–
Credit loss release / (expense)					**667,749**	**(24,027,896)**

[1] Other movements may comprise both amounts with and without impact to the credit loss release/(expense) line item (recoveries, foreign exchange impact, etc.).

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 2021						
Non-derivative financial liabilities						
Deposits from banks	247,605,557	–	–	–	–	247,605,557
Due to customers	7,955,232,932	–	–	–	–	7,955,232,932
Other liabilities	136,155,499	136,483	191,890	6,294,938	8,707,963	151,486,773
Total non-derivative financial liabilities (contractual maturity dates) – (A)	**8,338,993,988**	**136,483**	**191,890**	**6,294,938**	**8,707,963**	**8,354,325,262**
Derivative financial instruments						53,210,953
Non-financial liabilities						30,839,962
Total liabilities						**8,438,376,177**
Commitments (B)	42,573,316	–	–	5,000,000	–	47,573,316
Total maturity grouping (A) + (B)	**8,381,567,304**	**136,483**	**191,890**	**11,294,938**	**8,707,963**	**8,401,898,578**
Total non-derivative financial assets (expected maturity dates)	(7,194,799,754)	(298,122,930)	(614,399,027)	(555,342,965)	(85,463,945)	(8,748,128,621)
Net balance	**1,186,767,550**	**(297,986,447)**	**(614,207,137)**	**(544,048,027)**	**(76,755,982)**	**(346,230,043)**

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 2020						
Non-derivative financial liabilities						
Deposits from banks	248,112,871	–	–	–	–	248,112,871
Due to customers	6,545,783,196	–	–	–	–	6,545,783,196
Other liabilities	98,124,378	–	60,261	3,695,930	10,068,290	111,948,859
Total non-derivative financial liabilities (contractual maturity dates) – (A)	**6,892,020,445**	**–**	**60,261**	**3,695,930**	**10,068,290**	**6,905,844,926**
Derivative financial instruments						67,449,118
Non-financial liabilities						16,476,075
Total liabilities						**6,989,770,119**
Commitments (B)	31,878,000	–	–	–	–	31,878,000
Total maturity grouping (A) + (B)	**6,923,898,445**	**–**	**60,261**	**3,695,930**	**10,068,290**	**6,937,722,926**
Total non-derivative financial assets (expected maturity dates)	(5,629,159,022)	(349,009,746)	(706,310,126)	(374,186,510)	(53,661,831)	(7,112,327,235)
Net balance	**1,294,739,423**	**(349,009,746)**	**(706,249,865)**	**(370,490,580)**	**(43,593,541)**	**(174,604,309)**

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 2021						
Assets						
Derivatives held for trading						
Foreign exchange swaps	2,742,288	1,590,804	5,085,284	–	–	9,418,376
Currency options	53,512	128,674	167,194	–	–	349,380
Currency forwards	45,885,038	7,169,743	9,150,360	–	–	62,205,141
Precious-metals forwards	15,636,093	–	–	–	–	15,636,093
CFD derivatives	5,079,407	–	–	–	–	5,079,407
Credit default swaps	–	–	–	–	–	–
Total	**69,396,338**	**8,889,221**	**14,402,838**	**–**	**–**	**92,688,397**
Liabilities						
Derivatives held for trading						
Foreign exchange swaps	10,757,367	4,344,261	6,859,723	497,059	–	22,458,410
Currency options	11,874	116,496	184,079	–	–	312,449
Currency forwards	8,096,981	6,853,825	8,708,010	–	–	23,658,816
Precious-metals forwards	4,888,204	–	–	–	–	4,888,204
CFD derivatives	1,723,629	–	–	–	–	1,723,629
Credit default swaps	–	–	50,828	118,617	–	169,445
Total	**25,478,055**	**11,314,582**	**15,802,640**	**615,676**	**–**	**53,210,953**

Currency forwards, precious-metals forwards and CFD derivatives (indices, single stocks and commodities) are mainly related to open transactions of leveraged forex clientele as at 31 December 2021. 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 2020						
Assets						
Derivatives held for trading						
Foreign exchange swaps	3,909,152	1,767,150	1,509,814	188,206	–	7,374,322
Currency options	963,322	324,974	1,460,461	–	–	2,748,757
Currency forwards	50,222,219	3,982,521	13,742,659	7,881,613	–	75,829,012
Precious-metals forwards	12,513,894	–	–	–	–	12,513,894
CFD derivatives	14,937,139	–	–	–	–	14,937,139
Derivatives held for hedging						
Credit default swaps	–	–	–	–	–	–
Total	**82,545,726**	**6,074,645**	**16,712,934**	**8,069,819**	**–**	**113,403,124**
Liabilities						
Derivatives held for trading						
Foreign exchange swaps	7,891,802	6,860,067	4,128,633	574,853	–	19,455,355
Currency options	963,322	324,974	1,460,461	–	–	2,748,757
Currency forwards	11,625,339	3,826,751	13,579,067	7,427,177	–	36,458,334
Precious-metals forwards	8,300,746	–	–	–	–	8,300,746
CFD derivatives	484,588	–	–	–	–	484,588
Derivatives held for hedging						
Credit default swaps	–	–	1,338	–	–	1,338
Total	**29,265,797**	**11,011,792**	**19,169,499**	**8,002,030**	**–**	**67,449,118**

Currency forwards, precious metals forwards and CFD derivatives (indices and commodities) are mainly related to open transactions of leveraged forex (eForex) clientele as at 31 December 2020. These transactions have to be classified in the category "Less than 1 month".

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 2021				
Loan commitments	36,744,000	–	–	36,744,000
Finance lease commitments	1,329,316	–	–	1,329,316
Funding commitments	4,500,000	5,000,000	–	9,500,000
Total	**42,573,316**	**5,000,000**	**–**	**47,573,316**
AS AT 31 DECEMBER 2020				
Loan commitments	31,878,000	–	–	31,878,000
Finance lease commitments	1,646,220	–	–	1,646,220
Total	**33,524,220**	**–**	**–**	**33,524,220**

Loan commitments

Swiss banking law and the deposit insurance scheme require Swiss banks and securities dealers to jointly guarantee an amount up to 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.

Finance lease commitments

Finance lease commitments represent unused but firm and irrevocable commitments to grant finance lease credits as at 31 December 2021.

Funding commitments

Funding commitments represent the additional funding that Swissquote is likely to provide to the investment in joint venture Yuh Ltd as per the joint venture agreement and the business plan signed with PostFinance AG. Similar funding contributions shall be expected from PostFinance AG.

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 from open positions in interest rates, currency and equity 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.

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 2021. 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 2021					
Assets					
Cash and balances with central banks	5,535,627,017	16,519	53,491,453	17,233	5,589,152,222
Treasury bills and other eligible bills	68,258,632	74,645,747	72,764,155	26,621,775	242,290,309
Due from banks	604,871,300	406,881,620	162,288,367	161,928,781	1,335,970,068
Derivative financial instruments	12,880,847	57,358,247	1,758,462	20,690,841	92,688,397
Trading assets	3,392,645	100,202	2,354,321	9,723	5,856,891
Loans	270,056,071	307,933,792	193,360,608	48,243,452	819,593,923
Investment securities	318,605,452	232,980,110	158,930,741	26,686,936	737,203,239
Other assets	13,489,065	1,464,801	2,488,568	619,535	18,061,969
Total financial assets	**6,827,181,029**	**1,081,381,038**	**647,436,675**	**284,818,276**	**8,840,817,018**
Liabilities					
Deposits from banks	14,067,607	76,587,854	89,533,099	67,416,997	247,605,557
Derivative financial instruments	20,593,856	14,906,590	9,780,202	7,930,305	53,210,953
Due to customers	3,404,131,295	2,243,449,780	1,714,404,152	593,247,705	7,955,232,932
Other liabilities	131,192,069	4,214,700	11,845,636	4,234,368	151,486,773
Total financial liabilities	**3,569,984,827**	**2,339,158,924**	**1,825,563,089**	**672,829,375**	**8,407,536,215**
Net	**3,257,196,202**	**(1,257,777,886)**	**(1,178,126,414)**	**(388,011,099)**	**433,280,803**
Off-balance sheet notional position and credit commitments	(2,772,966,109)	1,247,645,068	1,177,147,830	395,746,527	47,573,316
Net exposure	**484,230,093**	**(10,132,818)**	**(978,584)**	**7,735,428**	**480,854,119**

H1 Foreign exchange risk (continued)

The table below summarises the Group's exposure to foreign currency risk as at 31 December 2020. 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 2020					
Assets					
Cash and balances with central banks	4,018,538,128	12,834	43,982,329	8,184	4,062,541,475
Treasury bills and other eligible bills	216,315,489	147,768,260	61,826,588	23,921,087	449,831,424
Due from banks	801,997,798	392,972,481	155,728,782	187,396,619	1,538,095,680
Derivative financial instruments	28,319,276	49,431,217	10,295,453	25,357,178	113,403,124
Trading assets	2,126,040	842,825	2,121,709	–	5,090,574
Loans	203,796,925	146,620,475	162,525,685	38,575,611	551,518,696
Investment securities	223,247,860	124,898,278	121,173,328	15,238,940	484,558,406
Other assets	15,744,428	2,884,246	1,149,938	912,368	20,690,980
Total financial assets	**5,510,085,944**	**865,430,616**	**558,803,812**	**291,409,987**	**7,225,730,359**
Liabilities					
Deposits from banks	15,736,127	120,943,477	70,348,928	41,084,339	248,112,871
Derivative financial instruments	29,499,455	34,853,831	552,153	2,543,679	67,449,118
Due to customers	2,904,755,509	1,871,896,099	1,333,503,786	435,627,802	6,545,783,196
Other liabilities	99,912,764	1,520,722	6,422,752	4,092,621	111,948,859
Total financial liabilities	**3,049,903,855**	**2,029,214,129**	**1,410,827,619**	**483,348,441**	**6,973,294,044**
Net	**2,460,182,089**	**(1,163,783,513)**	**(852,023,807)**	**(191,938,454)**	**252,436,315**
Off-balance sheet notional position and credit commitments	(2,176,678,682)	1,150,790,688	850,898,630	208,513,584	33,524,220
Net exposure	**283,503,407**	**(12,992,825)**	**(1,125,177)**	**16,575,130**	**285,960,535**

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 2021					
Assets					
Cash and balances with central banks	5,589,152,222	–	–	–	5,589,152,222
Treasury bills and other eligible bills	90,996,031	151,294,278	–	–	242,290,309
Due from banks	922,063,730	413,906,338	–	–	1,335,970,068
Derivative financial instruments	78,285,559	14,402,838	–	–	92,688,397
Trading assets	5,856,891	–	–	–	5,856,891
Loans	807,553,923	–	12,040,000	–	819,593,923
Investment securities	71,393,203	46,213,022	534,133,069	85,463,945	737,203,239
Other assets	18,061,969	–	–	–	18,061,969
Total financial assets	**7,583,363,528**	**625,816,476**	**546,173,069**	**85,463,945**	**8,840,817,018**
Liabilities					
Deposits from banks	247,605,557	–	–	–	247,605,557
Derivative financial instruments	36,792,637	15,802,640	615,676	–	53,210,953
Due to customers	7,955,232,932	–	–	–	7,955,232,932
Other liabilities	136,291,982	191,890	6,294,938	8,707,963	151,486,773
Total financial liabilities	**8,375,923,108**	**15,994,530**	**6,910,614**	**8,707,963**	**8,407,536,215**
Net	**(792,559,580)**	**609,821,946**	**539,262,455**	**76,755,982**	**433,280,803**
Off-balance sheet notional position and credit commitments	–	–	–	–	–
Net exposure	**(792,559,580)**	**609,821,946**	**539,262,455**	**76,755,982**	**433,280,803**

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 2020					
Assets					
Cash and balances with central banks	4,062,541,475	–	–	–	4,062,541,475
Treasury bills and other eligible bills	180,048,068	263,261,994	–	6,521,362	449,831,424
Due from banks	1,127,884,347	402,952,951	7,258,382	–	1,538,095,680
Derivative financial instruments	88,620,371	16,712,934	8,069,819	–	113,403,124
Trading assets	5,090,574	–	–	–	5,090,574
Loans	546,518,696	–	5,000,000	–	551,518,696
Investment securities	41,218,477	37,378,665	358,820,795	47,140,469	484,558,406
Other assets	20,690,980	–	–	–	20,690,980
Total financial assets	**6,072,612,988**	**720,306,544**	**379,148,996**	**53,661,831**	**7,225,730,359**
Liabilities					
Deposits from banks	248,112,871	–	–	–	248,112,871
Derivative financial instruments	40,277,589	19,169,499	8,002,030	–	67,449,118
Due to customers	6,545,783,196	–	–	–	6,545,783,196
Other liabilities	98,124,378	60,261	3,695,930	10,068,290	111,948,859
Total financial liabilities	**6,932,298,034**	**19,229,760**	**11,697,960**	**10,068,290**	**6,973,294,044**
Net	**(859,685,046)**	**701,076,784**	**367,451,036**	**43,593,541**	**252,436,315**
Off-balance sheet notional position and credit commitments	–	–	–	–	–
Net exposure	**(859,685,046)**	**701,076,784**	**367,451,036**	**43,593,541**	**252,436,315**

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

a Analysis of sensitivity to foreign exchange risk

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 2021			
+ 5% variation	USD	EUR	Others
Net impact before income tax expense	**(507)**	**(49)**	**387**
– 5% variation			
Net impact before income tax expense	**507**	**49**	**(387)**

in CHF thousand	Sensitivity analysis		
AS AT 31 DECEMBER 2020			
+ 5% variation	USD	EUR	Others
Net impact before income tax expense	**(650)**	**(56)**	**829**
– 5% variation			
Net impact before income tax expense	**650**	**56**	**(829)**

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 (2020: unchanged).

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

b Analysis of sensitivity to interest rate risk

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 2021	Income statement (profitability effect)	Equity (net present value effect)	Income statement (profitability effect)	Equity (net present value effect)
CHF	15,950	5,710	13,511	(4,126)
EUR	13,051	6,121	(4,226)	(5,475)
USD	22,440	5,842	(19,405)	(4,121)
Others	12,059	(2,089)	(6,133)	2,481
Total impact before income tax expense	**63,500**	**15,584**	**(16,253)**	**(11,241)**
As at 31 December 2020	42,558	(23,989)	(6,595)	25,655

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 negative interest environment and related decisions made by the Group with regard to their repercussion on client accounts conditions.

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 units in investment funds 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 40.5 billion (2020: CHF 30.0 billion) while fiduciary placements with third-party institutions amount to CHF 2.3 billion (2020: CHF 0.3 billion).

I2 Cryptocurrencies/crypto assets trading and custody services

Transactions on cryptocurrencies are settled through processes that are dependent on a peer-to-peer network. 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 one or more private keys that are linked to one or more public addresses.

These particular characteristics make cryptocurrencies a target for cyberattacks 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. 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.

Notes to the consolidated financial statements

Section VII: Other notes to the consolidated financial statements

1 Cash and cash equivalents

in CHF	2021	2020
Cash and balances with central banks	5,589,152,222	4,062,541,475
Treasury bills and other eligible bills	242,290,309	449,831,424
Due from banks	1,335,970,068	1,538,095,680
Deposits from banks	(247,605,557)	(248,112,871)
Total net	**6,919,807,042**	**5,802,355,708**
Less: treasury bills and other eligible bills (above 3 months)	(151,294,278)	(269,783,356)
Less: due from banks (above 3 months)	(413,906,338)	(410,211,333)
Plus: impairment allowance	359,638	592,364
Cash and cash equivalents as at 31 December	**6,354,966,064**	**5,122,953,383**

Cash and balances with central banks comprise CHF 5.5 billion deposits with Swiss National Bank (2020: CHF 4.0 billion) and CHF 53.5 million with Banque centrale du Luxembourg (2020: CHF 44.0 million).

Treasury bills and other eligible bills comprise CHF 79.9 million of short-term receivables (below 12 months) from Swiss municipalities and cantons (2020: CHF 205.2 million).

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 305.3 million (2020: CHF 404.5 million) of cash collateral deposits in favour of third-party banks that are used to provide access to certain exchanges and markets.

Deposits from banks are mainly related to cash deposits made by third-party banks which benefit from trading venues as institutional customers of the Group.

2 Derivative financial instruments

in CHF	Fair value		Contract notional amount
	Assets	Liabilities	
Derivatives held for trading			
Foreign exchange swaps	9,418,376	(22,458,410)	3,505,069,034
Currency options	349,380	(312,449)	10,784,813
Currency forwards	62,205,141	(23,658,816)	4,337,884,068
Precious-metals forwards	15,636,093	(4,888,204)	652,145,488
CFD derivatives (indices, single stocks and commodities)	5,079,407	(1,723,629)	299,856,052
Credit default swaps	–	(169,445)	43,782,720
Total as at 31 December 2021	**92,688,397**	**(53,210,953)**	**8,849,522,175**

Currency forwards, precious-metals forwards and CFD derivatives are mainly related to clients' transactions. Foreign exchange swaps, currency options and credit default swaps are mainly related to the Group's own transactions.

in CHF	Fair value		Contract notional amount
	Assets	Liabilities	
Derivatives held for trading			
Foreign exchange swaps	7,374,322	(19,455,355)	2,583,997,341
Currency options	2,748,757	(2,748,757)	3,158,477
Currency forwards	75,829,012	(36,458,334)	3,629,885,818
Precious-metals forwards	12,513,894	(8,300,746)	504,192,843
CFD derivatives (indices and commodities)	14,937,139	(484,588)	510,260,610
Total derivatives held for trading	**113,403,124**	**(67,447,780)**	**7,231,495,089**
Derivatives held for hedging			
Derivatives designated as fair value hedge:			
Credit default swaps	–	(1,338)	265,611
Total derivatives held for hedging	**–**	**(1,338)**	**265,611**
Total as at 31 December 2020	**113,403,124**	**(67,449,118)**	**7,231,760,700**

Currency forwards, precious-metals forwards and CFD derivatives are mainly related to clients' transactions. Foreign exchange swaps and currency options are mainly related to the Group's own transactions.

3 Trading assets

in CHF	2021	2020
Investment funds	2,340,462	2,114,516
Equities	2,652,207	2,048,986
Structured products and other trading assets	864,222	927,072
Total trading assets as at 31 December	**5,856,891**	**5,090,574**

4 Due from banks

in CHF	2021	2020
Due from banks	1,336,827,345	1,539,236,322
Impairment allowance	(857,277)	(1,140,642)
Total due from banks as at 31 December	**1,335,970,068**	**1,538,095,680**

5 Loans

a. Loans

in CHF	2021	2020
Lombard loans and similar loans	711,935,180	509,975,251
Finance lease receivables	44,799,957	5,080,708
Others (including loans to public authorities)	111,047,592	91,214,266
Impairment allowance	(48,188,806)	(54,751,529)
Total loans as at 31 December	**819,593,923**	**551,518,696**

Loans mainly consist of advances covered by the pledging of the customers portfolio consisting of cash and securities (Lombard loans).

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
2022	6,627,438	1,061,125	5,566,313
2023-2026	41,706,510	2,472,866	39,233,644
Total as at 31 December 2021	**48,333,948**	**3,533,991**	44,799,957
Total as at 31 December 2020	5,665,346	584,638	5,080,708

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 2021	
	Carrying value	Fair value
FVTPL	10,101,608	10,101,608
FVOCI equities	19,623,083	19,623,083
Amortised cost	707,478,548	712,639,307
Total as at 31 December	**737,203,239**	**742,363,998**

in CHF	31 December 2020	
	Carrying value	Fair value
FVTPL	10,556,455	10,556,455
FVOCI & FVOCI equities	14,577,546	14,577,546
Amortised cost	459,424,405	470,439,620
Total as at 31 December	**484,558,406**	**495,573,621**

7 Investment in joint venture

The Group co-founded in April 2021 a Swiss-based company designated as Yuh Ltd. The contribution was funded by the Group with a cash contribution (CHF 5.5 million) and a contribution of proprietary software (CHF 6.9 million). Yuh Ltd launched a mobile banking application on 11 May 2021. As at 31 December 2021 the Group holds 50% interests in the company. Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

in CHF	31 December 2021
Cash and cash equivalents	17,199,450
Other current assets	2,735,477
Non-current assets, including information technology systems	7,860,161
Other liabilities	5,475,583
Equity	22,319,505
Group share in equity - 50% (2020: nil)	11,159,753
Investment in joint venture	**11,159,753**

As of 31 December 2021, the Group recognised a negative contribution of CHF 1.6 million (2020: nil).

8 Intangible assets

in CHF	Goodwill	Customer relationships	Total
GROSS VALUE			
As at 1 January 2020	44,782,643	3,300,000	48,082,643
Addition	–	–	–
Currency translation differences	(21,827)	–	(21,827)
As at 31 December 2020	44,760,816	3,300,000	48,060,816
Addition	–	–	–
Currency translation differences	(233,043)	–	(233,043)
Other changes	–	(3,300,000)	(3,300,000)
As at 31 December 2021	**44,527,773**	**–**	**44,527,773**
ACCUMULATED DEPRECIATION			
As at 1 January 2020	–	(2,354,818)	(2,354,818)
Depreciation/amortisation	–	(177,221)	(177,221)
As at 31 December 2020	–	(2,532,039)	(2,532,039)
Depreciation/amortisation	–	(767,961)	(767,961)
Other changes	–	3,300,000	3,300,000
As at 31 December 2021	**–**	**–**	**–**
Net book value as at 31 December 2021	**44,527,773**	**–**	**44,527,773**
Net book value as at 31 December 2020	44,760,816	767,961	45,528,777

Other changes of CHF 3.3 million are related to fully depreciated customer relationships which are derecognised.

8 Intangible assets (continued)

The Group performed impairment tests of goodwill at the end of the 2020 and 2021 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 are 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 2021, 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**
Business acquired	ACM Advanced Currency Markets Ltd MIG Bank Ltd	Swissquote Bank Europe SA [1]
Carrying amount	CHF 38,989,066 (2020: same)	CHF 5,538,707 (2020: CHF 5,771,750)
Depreciation method	Indefinite useful life	Indefinite useful life
Reportable segment	Leveraged forex (eForex)	Securities trading
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	6 years + terminal value
Long-term growth rate of free cash flows	1.00%	1.00%
Discount rate	7.50% (2020: 8.51%)	7.50% (2020: 8.51%)
Other important assumptions	Transaction volume Revenue margin (CHF per million of volume) Net revenues Operating costs	Number of trades Commission per trade Net interest income 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 2021, the estimated recoverable amount exceeds the carrying amount (2020: 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 2020	7,166,064	99,033,665	9,645,462	115,845,191
Addition and others	1,515,356	22,542,810	3,415,419	27,473,585
Other changes	(2,177,348)	(24,306,768)	(5,098,707)	(31,582,823)
As at 31 December 2020	**6,504,072**	**97,269,707**	**7,962,174**	**111,735,953**
Addition and others	680,528	22,838,987	2,722,473	26,241,988
Disposal (note 7)	–	(6,930,847)	–	(6,930,847)
Other changes	(1,511,798)	(15,623,351)	(2,382,057)	(19,517,206)
As at 31 December 2021	**5,672,802**	**97,554,496**	**8,302,590**	**111,529,888**
ACCUMULATED DEPRECIATION				
As at 1 January 2020	(2,843,580)	(50,910,830)	(6,399,857)	(60,154,267)
Depreciation/amortisation	(1,184,604)	(18,836,822)	(2,350,433)	(22,371,859)
Other changes	2,177,348	24,306,768	5,098,707	31,582,823
As at 31 December 2020	**(1,850,836)**	**(45,440,884)**	**(3,651,583)**	**(50,943,303)**
Depreciation/amortisation	(1,325,159)	(19,315,851)	(2,697,851)	(23,338,861)
Other changes	1,511,798	15,623,351	2,382,057	19,517,206
As at 31 December 2021	**(1,664,197)**	**(49,133,384)**	**(3,967,377)**	**(54,764,958)**
Net book value as at 31 December 2021	**4,008,605**	**48,421,112**	**4,335,213**	**56,764,930**
Net book value as at 31 December 2020	4,653,236	51,828,823	4,310,591	60,792,650

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 2021, additions to information technology systems include an amount of CHF 14.5 million (2020: CHF 14.4 million) representing own costs capitalised according to IAS 38.

Other changes of CHF 19.5 million (2020: CHF 31.6 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 building	Right-of-use assets	Leasehold improvements	Equipment	Total
GROSS VALUE					
As at 1 January 2020	71,929,526	14,769,810	3,362,745	3,087,687	93,149,768
Addition	1,374,622	3,833,926	1,283,715	555,147	7,047,410
Other changes	–	(1,450,453)	(1,254,577)	(991,756)	(3,696,786)
As at 31 December 2020	**73,304,148**	**17,153,283**	**3,391,883**	**2,651,078**	**96,500,392**
Addition and others	–	4,643,040	963,409	812,888	6,419,337
Other changes	–	(915,162)	(145,581)	(118,079)	(1,178,822)
As at 31 December 2021	**73,304,148**	**20,881,161**	**4,209,711**	**3,345,887**	**101,740,907**
ACCUMULATED DEPRECIATION					
As at 1 January 2020	(17,366,407)	(2,161,597)	(1,640,200)	(1,525,566)	(22,693,770)
Depreciation/amortisation	(2,876,209)	(2,882,056)	(443,982)	(330,917)	(6,533,164)
Other changes	–	1,450,453	1,254,577	991,756	3,696,786
As at 31 December 2020	**(20,242,616)**	**(3,593,200)**	**(829,605)**	**(864,727)**	**(25,530,148)**
Depreciation/amortisation	(3,209,070)	(2,896,379)	(621,050)	(462,501)	(7,189,000)
Other changes	–	680,874	145,581	118,079	944,534
As at 31 December 2021	**(23,451,686)**	**(5,808,705)**	**(1,305,074)**	**(1,209,149)**	**(31,774,614)**
Net book value as at 31 December 2021	**49,852,462**	**15,072,456**	**2,904,637**	**2,136,738**	**69,966,293**
Net book value as at 31 December 2020	53,061,532	13,560,083	2,562,278	1,786,351	70,970,244

As at 31 December 2021, right-of-use assets comprise CHF 14.9 million (2020: CHF 13.4 million) relating to buildings and CHF 0.2 million (2020: CHF 0.2 million) relating to vehicles.

Other changes of CHF 1.2 million (2020: CHF 3.7 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.

11 Other assets

in CHF	2021	2020
Accrued income	3,842,015	3,185,568
Prepaid expenses	4,464,422	4,823,015
Recoverable withholding tax	3,632,837	2,744,480
Trade receivables	6,122,695	9,937,917
Precious metals	26,759,776	23,921,087
Total as at 31 December	**44,821,745**	**44,612,067**

12 Due to customers

in CHF	2021	2020
Securities trading accounts	7,518,373,054	6,106,045,688
Leveraged forex accounts	436,859,878	439,737,508
Total as at 31 December	**7,955,232,932**	**6,545,783,196**

13 Other liabilities

in CHF	2021	2020
Accrued expenses	54,781,924	48,359,793
Account payables	21,555,053	6,460,581
Social security, pension plan and other social charges	42,329,029	26,939,913
Withholding tax to be paid and other taxes	12,814,014	12,917,308
Deferred revenues	4,675,480	3,446,783
Lease liabilities	15,331,273	13,824,481
Total as at 31 December	**151,486,773**	**111,948,859**

14 Taxation

a Deferred income tax assets

	Sources of deferred taxes			
in CHF	Pension-plan-related provision	Tax losses carried forward	Other temporary differences	Total
BALANCE AS AT 1 JANUARY 2020	2,563,958	478,601	424,199	3,466,758
In connection with remeasurement of defined benefit obligation	480,350	–	–	480,350
In connection with tax losses carried forward from acquired subsidiaries	–	(478,601)	–	(478,601)
In connection with fair-valued assets from acquired subsidiaries	–	–	(236,583)	(236,583)
In connection with remeasurement of impairment allowance and other accounting policies	–	–	(27,148)	(27,148)
In connection with change in tax rate	(183,140)	–	(13,196)	(196,336)
Balance as at 31 December 2020	**2,861,168**	**–**	**147,272**	**3,008,440**
In connection with remeasurement of defined benefit obligation	887,640	–	–	887,640
In connection with tax losses carried forward from acquired subsidiaries	–	–	–	–
In connection with fair-valued assets from acquired subsidiaries	–	–	–	–
In connection with remeasurement of impairment allowance and other accounting policies	–	–	(56,113)	(56,113)
In connection with change in tax rate	–	–	–	–
Balance as at 31 December 2021	**3,748,808**	**–**	**91,159**	**3,839,967**

in CHF	2021	2020
Difference in connection with remeasurement of pension plan	3,748,808	2,861,168
Fair-valued assets at date of acquisition of subsidiaries (PPE and others)	–	2,875
Difference in connection with remeasurement of impairment allowance and other accounting policies	91,159	144,397
Total	**3,839,967**	**3,008,440**

14 Taxation (continued)

b Deferred tax liabilities

in CHF	Sources of deferred taxes Temporary differences	Total
BALANCE AS AT 1 JANUARY 2020	937,160	937,160
Depreciation of fair-valued assets at date of acquisition of subsidiaries	(23,039)	(23,039)
Differences in the capitalisation, depreciation and other accounting policies	383,394	383,394
Difference in applicable tax rate	(66,940)	(66,940)
Balance as at 31 December 2020	**1,230,575**	**1,230,575**
		–
Depreciation of fair-valued assets at date of acquisition of subsidiaries	99,660	99,660
Differences in the capitalisation, depreciation and other accounting policies	340,634	340,634
Balance as at 31 December 2021	**1,670,869**	**1,670,869**

in CHF	2021	2020
Fair-valued assets at date of acquisition of subsidiaries (business combination)	490,175	390,514
Differences in the capitalisation, depreciations and other accounting policies[1]	1,180,694	840,061
Total as at 31 December	**1,670,869**	**1,230,575**

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

14 Taxation (continued)
c Current income tax liabilities

in CHF	2021	2020
Related to parent company	2,861,375	2,090,126
Related to Swissquote Bank Ltd	13,955,245	4,407,462
Related to other subsidiaries	1,343,894	694,578
Total as at 31 December	**18,160,514**	**7,192,166**

As at 31 December 2021, unrecognised tax loss carryforwards represented an equivalent amount of CHF 3.2 million and had an expiry period of at least 5 years (2020: CHF 2.6 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	2021	2020
Current-year income tax expense	29,714,700	13,828,340
Change in deferred income tax assets	289,817	712,988
Change in deferred tax liabilities	224,241	79,488
Total	**30,228,758**	**14,620,816**

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

in CHF	2021	2020
RECONCILIATION OF TAXES		
Operating profit	223,341,907	105,641,597
Income tax expense computed at average tax rate in Switzerland (13.0%)	29,034,448	13,733,408
Increase/(decrease) in income taxes resulting from:		
Higher/(lower) taxed income	219,281	144,840
Non-Swiss tax rates differing from Swiss tax rate	302,972	689,314
Tax effect of losses not recognised in foreign locations	(272,981)	(154,412)
Non-deductible tax expenses	667,102	206,010
Additional taxable income	277,936	285,285
Remeasurement of deferred tax – change in tax rate	–	116,371
Tax provision release	–	(400,000)
Total	**30,228,758**	**14,620,816**

14 Taxation (continued)

d Income tax expense

In 2021, the average tax rate was 13.0% (2020: 13.0%). The average tax rate may vary depending on the profit mix across the various jurisdictions.

15 Provisions

in CHF	2021	2020
BALANCE AS AT 1 JANUARY	**8,053,334**	5,589,838
Increase	3,571,573	2,804,381
Used/reversed	(520,502)	(331,764)
Exchange differences	(95,826)	(9,121)
Balance as at 31 December	**11,008,579**	**8,053,334**

Provisions relate to specific 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.

16 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 2021, 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 2021, this rate was 1.00% per annum (2020: 1.00% per annum).

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

	2021	2020
Discount rate	0.25%	0.25%
Rate of future increase in compensations	1.00%	0.75%
Interest rate credited on savings accounts	1.00%	1.00%
Pension indexation	0.00%	0.00%
Inflation rate	0.75%	0.50%
Mortality tables	BVG 2020GT	BVG 2015GT
Retirement age	65 (male)/64 (female)	65 (male)/64 (female)
Turnover	10.5% on average	12.5% 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.

16 Pension (continued)
b Defined benefit pension plans

in CHF thousand	Defined benefit obligation	Fair value of plan assets	Total
TOTAL AS AT 1 JANUARY 2021	(78,390)	56,381	(22,009)
Service cost	(6,596)	–	(6,596)
Interest income on plan assets/(interest cost on defined benefit obligation)	(193)	147	(46)
Administrative expense	–	(170)	(170)
Effects of business combination [1]	(910)	587	(323)
Pension cost recognised in income statement	**(7,699)**	**564**	**(7,135)**
Actuarial gain/(loss) from changes in financial assumptions	(1,319)	–	(1,319)
Actuarial gain/(loss) from changes in demographic assumptions	(206)	–	(206)
Actuarial gain/(loss) from other changes	(6,144)	–	(6,144)
Return on plan assets (excluding interest income)	–	3,502	3,502
Pension cost recognised in other comprehensive income	**(7,669)**	**3,502**	**(4,167)**
Employees' contributions	(3,746)	3,746	–
Employer's contributions	–	4,754	4,754
Benefit payments	(3,662)	3,382	(280)
Total as at 31 December 2021	**(101,166)**	**72,329**	**(28,837)**
Of which active employees	(93,682)		
Of which pensioners	(7,484)		

[1] The effects of business combination are related to the investment in joint venture.

in CHF thousand	Defined benefit obligation	Fair value of plan assets	Total
TOTAL AS AT 1 JANUARY 2020	(67,614)	49,300	(18,314)
Service cost	(5,567)	–	(5,567)
Interest income on plan assets/(interest cost on defined benefit obligation)	(232)	179	(53)
Administrative expense	–	(144)	(144)
Pension cost recognised in income statement	**(5,799)**	**35**	**(5,764)**
Actuarial gain/(loss) from changes in financial assumptions	305	–	305
Actuarial gain/(loss) from changes in demographic assumptions	–	–	–
Actuarial gain/(loss) from other changes	(2,397)	–	(2,397)
Return on plan assets (excluding interest income)	–	133	133
Pension cost recognised in other comprehensive income	**(2,092)**	**133**	**(1,959)**
Employees' contributions	(3,097)	3,097	–
Employer's contributions	–	4,028	4,028
Benefit payments	212	(212)	–
Total as at 31 December 2020	**(78,390)**	**56,381**	**(22,009)**
Of which active employees	(75,683)		
Of which pensioners	(2,707)		

16 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	2021	2020
Cash	12,184	8,552
Qualified insurance policies	1,583	293
Debt instruments (listed)	38,545	30,527
Equity instruments (listed)	14,388	10,148
Real estate (listed)	4,376	3,472
Commodities (listed)	1,253	3,389
Total as at 31 December	**72,329**	**56,381**

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 2021, the discount rate is based on an average duration of 24.2 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 defined benefit obligation.

As at 31 December 2021, the actuarial analysis established that an increase or a decrease of 0.25% in discount rate would lead to a maximum change of CHF 5.6 million (2020: CHF 4.3 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 1.5 million (2020: CHF 1.1 million).

The estimates of Employer's contributions and Employees' contributions for 2022 are expected to be close to the contributions identified in 2021 with the assumption of a stable Swiss headcount scenario.

17 Equity
17.1 Share capital
a Number of shares in 2021

	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	2,000,000	(500,000)	–	1,500,000
Nominal value per share (CHF)	0.20	0.20	–	0.20
Amount authorised (CHF)	**400,000**	**(100,000)**	**–**	**300,000**

On 6 May 2021, the Annual General Meeting approved the reduction of the authorised capital to CHF 300,000 (2020: CHF 400,000).

b Number of shares in 2020

	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	2,000,000	–	–	2,000,000
Nominal value per share (CHF)	0.20	–	–	0.20
Amount authorised (CHF)	**400,000**	**–**	**–**	**400,000**

17 Equity (continued)

17.2 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	2021	2020
BALANCE AS AT 1 JANUARY	4,612,321	(2,054,832)	2,557,489	2,134,630
Stock options lapsed, forfeited or exercised	(1,729,008)	–	(1,729,008)	(1,060,975)
Fair value of current-year allocation	4,153,519	(4,153,519)	–	–
Amortisation of services	–	2,325,893	2,325,893	1,483,834
Balance as at 31 December	**7,036,832**	**(3,882,458)**	**3,154,374**	**2,557,489**

The fair value of stock options granted during 2021 was CHF 4,153,519 when the Group recognised a share option expense of CHF 2,325,893.

in CHF 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	2021	2020
18	3/3	–	–	–	58,593
19	2/3	–	–	–	106,276
19	3/3	56,242	–	56,242	205,103
20	1/3	–	–	–	238,042
20	2/3	119,222	–	119,222	317,578
20	3/3	207,397	–	207,397	324,443
21	1/3	124,067	–	124,067	279,867
21	2/3	221,795	–	221,795	320,562
21	3/3	428,386	(86,437)	341,949	217,412
22	1/3	432,600	–	432,600	273,047
22	2/3	673,285	(208,442)	464,843	132,474
22	3/3	641,088	(346,012)	295,076	84,092
23	1/3	1,016,849	(621,253)	395,596	–
23	2/3	1,414,509	(1,139,358)	275,151	–
23	3/3	1,701,392	(1,480,956)	220,436	–
As at 31 December		**7,036,832**	**(3,882,458)**	**3,154,374**	**2,557,489**

17 Equity (continued)
17.2 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 and directors at the discretion of the Board. Since the creation of the plan in 1999, a total of 23 allocation schemes have been offered. Optionees whose work contract is terminated lose their rights to options outstanding unless the Board resolves otherwise.

The terms and maturities of the non-lapsed allocations as at 31 December 2021 are summarised below.

				Exercise period		Analysis of status		
Allocation	Tranche	Strike price (CHF)	Number options	Start	End	In the money	In exercise period	In the money & exercise period
19	3/3	34.02	10,701	August 20	August 22	10,701	10,701	10,701
20	2/3	68.81	11,807	August 20	August 22	11,807	11,807	11,807
	3/3	68.81	20,667	August 21	August 23	20,667	20,667	20,667
21	1/3	49.89	21,065	August 20	August 22	21,065	21,065	21,065
	2/3	49.89	38,182	August 21	August 23	38,182	38,182	38,182
	3/3	49.89	76,098	August 22	August 24	76,098	–	–
22	1/3	95.00	34,834	August 21	August 23	34,834	34,834	34,834
	2/3	95.00	55,744	August 22	August 24	55,744	–	–
	3/3	95.00	55,734	August 23	August 25	55,734	–	–
23	1/3	185.00	55,331	August 22	August 24	55,331	–	–
	2/3	185.00	55,520	August 23	August 25	55,520	–	–
	3/3	185.00	55,508	August 24	August 26	55,508	–	–
Total			**491,191**			**491,191**	**137,256**	**137,256**

17 Equity (continued)
17.2 Share option reserve (employee stock options plan) (continued)
c Twenty-third 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 2021 allocation). One option grants the right to acquire one share.

Date of grant	11 August 2021
Strike price (CHF)	185.00
Number of equal tranches	3
Start of exercise period (years from date of grant)	
Tranche 1	1
Tranche 2	2
Tranche 3	3
Max. duration of exercise period (years) for each tranche	2
Duration used for the calculation of the value of the option	1

Data on options granted and option price:	
Total number of options initially granted	167,195
Of which granted to Executive Management	22,000
Of which granted to other employees	145,195
Spot price at grant (CHF)	163.60
Volatility	36.80%
Fair value per option (average of all tranches) (CHF)	24.84
Of which:	
Tranche 1	18.38
Tranche 2	25.48
Tranche 3	30.65

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

17 Equity (continued)

17.2 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								
	17th	18th	19th	20th	21st	22nd	23rd	Total	Conditional shares available for exercise
Strike price (CHF)	**25.66**	**25.95**	**34.02**	**68.81**	**49.89**	**95.00**	**185.00**		
Share price as at 31 December 2021 (CHF)	**200.50**	**200.50**	**200.50**	**200.50**	**200.50**	**200.50**	**200.50**		
BALANCE AS AT 1 JANUARY 2020	12,712	51,485	138,005	122,960	239,200	–	–	564,362	960,000
Grants	–	–	–	–	–	172,927	–	172,927	–
Exercises covered by:									
The issue of new shares	–	–	–	–	–	–	–	–	–
Treasury shares	(12,515)	(36,628)	(77,888)	(26,657)	(29,470)	–	–	(183,158)	–
Lapsed/forfeited	(197)	(315)	(945)	(634)	(2,013)	–	–	(4,104)	–
Balance as at 31 December 2020	**–**	**14,542**	**59,172**	**95,669**	**207,717**	**172,927**	**–**	**550,027**	**960,000**
BALANCE AS AT 1 JANUARY 2021	–	14,542	59,172	95,669	207,717	172,927	–	550,027	960,000
Grants	–	–	–	–	–	–	167,195	167,195	–
Exercises covered by:									
The issue of new shares	–	–	–	–	–	–	–	–	–
Treasury shares	–	(11,790)	(44,182)	(62,042)	(69,860)	(22,741)	–	(210,615)	–
Lapsed/forfeited	–	(2,752)	(4,289)	(1,153)	(2,512)	(3,874)	(836)	(15,416)	–
Balance as at 31 December 2021	**–**	**–**	**10,701**	**32,474**	**135,345**	**146,312**	**166,359**	**491,191**	**960,000**
Conditional shares available for exercise									960,000
Less: outstanding stock options									(491,191)
Intermediary balance (including conditional shares)									**468,809**
Number of treasury shares available as at 31 December 2021									343,227
Balance of shares available for future grants									**812,036**

As at 31 December 2021, the 491,191 outstanding options are related to employee stock option plan (out of which 137,256 in exercise period and in the money). This plan is mainly covered by treasury shares.

17 Equity (continued)

17.2 Share option reserve (employee stock options plan) (continued)

e Movement (fair value) in stock options

in CHF	Allocation							
	17th	18th	19th	20th	21st	22nd	23rd	Total
BALANCE AS AT 1 JANUARY 2020	49,070	207,762	724,823	1,234,082	1,382,391	–	–	3,598,128
Grants	–	–	–	–	–	2,075,168	–	2,075,168
Exercises: new shares	–	–	–	–	–	–	–	–
Exercises: treasury shares	(48,310)	(147,894)	(408,535)	(267,100)	(163,980)	–	–	(1,035,819)
Lapsed/forfeited	(760)	(1,275)	(4,909)	(6,362)	(11,850)	–	–	(25,156)
Balance as at 31 December 2020	**–**	**58,593**	**311,379**	**960,620**	**1,206,561**	**2,075,168**	**–**	**4,612,321**
BALANCE AS AT 1 JANUARY 2021	–	58,593	311,379	960,620	1,206,561	2,075,168	–	4,612,321
Grants	–	–	–	–	–	–	–	–
Exercises: new shares	–	–	–	–	–	–	4,153,519	4,153,519
Exercises: treasury shares	–	(47,504)	(232,518)	(622,471)	(418,173)	(282,419)	–	(1,603,085)
Lapsed/forfeited	–	(11,089)	(22,618)	(11,530)	(14,141)	(45,776)	(20,769)	(125,923)
Balance as at 31 December 2021	**–**	**–**	**56,243**	**326,619**	**774,247**	**1,746,973**	**4,132,750**	**7,036,832**

f Strike value of stock options outstanding and movements

in CHF	Allocation							
	17th	18th	19th	20th	21st	22nd	23rd	Total
BALANCE AS AT 1 JANUARY 2020	326,190	1,336,036	4,694,930	8,460,877	11,933,688	–	–	26,751,721
Grants	–	–	–	–	–	16,428,065	–	16,428,065
Exercises: new shares	–	–	–	–	–	–	–	–
Exercises: treasury shares	(321,135)	(950,497)	(2,649,750)	(1,834,268)	(1,470,258)	–	–	(7,225,908)
Lapsed/forfeited	(5,055)	(8,174)	(32,149)	(43,625)	(100,429)	–	–	(189,432)
Balance as at 31 December 2020	**–**	**377,365**	**2,013,031**	**6,582,984**	**10,363,001**	**16,428,065**	**–**	**35,764,446**
BALANCE AS AT 1 JANUARY 2021	–	377,365	2,013,031	6,582,984	10,363,001	16,428,065	–	35,764,446
Grants	–	–	–	–	–	–	30,931,075	30,931,075
Exercises: new shares	–	–	–	–	–	–	–	–
Exercises: treasury shares	–	(305,951)	(1,503,072)	(4,269,109)	(3,485,315)	(2,160,395)	–	(11,723,842)
Lapsed/forfeited	–	(71,414)	(145,912)	(79,338)	(125,324)	(368,030)	(154,660)	(944,678)
Balance as at 31 December 2021	**–**	**–**	**364,047**	**2,234,537**	**6,752,362**	**13,899,640**	**30,776,415**	**54,027,001**

17 Equity (continued)
17.3 Other reserve

in CHF	FVOCI & FVOCI equities	Defined benefit obligation	Currency translation differences	Total
BALANCE AS AT 1 JANUARY 2020	93,656	(12,018,919)	(1,743,285)	(13,668,548)
Revaluation of FVOCI & FVOCI equities – gross	1,540,321	–	–	1,540,321
Revaluation of FVOCI & FVOCI equities – tax effect	(201,242)	–	–	(201,242)
IFRS 9 ECL impairment loss recognised in equity	(8,312)	–	–	(8,312)
IFRS 9 ECL impairment loss income tax effect	1,153	–	–	1,153
Remeasurement of defined benefit obligation – gross	–	(1,959,000)	–	(1,959,000)
Remeasurement of defined benefit obligation – tax effect	–	254,670	–	254,670
Currency translation differences	–	–	(915,927)	(915,927)
Balance as at 31 December 2020	**1,425,576**	**(13,723,249)**	**(2,659,212)**	**(14,956,885)**
BALANCE AS AT 1 JANUARY 2021	1,425,576	(13,723,249)	(2,659,212)	(14,956,885)
Revaluation of FVOCI & FVOCI equities – gross	1,655,741	–	–	1,655,741
Revaluation of FVOCI & FVOCI equities – tax effect	(215,246)	–	–	(215,246)
IFRS 9 ECL impairment loss recognised in equity	(334)	–	–	(334)
IFRS 9 ECL impairment loss income tax effect	43	–	–	43
Remeasurement of defined benefit obligation – gross	–	(4,167,000)	–	(4,167,000)
Remeasurement of defined benefit obligation – tax effect	–	541,710	–	541,710
Currency translation differences	–	–	(1,695,957)	(1,695,957)
Balance as at 31 December 2021	**2,865,780**	**(17,348,539)**	**(4,355,169)**	**(18,837,928)**

17 Equity (continued)
17.4 Treasury shares

	2021	2020
Beginning of the year (shares)	**513,890**	**469,536**
Purchase	**45,076**	**234,668**
Unit price ranging from CHF	87.85 to 181.20	42.45 to 87.90
Sale	**–**	**(2)**
Unit price ranging from CHF		41.76 to 41.76
Remittance to optionees/grant of shares	**(215,739)**	**(190,312)**
Unit price ranging from CHF	25.95 to 163.60	25.66 to 84.50
End of the year (shares)	**343,227**	**513,890**
Total as at 31 December (CHF)	**27,656,922**	**31,718,631**
% of the issued shares	2.24%	3.35%

The balance of 343,227 treasury shares is primarily held for the purpose of covering employees' share and option plans (outstanding options: 491,191). During 2021, the Group granted and allocated for free a total of 5,124 shares (2020: 7,154) to employees (blocked for a 5-year period) and Board members (blocked for a 3-year period).

17.5 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	2021	2020	2019	2018	2017
Payout per share	2.20[1]	1.50	1.00	1.00	0.90

[1] Proposal of the Board of Directors

18 Net fee and commission income

in CHF	2021	2020
Brokerage and related income	245,069,613	147,321,808
Custody and account fees	21,323,745	15,769,104
Other commission income	15,887,041	11,202,666
Advertising and subscription fees	7,450,098	6,097,637
Total fee and commission income	**289,730,497**	**180,391,215**
Fee and commission expenses	(26,495,997)	(18,403,697)
Total net fee and commission income	**263,234,500**	**161,987,518**

Net fee and commission income includes an amount of CHF 102.1 million (2020: CHF 16.0 million) relating to crypto assets trading.

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

Custody and account fees of CHF 21.3 million (2020: CHF 15.8 million) and advertising and subscription fees of CHF 7.5 million (2020: CHF 6.1 million) are primarily recognised over time. The remaining balance (brokerage and related income, other commission income) mainly consists of services rendered at a point in time.

19 Net interest income

in CHF	Activities excluding FX swaps	FX swaps	2021	2020
Interest income				
Investment securities	6,057,559	–	6,057,559	5,361,294
Loans and due to customers	21,640,335	–	21,640,335	13,139,448
Due from banks	1,871,574	–	1,871,574	5,777,042
Others	–	–	–	947,666
Total interest income	**29,569,468**	**–**	**29,569,468**	**25,225,450**
Interest expense				
Cash and balances with central bank, treasury bills and loans	(6,976,046)	(19,166,413)	(26,142,459)	(17,171,267)
Due to banks and due from banks	(4,000,618)	–	(4,000,618)	(3,496,855)
Investment securities	(1,346,336)	–	(1,346,336)	(1,310,695)
Due to customers and others	(218,427)	–	(218,427)	(942,066)
Total interest expense	**(12,541,427)**	**(19,166,413)**	**(31,707,840)**	**(22,920,883)**
Other interest income				
Derivative financial instruments	–	18,716,385	18,716,385	19,294,786
Loans	526,250	–	526,250	–
Total other interest income	**526,250**	**18,716,385**	**19,242,635**	**19,294,786**
Other interest expense				
Derivative financial instruments	(218,441)	(1,073,981)	(1,292,422)	(640,955)
Total other interest expense	**(218,441)**	**(1,073,981)**	**(1,292,422)**	**(640,955)**
Total net interest income	**17,335,850**	**(1,524,009)**	**15,811,841**	**20,958,398**

As at 31 December 2021, negative interest impact is as follows:

in CHF	2021	2020
Negative interest on liabilities	3,828,043	2,889,295
Negative interest on assets	(30,337,918)	(21,181,360)
Total	**(26,509,875)**	**(18,292,065)**
Cost of negative interest rates (excluding FX swaps)	(7,343,462)	(4,731,745)

FX 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, FX swaps can be viewed as FX-risk-free collateralised lending.

Disaggregation of revenues: the total balance of net interest income is allocated to the reportable segment designated as "Securities trading" with the exception of Cost of negative interest rates (excluding FX swaps). Net interest income is by nature recognised over time.

20 Net trading income

in CHF	2021	2020
Foreign exchange revenues:		
From leveraged forex	121,305,356	107,343,380
From other foreign exchange income	70,432,877	50,212,689
Unrealised fair value gains/(losses):		
From trading assets	265,438	185,615
From others	(54,312)	22,071
Realised gains/(losses):		
From trading assets and investment securities	806,839	627,622
Net trading income	**192,756,198**	**158,391,377**

Disaggregation of revenues: of the total balance of net trading income of CHF 192.8 million, CHF 121.3 million was allocated to the reportable segment designated as "Leveraged forex" (remaining balance: Securities trading). Net trading income is by nature recognised at a point in time.

21 Credit loss release/expense

During 2021, the Group could recover part of stage 3 balances (CHF 0.5 million) and at the same time, changes in IFRS 9 assumptions did not impact significantly impairment allowances. In that context, a credit loss release was recognised in the income statement and amounted to CHF 0.7 million (2020: credit loss expense of CHF 24.0 million).

22 Operating expenses

in CHF	2021	2020
Payroll and related expenses	124,592,036	104,913,880
Other operating expenses	55,830,102	48,331,777
Marketing expenses	29,943,672	22,827,670
Depreciation and amortisation	31,295,822	29,082,244
Provisions	5,872,655	6,512,229
Total	**247,534,287**	**211,667,800**

Payroll and related expenses consist of:

in CHF	2021	2020
Wages and salaries	120,476,637	104,999,311
Social security costs	11,072,697	8,177,387
Pension costs (defined benefit and defined contribution)	7,509,305	6,174,792
Subtotal	**139,058,639**	**119,351,490**
Less: capitalised costs	(14,466,603)	(14,437,610)
Total	**124,592,036**	**104,913,880**
Headcount (FTE) - year-end average	878	763

With the development of international activities of the Group, wages and salaries comprise a balance of CHF 13.9 million, which is not subject to Swiss social security (2020: CHF 13.0 million).

For pension costs, reference is made to Note 16 as defined benefit costs are influenced by the result of actuarial analysis.

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 average number of ordinary shares purchased and held as treasury shares.

	2021	2020
Weighted average number of ordinary shares in issue	14,904,791	14,863,811
Net profit (CHF)	193,113,149	91,020,781
Earnings per share (CHF)	**12.96**	**6.12**

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: 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.

	2021	2020
Weighted average number of ordinary shares	14,904,791	14,863,811
Adjustments for share options	163,773	97,810
Weighted average number of ordinary shares for diluted earnings per share options	15,068,564	14,961,621
Net profit (CHF)	193,113,149	91,020,781
Diluted earnings per share (CHF)	**12.82**	**6.08**

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) as well as with shareholders with a significant influence, as well as joint ventures in which the Group is a venturer.

Transactions with key management personnel

in CHF	2021	2020
KEY MANAGEMENT COMPENSATION		
Short-term employee benefits	6,581,930	6,316,372
Post-employment benefits	888,673	685,126
Total	**7,470,603**	**7,001,498**
Of which:		
Share-based payment (market value)	**763,975**	**482,252**
Loans	5,098,419	17,437,523
Due to customers	12,486,350	2,460,133
Interest income	220,587	260,330
Interest expense	36	1,661

24 Related-party transactions (continued)
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.

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	2021	2020
Irrevocable commitments		
Loan commitments	36,744,000	31,878,000
Finance lease commitments	1,329,316	1,646,220
Funding commitments	9,500,000	–
Total	**47,573,316**	**33,524,220**

Loan commitments
Swiss banking law and the deposit insurance scheme require Swiss banks and securities dealers to jointly guarantee an amount up to 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.

Finance lease commitments
Finance lease commitments represent unused but firm and irrevocable commitments to grant finance lease credits as at 31 December 2021.

Funding commitments
Funding commitments represent the additional funding that Swissquote is likely to provide to the investment in joint venture Yuh Ltd as per the joint venture agreement and the business plan signed with PostFinance AG. Similar funding contributions shall be expected from PostFinance AG.

Other off-balance sheet items
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	2021	2020
Assets with management/investment advisory mandate	421,866,809	261,388,214
Assets in self-managed collective investments instruments	48,514,295	37,162,810
Total as at 31 December	**470,381,104**	**298,551,024**
Of which double counts	–	–

in CHF	2021	2020
Change attributable to net new money	49,673,005	17,874,322
Change attributable to market value	122,157,075	82,751,584
Total change in assets under management	**171,830,080**	**100,625,906**

Client assets

Client assets is a broader term than assets under management under the FINMA definition and comprises all 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 services are provided by Swissquote's Robo-Advisor.

in CHF	2021	2020
Trading assets [1]	54,696,040,336	38,747,739,979
Saving assets	245,754,646	251,126,547
eForex assets	436,859,878	439,737,508
Robo-Advisory assets	511,066,186	334,097,885
Total client assets as at 31 December	**55,889,721,046**	**39,772,701,919**
Assets not deposited with the Group	(1,285,687,934)	(1,264,826,209)
Total assets under custody as at 31 December	**54,604,033,112**	**38,507,875,710**

[1] Of which crypto assets: CHF 2.8 billion (2020: CHF 1.0 billion)

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

In compliance with Art. 663c 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 stock options				
	Number of shares 2021	Number of shares 2020	2022	2023	2024	2025	2026
SHAREHOLDINGS							
Markus Dennler, Chairman of the Board	32,148	31,881	–	–	–	–	–
Monica Dell'Anna, member of the Board	2,000	1,846	–	–	–	–	–
Martin Naville, member of the Board	11,707	11,553	–	–	–	–	–
Beat Oberlin, member of the Board	3,786	3,620	–	–	–	–	–
Jean-Christophe Pernollet, member of the Board	4,342	4,164	–	–	–	–	–
Michael Ploog, member of the Board	45,266	56,374	4,441	3,867	2,666	1,000	–
Marc Bürki, CEO	1,767,070	1,813,327	4,441	4,117	3,832	2,167	917
Paolo Buzzi, Deputy CEO	1,606,145	1,789,383	–	1,250	3,832	2,167	917
Yvan Cardenas, CFO	320	320	1,667	–	3,832	2,167	917
Gilles Chantrier, CRO	340	340	1,567	2,550	3,832	2,167	917
Alexandru Craciun, CTO	1,716	–	–	1,000	2,624	1,625	917
Jan De Schepper, CSO	2,093	520	3,120	3,583	3,832	2,167	917
Lino Finini, COO	1,820	1,820	1,667	2,250	3,832	2,167	917
Morgan Lavanchy, CLO	340	340	–	4,117	3,832	2,167	917
Closely related persons[1]	37,269	51,934	–	–	–	–	–
Total	**3,516,362**	**3,767,422**	**16,903**	**22,734**	**32,114**	**17,794**	**7,336**

[1] The data reported in the table above is based on the Company's best knowledge of the number of shares 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 2021 and 31 December 2020, closely related persons are mainly related to Marc Bürki (CEO) and Paolo Buzzi (Deputy CEO).

28 Subsequent events

In the first semester of 2022, the Group expects to acquire all the outstanding shares of Keytrade Bank Luxembourg SA for a purchase cash consideration of approximately EUR 35.0 million (CHF 36.0 million). Keytrade Bank Luxembourg SA is an online bank based in Luxembourg and counts approximately 7,000 customers representing total clients assets of CHF 1.7 billion. This transaction will enable the Group to improve its local footprint and to continue its expansion in the European market. The purchase price allocation will be determined based on value of net identified assets at closing date and should result in a goodwill of approximately EUR 11.0 million (CHF 11.2 million). It is expected that as of date of closing, more than 90% of the total assets comprise of Cash and cash equivalents and Due from banks (no intangible assets). The 2022 results of operations since the acquisition are likely not to be material.

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 2021 and the 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 20 to 115) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and 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.

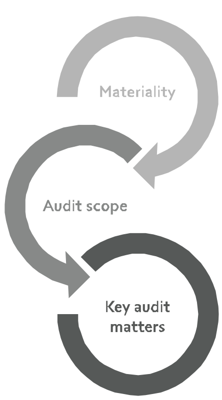
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. 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 the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (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 11'167’000

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

Our audit scope therefore addressed 95% of the Group's total assets and 94% of the Group's operating profit.

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

- **Goodwill impairment assessment**

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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 11'167'000
Benchmark applied	Profit before tax
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 Group 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 1'116'700 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 process-es and controls, and the industry in which the Group operates.

Key audit matters
Key audit matters are those matters that, in our professional judgement, 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 goodwill balance (CHF 44.5 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. See 2021 consolidated financial statements: • Section IV "Summary of significant accounting policies", sub-section I "Intangible assets" on page 37 and sub-section L "Impairment of tangible and intangible assets" on page 39; • Section V "Critical accounting judgements and key sources of estimation uncertainty", sub-section A "Impairment test in respect of goodwill" on page 43; • Section VII "Other notes to the consolidated financial statements", Note 8 "Intangible assets" on pages 88-89.	We performed the following procedures: • 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-approved budget, and that the key assumptions were subject to oversight by the members of the Board; • We compared the current year actual results (2021) with the figures included in the prior year's forecast (2020) to consider whether they included assumptions that, with hindsight, may have been optimistic. We found that actual performance was higher than forecast performance; • 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; • We re-performed 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 significant headroom remained between the stress-tested value-in-use calculations and the carrying value in the consolidated financial statements. 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.

Other information in the annual report

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

Our opinion on the consolidated financial statements does not cover the other information in the annual report 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 in the annual report 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.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS 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, ISAs and Swiss Auditing Standards 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 at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of 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 SA

Christophe Kratzer	Jonathan Derungs
Audit expert Auditor in charge	Audit expert

Lausanne, 16 March 2022

Statutory financial statements

Statutory balance sheet

in CHF	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and banks		245,853	249,360
Receivable from subsidiaries	1	84,474,418	32,399,560
Total current assets		**84,720,271**	**32,648,920**
Investment in subsidiaries	2	174,259,686	174,259,686
Total non-current assets		**174,259,686**	**174,259,686**
Total assets		**258,979,957**	**206,908,606**
LIABILITIES AND EQUITY			
Income tax payable		2,881,346	2,110,097
Total short-term liabilities		**2,881,346**	**2,110,097**
Total liabilities		**2,881,346**	**2,110,097**
Equity			
Share capital	3	3,065,634	3,065,634
Legal capital reserves			
Reserves from capital contributions	4	349,776	349,776
Other capital reserves	4	6,109,093	6,109,093
Retained earnings	5	206,650,824	188,571,649
Net profit		67,580,206	38,420,988
Treasury shares	6	(27,656,922)	(31,718,631)
Total equity		**256,098,611**	**204,798,509**
Total liabilities and equity		**258,979,957**	**206,908,606**

The notes on pages 124 to 128 are an integral part of these financial statements.

Statutory income statement

in CHF	Notes	2021	2020
Royalties		22,318,932	15,880,287
Dividend received from subsidiaries		49,000,000	26,250,000
Other revenues		4,153,519	2,075,168
Operating expenses		(1,229,504)	(1,190,619)
Marketing expenses		(3,314,875)	(2,280,798)
Operating profit		**70,928,072**	**40,734,038**
Income tax expense		(3,347,866)	(2,313,050)
Net profit		**67,580,206**	**38,420,988**

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 operating subsidiary being Swissquote Bank Ltd. As at 31 December 2021, the Company did not employ more than 10 full-time equivalents (2020: 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):

	2021			2020		
	Shares	Options	Total	Shares	Options	Total
Marc Bürki	11.53%	0.10%	**11.63%**	11.83%	0.11%	**11.94%**
Paolo Buzzi	10.48%	0.05%	**10.53%**	11.67%	0.11%	**11.78%**
PostFinance AG	5.00%	–	**5.00%**	5.00%	–	**5.00%**
ACE Core Convictions Ltd	3.53%	–	**3.53%**	<3%	–	**<3%**
JPMorgan Chase & Co.	<3%	–	**<3%**	3.43%	–	**3.43%**
Mario Fontana	<3%	–	**<3%**	3.04%	–	**3.04%**
Credit Suisse Funds AG	<3%	–	**<3%**	3.01%	–	**3.01%**
Treasury shares:						
Swissquote Group Holding Ltd			**2.24%**			**3.35%**

The statutory financial statements were approved for issue by the Board of Directors of the Company on 16 March 2022.

The Remuneration Report replaces the information previously contained in the notes to the statutory financial statements pursuant to Art. 663b^{bis} 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 84,474,418 (2020: CHF 32,399,560) is related to cash deposited into a bank account opened with Swissquote Bank Ltd.

2 Investments in subsidiaries

in CHF	Office/country	2021		2020	
Swissquote Bank Ltd	Gland/Switzerland	100.00%	137,560,002	100.00%	137,560,002
Swissquote Trade Ltd	Gland/Switzerland	100.00%	238,950	100.00%	238,950
Swissquote Financial Services (Malta) Ltd	Valletta/Malta	99.90%	1,877,004	99.90%	1,877,004
Swissquote Bank Europe SA	Luxembourg/Luxembourg	100.00%	34,583,730	100.00%	34,583,730
Total as at 31 December			**174,259,686**		**174,259,686**

Subsequent to the year under review, the Company increased on 16 March 2022 the capital of Swissquote Bank Europe SA for an amount of EUR 35.0 million (CHF 36.0 million).

3 Share capital

in CHF	2021	2020
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
Authorised share capital (nominal value)	300,000	400,000

Authorised and conditional share capital
At the last Annual General Meeting the amount of authorised capital set out in article 4[ter] of the Articles of Incorporation was decreased to CHF 300,000 (previously: CHF 400,000). The provision ruling its utilisation provides that the Board of Directors is authorised until 6 May 2023 to increase the share capital of the Company by a maximum of CHF 300,000 by issuing no more than 1,500,000 new registered shares with a nominal value of CHF 0.20 each. The provision further provides details on the capital increase process and exercise of preferential subscription rights.

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 2021 and 2020 were as follows:

	Shares					
	2021			2020		
	Number	Market value	Tax value	Number	Market value	Tax value
Members of the Board	**1,085**	**217,543**	**182,653**	**1,528**	**131,255**	**110,204**

4 Legal capital reserves

Following the reimbursements performed in previous years, the remaining capital contributions balance as at 31 December 2021 is CHF 72,369 (total reserves from capital contributions balance of CHF 349,776). The residual amount of CHF 277,407 consists of notary fees and of issuance stamp tax that Federal Tax Administration excludes from the scope of capital contributions. Reimbursements from the reserves from capital contributions are not subject to Swiss withholding tax and to income tax for private individuals living in Switzerland who hold the shares as part of their private assets.

5 Retained earnings

in CHF	2021	2020
Retained earnings	188,571,649	183,845,398
Net profit (previous year)	38,420,988	17,587,515
1 January	**226,992,637**	**201,432,913**
Dividend paid on behalf of previous year	(22,327,073)	(14,899,013)
Realised gain/(loss) on treasury shares	1,985,260	2,037,749
31 December	**206,650,824**	**188,571,649**

6 Treasury shares

in CHF	2021	2020
Beginning of the year (shares)	**513,890**	**469,536**
Purchase	**45,076**	**234,668**
Unit price ranging from CHF	87.85 to 181.20	42.45 to 87.90
Sale	**–**	**(2)**
Unit price ranging from CHF		41.76 to 41.76
Remittance to optionees/grant of shares	**(215,739)**	**(190,312)**
Unit price ranging from CHF	25.95 to 163.60	25.66 to 84.50
End of the year (shares)	**343,227**	**513,890**
Total as at 31 December (CHF)	**27,656,922**	**31,718,631**
% of the issued shares	2.24%	3.35%

Proposed appropriation of retained earnings

Proposal of the Board of Directors for appropriation of retained earnings as at 31 December 2021

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

in CHF	2021
Net profit for the year	67,580,206
Retained earnings carried forward	206,650,824
Retained earnings available for appropriation	**274,231,030**

ALLOCATION OF AVAILABLE RETAINED EARNINGS	
Available retained earnings as at 31 December 2021	274,231,030
Proposed dividend (CHF 2.20 per share)	(33,721,974)
Retained earnings to be carried forward	**240,509,056**

Amount of proposed dividend is based on the number of shares issued as at 31 December 2021. 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, which comprise the balance sheet as at 31 December 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 122 to 129) as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. 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 entity 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 3'546'000
Benchmark applied	Profit before tax
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 354'600 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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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.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors 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 incorporation, 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 entity'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 entity 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 Swiss Auditing Standards 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 at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers SA

Christophe Kratzer	Jonathan Derungs
Audit expert Auditor in charge	Audit expert

Lausanne, 16 March 2022

CORPO-RATE GOVERN-ANCE REPORT

Corporate Governance Report

Introduction

Swissquote Group Holding Ltd (the "Company") and its subsidiaries (together, the "Group") form an international financial services group that applies a wide range of standards relating to corporate governance, including the SIX Swiss Exchange's Directive on Information relating to Corporate Governance and FINMA Circular 2017/1 "Corporate governance – banks". This Corporate Governance Report informs shareholders, prospective investors as well as the larger public on the Group's policies in matters of corporate governance, which is at the heart of a proper business conduct and a central part of the Group's internal organisation.

Key elements of 2021

In 2021, the Company intensified and further structured its dialogue with shareholders, especially in relation to corporate governance matters. The Board of Directors (the "Board") reviewed and evaluated all the points raised and, in particular, decided to improve disclosure on a number of aspects, such as with respect to the Board's succession planning (see Section 3.6), ESG governance (see Section 3.10) and the re-election of the Company's external auditors (see Section 8). The Board plans to maintain and further expand the exchange with the shareholders, the time and active participation of whom were highly appreciated.

Concerning the composition of the Board and the Executive Management of the Company, Michael Ploog, who used to be a member of the Executive Management since 1999, was elected as a member of the Board at the annual general meeting ("AGM") of 6 May 2021. Moreover, Paolo Buzzi, co-founder of the Company, became Deputy CEO while Alexandru Craciun joined the Executive Management as Chief Technology Officer.

Furthermore, the Group now comprises Yuh Ltd, the neo-bank joint venture launched in 2021 by Swissquote Bank Ltd and PostFinance AG, as well as Swissquote Tech Hub Bucharest S.R.L., a new technology company incorporated early 2022 in Romania that provides software development services to the Group.

In 2021 like in 2020, the COVID-19 pandemic (the "Pandemic") did not have any significant negative impact on the Group's corporate governance. Home office continued to be widely used as more than 90% of the employees regularly worked from home. Same as in 2020, the meetings of the Board and of its committees were primarily held via videoconference. At the 2021 AGM, in compliance with the extraordinary measures adopted by the Federal Council in response to the Pandemic, shareholders were not allowed to attend the meeting in person and were instead given the possibility to give written or electronic voting instructions to the Company's independent proxy.

Outlook for the 2022 AGM

The format of the 2022 AGM was regularly discussed by the Board. In the middle of January 2022, the Board decided that, due to the continuing Pandemic and in order to ensure the safety of the shareholders, the 2022 AGM would be held in the same format as the 2021 and 2020 AGM. After the Federal Council decided, on 16 February 2022, to lift the majority of measures in place to contain the Pandemic, the Board assessed whether an AGM in a more standard format could eventually be organised. After weighting the positives (especially the in-person exchanges with the shareholders) and the negatives (in particular the still prevailing uncertainties such as in relation to the potential emergence of a new variant and the lack of time to properly organise a traditional AGM), the Board resolved to confirm its initial decision made in January 2022. As a result, pursuant to Art. 27 of the Federal Council's Ordinance Nr. 3 on the Measures to Combat the Coronavirus, shareholders will not be allowed to attend the meeting personally, but will instead be given the possibility to give written or electronic voting instructions to the Company's independent proxy. To compensate for the absence of in-person exchanges, the Board will ensure that shareholders are offered possibilities to ask questions in an easy fashion and will receive answers in an appropriate format.

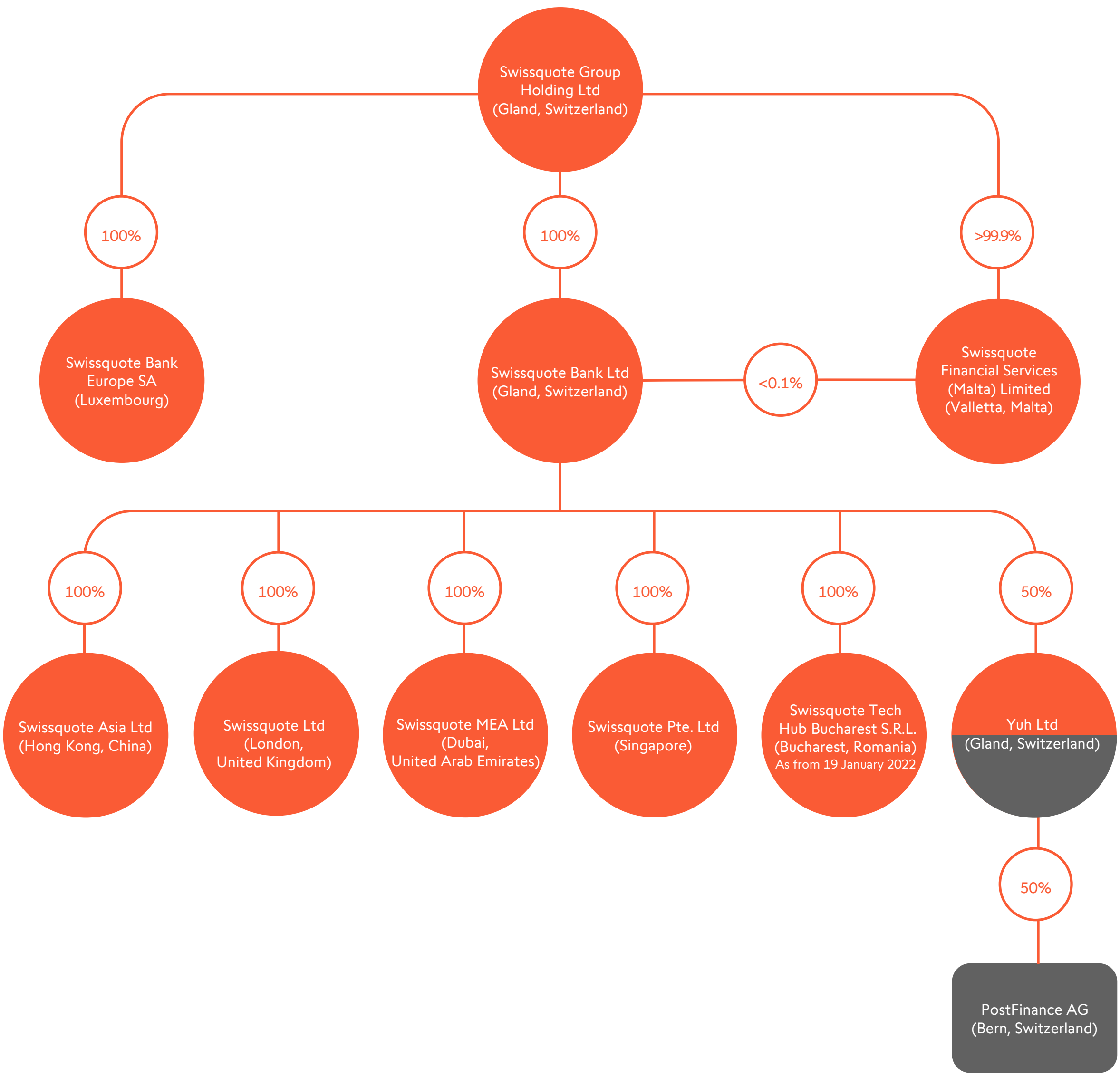
Corporate Governance Report

1 Group structure and shareholders

1.1 Group structure

The structure of the Group is designed to support the Group's operations within an efficient regulatory and tax framework.

The Group comprises the following active companies as at 31 December 2021:



1.1 Group structure (continued)

The Company is the listed entity of the Group. It was incorporated on 12 August 1999 and has its registered office in Gland, Switzerland. Its shares have been listed on SIX Swiss Exchange since 29 May 2000 with the symbol SQN, the security number 1067586 and the ISIN number CH0010675863. As at 31 December 2021, the market capitalisation of the Company amounted to approximately CHF 3 billion. Details on the Company's capital are provided in Section 2.

Swissquote Bank Ltd was incorporated on 24 November 2000 and is a bank under the supervision of the Swiss Financial Market Supervisory Authority FINMA (FINMA). The main office of Swissquote Bank Ltd is located in Gland, Switzerland, with a branch in Zurich and representative offices in Dubai and Hong Kong. The share capital of Swissquote Bank Ltd amounts to CHF 42,000,000 (7,000,000 registered shares with a nominal value of CHF 6).

Swissquote Bank Europe SA has been a limited company incorporated in Luxembourg since 13 November 2000. Swissquote Bank Europe SA is a bank under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The share capital of Swissquote Bank Europe SA amounts to EUR 32,000,000 (32,000 registered shares without a nominal value).

Swissquote Financial Services (Malta) Limited has been a limited company incorporated in Malta since 19 October 2012. Swissquote Financial Services (Malta) Limited is an investment services company that operates as custodian for European investment funds and broker under both a Category 4a licence and a Category 2 licence from the Malta Financial Services Authority (MFSA). The share capital of Swissquote Financial Services (Malta) Limited amounts to EUR 1,100,000, divided into 1,099,999 ordinary class A shares with a nominal value of EUR 1 (held by the Company) and 1 ordinary class B share with a nominal value of EUR 1 (held by Swissquote Bank Ltd).

Swissquote Asia Ltd has been a limited company incorporated in Hong Kong since 16 January 2012. Swissquote Asia Ltd is a licensed corporation under the supervision of the Securities and Futures Commission (SFC), from which it was granted a Type 3 licence (Leverage Foreign Exchange Trading). The share capital of Swissquote Asia Ltd amounts to HKD 5,500,000 (5,500,000 registered shares with a nominal value of HKD 1).

Swissquote Ltd has been a limited company incorporated in London since 19 July 2011. Swissquote Ltd is an investment company that provides online trading services under the supervision of the Financial Conduct Authority (FCA). The share capital of Swissquote Ltd amounts to GBP 4,260,100 (4,260,100 ordinary shares with a nominal value of GBP 1).

Swissquote MEA Ltd has been a limited company incorporated in the Dubai International Financial Center (DIFC) since 14 June 2012. Swissquote MEA Ltd is an investment firm under both a Category 3A licence and a Category 4 licence granted by the Dubai Financial Services Authority (DFSA). The share capital of Swissquote MEA Ltd amounts to USD 500,000 (500 registered shares with a nominal value of USD 1,000).

Swissquote Pte. Ltd has been a limited company incorporated in Singapore since 26 February 2019. Swissquote Pte. Ltd is a financial services company under the supervision of the Monetary Authority of Singapore (MAS), from which it was granted a Capital Markets Service (CMS) licence. The share capital of Swissquote Pte. Ltd was first increased on 26 April 2021 from SGD 5,500,000 to SGD 6,000,000 and then on 1 December 2021 to SGD 6,500,000 (6,500 – previously 5,500 registered shares with a nominal value of SGD 1,000).

Swissquote Tech Hub Bucharest S.R.L. has been a limited company incorporated in Romania since 19 January 2022. Swissquote Tech Hub Bucharest S.R.L is active in computer programming, consultancy and related activities; as such, it provides software development services to the Group. The share capital of Swissquote Tech Hub Bucharest S.R.L. amounts to RON 45,000 (4,500 shares with a nominal value of RON 10).

Yuh Ltd has been a limited company incorporated in Switzerland since 7 April 2021. It is a joint venture of Swissquote Bank Ltd and PostFinance AG. Yuh Ltd engages in the management of IT and technology projects as well as related activities, including the creation and operation of applications for mobile phones and other devices. Yuh Ltd does not offer financial services and does not carry out any regulated activity. The share capital of Yuh Ltd amounts to CHF 1,000,000 (1,000,000 registered shares with a nominal value of CHF 1).

For information on the exact registered addresses of each entity of the Group, reference is made to the last pages of the Annual Report.

1.2 Significant shareholders

Under the Swiss Financial Market Infrastructure Act (FMIA), any person holding shares in a company listed in Switzerland is required to notify the concerned company and the stock exchange, if the holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, $33^{1/3}$%, 50%, or $66^{2/3}$% of the voting rights.

According to the information received by the Company and pursuant to Section 1.2 of the Annex to the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the shareholders with an interest in the Company above 3% as at 31 December 2021 are as follows:

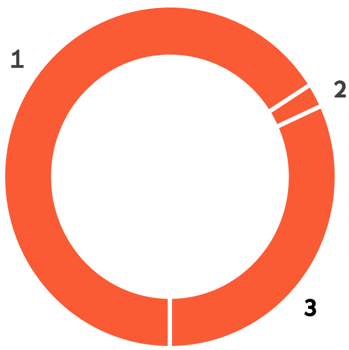
	2021		
	Shares	Options	Total
Marc Bürki	11.53%	0.10%	11.63%
Paolo Buzzi	10.48%	0.05%	10.53%
PostFinance AG	5.00%	–	5.00%
ACE Convictions Ltd	3.53%	–	3.53%

For further information on stock options, reference is made to the Remuneration Report.

The full list of disclosures of shareholdings made in accordance with Art. 120 FMIA is available on the website of SIX Swiss Exchange using the following link:
https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

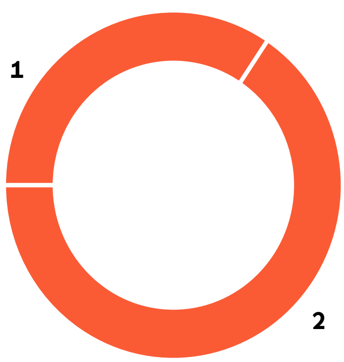
1.2 Significant shareholders (continued)

As at 31 December 2021, the issued share capital of the Company consisted of 15,328,170 ordinary registered shares with a nominal value of CHF 0.20 each. The shares registered in the share register amounted to 10,110,312 and the Company owned 343,227 treasury shares. The distribution of the shareholdings in the Company as of 31 December 2021 is reflected below:



1 Shares registered in the share register (66.0%)
2 Treasury shares (2.2%)
3 Other shares not registered in the share register (31.8%)

Furthermore, the registered shareholders as at 31 December 2021 are broken down as follows:



1 Board members and Executive Management members (34.4%)
2 Other registered shareholders (65.6%)

1.3 Cross-shareholdings

There are no cross-shareholdings.

2 Capital structure

2.1 Capital

Under Swiss company law, the general meeting of shareholders (the "General Meeting") has to approve any change in the total number of shares, whether with respect to the ordinary share capital or with respect to the creation of conditional capital or authorised capital.

As at 31 December 2021, the stated share capital of the Company amounted to CHF 3,065,634 (15,328,170 registered shares with a nominal value of CHF 0.20 each). The share capital is fully paid-up. The Company itself owned 343,227 treasury shares. In addition, as at 31 December 2021, the Company had a conditional capital of 960,000 shares with a nominal value of CHF 0.20 each (representing 6.3% of the Company's stated share capital) and an authorised capital of 1,500,000 shares with a nominal value of CHF 0.20 each (representing 9.8% of the Company's stated share capital). The shares that could be issued out of the conditional capital and authorised capital represented in aggregate 16.1% of the Company's share capital.

Under the regulations of SIX Swiss Exchange, individual shareholdings that exceed 5% (save for, inter alia, certain investment funds) are deemed to be permanent investments and must therefore be disregarded for the calculation of the shares' free float. As at 31 December 2021, the free float determined pursuant to the regulations of SIX Swiss Exchange represented 73.1% of the Company's issued shares (2020: 71.5%).

2.2 Conditional and authorised capital in particular

In this section and in the remainder of the Corporate Governance Report, the Articles of Incorporation of the Company, last amended on 6 May 2021 and applicable as at 31 December 2021, available at https://en.swissquote.com/company/investors#articles-incorporation in the French original version together with an English free translation, shall be referred to as the "AoI".

Art. 4bis of the AoI on the utilisation of the conditional capital provides that the Board is authorised to increase the share capital of the Company by a maximum of CHF 192,000 by issuing no more than 960,000 new registered shares with a nominal value of CHF 0.20 each. The capital increase may be carried out through the exercise of options granted by the Board to certain employees of the Company and its group companies by a maximum of CHF 150,000 through the issuance of a maximum of 750,000 new registered shares with a nominal value of CHF 0.20 each. The capital increase may also be carried out through the exercise of options granted by the Board in connection with the acquisition of a business undertaking, parts of a business undertaking or acquisition of participations in a business undertaking by a maximum of CHF 42,000 through the issuance of a maximum of 210,000 new registered shares with a nominal value of CHF 0.20 each.

In order to align the Company's authorised capital with best market practice and in light of the Group's sound financial position, the General Meeting approved on 6 May 2021 the motion to reduce from CHF 400,000 to CHF 300,000 the maximum amount of authorised capital. Therefore, Art. 4ter of the AoI governing the utilisation of the authorised capital provides that the Board is authorised until 6 May 2023 to increase the share capital of the Company by a maximum of CHF 300,000 by issuing no more than 1,500,000 new registered shares with a nominal value of CHF 0.20 each. The Board determines the amount of the issue, the point in time at which the shares confer a dividend entitlement, the method of payment in full for contributions and the subscription procedure. An increase in tranches or a partial increase is permissible. In accordance with the modalities laid down by the Board, the amount of the increase must be fully paid-up. The restrictions on the transferability of registered shares set forth in the AoI also apply to the new shares.

For further information on the conditional and authorised capital, reference is made to the AoI.

2.3 Changes in capital

The following table summarises the changes in capital that took place within the last three financial years:

		Unissued shares		
	Ordinary shares issued	Conditional capital	Authorised capital	Total shares issued and unissued
NUMBER OF SHARES				
As at 1 January 2019	**15,328,170**	**960,000**	**2,000,000**	**18,288,170**
Exercise of employees' stock options	–	–	–	–
Increase/(decrease) in capital	–	–	–	–
As at 31 December 2019	**15,328,170**	**960,000**	**2,000,000**	**18,288,170**
As at 1 January 2020	**15,328,170**	**960,000**	**2,000,000**	**18,288,170**
Exercise of employees' stock options	–	–	–	–
Increase/(decrease) in capital	–	–	–	–
As at 31 December 2020	**15,328,170**	**960,000**	**2,000,000**	**18,288,170**
As at 1 January 2021	**15,328,170**	**960,000**	**2,000,000**	**18,288,170**
Exercise of employees' stock options	–	–	–	–
Increase/(decrease) in capital	–	–	(500,000)	(500,000)
As at 31 December 2021	**15,328,170**	**960,000**	**1,500,000**	**17,788,170**

2.4 Shares and participation certificates

Pursuant to Art. 5 of the AoI, the Company may issue its registered shares in the form of single certificates, global certificates or uncertified securities. As at 31 December 2021, the share capital consisted of 15,328,170 registered shares with a nominal value of CHF 0.20 each. The share capital of the Company is fully paid-up. The dividend entitlement depends on the share's nominal value. Each of the Company's registered shares carries one voting right at the General Meeting. Upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they acquired the registered shares in their own name and for their own account. More information is provided in Sections 2.6 and 6.

The Company does not issue any participation certificates.

2.5 Dividend-right certificates

The Company does not issue any dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

In accordance with Art. 685a CO and Art. 7 Para. 1 of the AoI, the transfer of registered shares is subject to the approval of the Board. Upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their own account. If this requirement is not satisfied, the person in question will be entered in the share register as a shareholder without voting rights. In accordance with Art. 7 Para. 2 of the AoI, the Company may reject a request for entry into the share register within 20 days.

The AoI do not contemplate any explicit exception to the principle according to which only persons who declare holding their shares in their own name and for their own account can be registered as shareholders with voting rights. There is consequently no explicit exemption allowing nominee shareholders to be registered with voting rights and no such exceptions were granted in 2021.

Pursuant to Art. 14 Para. 1 of the AoI, decisions related to the restrictions on the transferability of registered shares can only be made by the General Meeting and require a qualified majority vote (two thirds of the votes represented and an absolute majority of the nominal values of the shares represented).

2.7 Convertible bonds and options

The Company does not issue any bonds, convertible bonds or warrants.

Information on the Group's stock option plan is provided in the Remuneration Report.

3 Board of Directors

The Board has the ultimate responsibility for the strategy and the management of the Company and for the supervision of the Executive Management. Art. 16 Para. 1 of the AoI provides that the Board must be composed of at least five members and not more than nine members. At the AGM of 6 May 2021, the General Meeting newly elected Michael Ploog and all five incumbent members of the Board were re-elected. As a result, as at 31 December 2021, the Board consisted of six members, all non-executive. All Board members are considered independent, except Michael Ploog, owing to his service as Chief Financial Officer of the Company from 1999 to 2019 and as Chief Investment Officer of the Company from 2019 to 2021.

3.1 Members of the Board of Directors

Dr Markus Dennler

(1956 / Swiss national / domiciled in Switzerland / non-executive / independent)
Chairman of the Board of Swissquote Group Holding Ltd since May 2019
(member since March 2005)
Chairman of the Board of Swissquote Bank Ltd since May 2019
(member since March 2005)

Educational Background

1982	Licentiate in Law, University of Zurich, Switzerland
1984	Doctorate in Law, University of Zurich, Switzerland
1986	Attorney at Law, admitted to the Bar of Zurich, Switzerland
1989	International Bankers School, New York, USA
1997	Advanced Management Program, Harvard Business School, Boston, USA

Professional Experience

1986–1994	Various assignments, Credit Suisse, Switzerland
1994–1996	Delegate to the Board of Directors, CS Columna, Switzerland
1997–1998	CEO, Columna Winterthur, Switzerland
1998–2000	Member of the Corporate Executive Board and Head of Individual and Group Life Division, Winterthur Insurance, Switzerland
2000–2003	Member of the Executive Board of CSFS and Responsible for the Operational Global Life & Pensions Business, Credit Suisse, Switzerland

Previous Board Mandates

2005–2006	Chairman, Batigroup, Switzerland
2005–2007	Chairman (since 2006), Converium, Switzerland
2006–2013	Member of the Board, Petroplus, Switzerland
2006–2015	Chairman (since 2011), Implenia, Switzerland
2007–2010	Member of the Board, Jelmoli, Switzerland

Current Mandates in Non-Listed Companies

Since 2006	Chairman (since 2012), Allianz Suisse Versicherungs-Gesellschaft AG and Allianz Suisse Lebensversicherungs-Gesellschaft AG, Switzerland

Current Mandates in Associations, Charitable Organisations, Foundations, Trusts or Occupational Pension Foundations

Since 2003	Honorary Councillor (since 2016), British Swiss Chamber of Commerce, Switzerland

Dr Monica Dell'Anna

(1971 / Swiss and Italian national / domiciled in Switzerland / non-executive / independent)
Member of the Board of Swissquote Group Holding Ltd since May 2018
Member of the Board of Swissquote Bank Ltd since May 2018
Member of the Audit & Risk Committee
Member of the Nomination & Remuneration Committee

Educational Background

1996	Degree (M. Sc. equivalent) in Telecommunications Engineering, University of Pisa, Italy
2000	PhD in Telecommunication Engineering, King's College London, United Kingdom
2002	McKinsey Mini-MBA in Finance, Strategy and Marketing (Faculty from INSEAD/Kellogg/Harvard), France

Professional Experience

1997–2001	Research and later Senior Research Associate, King's College London, United Kingdom
2002–2003	Consultant, McKinsey and Company, United Kingdom
2003–2013	Various executive positions, last as Head of Fiber Business and New IT, Member of the Executive Board of Network and IT, Swisscom (Switzerland) Ltd, Switzerland
2013–2015	Head of Market and Member of the Executive Board, BKW Ltd, Switzerland
2016–2019	Head of Products (until December 2018 Head of Business Media) and Member of the Group Executive Board, NZZ-Mediengruppe Ltd, Switzerland
2020–2021	CEO, The Adecco Group Switzerland and Austria, Switzerland

Previous Board Mandates

2013–2015	Member of the Board, BKW Italia Ltd, Italy
2013–2015	Member of the Board, Youtility Ltd, Switzerland
2013–2015	Chairwoman of the Board, cc energie, Switzerland
2014–2015	Member of the Board, Gasverbund Mittelland (GVM), Switzerland
2016–2019	Chairwoman of the Board, following companies of the NZZ-Mediengruppe Ltd, all in Switzerland: Architonic Ltd (Member of the Board until 2017), Spoundation Motion Picture Ltd, Zurich Film Festival Ltd, NZZ Konferenzen Ltd, Moneyhouse Deutschland Ltd, Swiss Economic Forum (SEF) Ltd, NZZ Fachmedien Ltd and Moneyhouse Ltd (since 2017)

Current Mandates in Non-Listed Companies

Since 2022	Chairwoman of the Board, B Capital Partners AG, Switzerland

Current Mandates in Associations, Charitable Organisations, Foundations, Trusts or Occupational Pension Foundations

Since 2021	Member of the Board, Italian Chamber of Commerce for Switzerland

Martin Naville

(1959 / Swiss national / domiciled in Switzerland / non-executive / independent)
Member of the Board of Swissquote Group Holding Ltd since April 2007
Vice Chairman of the Board of Swissquote Bank Ltd since May 2019
(member since April 2007)
Member of the Audit & Risk Committee
Member of the Nomination & Remuneration Committee

Educational Background

1979–1984	Master of the Laws, University Zurich, Switzerland

Professional Experience

1985–1988	Assistant Treasurer, J.P. Morgan Bank, Zurich, Switzerland/New York, USA
1988–1990	Consultant, The Boston Consulting Group, Munich, Germany
1990–1992	Project Leader, The Boston Consulting Group, Zurich, Switzerland
1992–1995	Manager, The Boston Consulting Group, New York, USA
1995–2004	Partner and Director, The Boston Consulting Group, Zurich, Switzerland
Since 2004	CEO, Swiss-American Chamber of Commerce, Zurich, Switzerland

Current Mandates in Non-Listed Companies

Since 2002	Chairman (since 2004), Zoo Zurich Inc., Switzerland

Dr Beat Oberlin

(1955 / Swiss national / domiciled in Switzerland / non-executive / independent)
Member of the Board of Swissquote Group Holding Ltd since May 2016
Member of the Board of Swissquote Bank Ltd since May 2016
Chairman of the Nomination & Remuneration Committee

Educational Background

1979	Licentiate in Law, University of Basel, Switzerland
1982	Attorney at Law and notary, admitted to the Bar of Basel, Switzerland
1989	Doctorate in Law, University of Basel, Switzerland
1999	Stanford Business School, Stanford CA, Senior Executive, USA

Professional Experience

1982–1994	Various assignments, SBG, Switzerland
1994–2004	Head of Retail and Head of Corporate Clients, Chief of Staff, Head of Market and Sales Management, Business Banking, UBS, Switzerland
2004	Designated CEO, Basellandschaftliche Kantonalbank, Switzerland
2005–2016	CEO, Basellandschaftliche Kantonalbank, Switzerland

Previous Mandates

2005–2016	Member of the Board, Association of Swiss Cantonal Banks, Switzerland
2005–2016	Member of the Board, Basel Bank Association, Switzerland
2013–2019	Member of the panel of experts appointed by the Federal Council for the “Advancement of Financial Center Strategy” and its successor “Advisory Board for the Future of the Financial Center”, Switzerland

Current Mandates in Non-Listed Companies

Since 2011	Vice President of the Board (since 2018), St. Clara Spital Group, Switzerland
Since 2020	Chairman of the Board, urb-x AG, Switzerland

Current Mandates in Associations, Charitable Organisations, Foundations, Trusts or Occupational Pension Foundations

Since 2018	Chairman of the Board (since 2020), University of Basel, Switzerland
Since 2022	Vice Chairman of the Board, Thomi-Hopf-Stiftung, Switzerland

Note: On 30 June 2021, Swissquote Bank Ltd announced that the Luzerner Kantonalbank would be its exclusive distribution partner for mortgages as from 1 January 2022. At the same time, the cooperation between Swissquote Bank Ltd and the Basellandschaftliche Kantonalbank, which started in 2011, ended as of 31 December 2021. As reflected above, Beat Oberlin used to be the CEO of the Basellandschaftliche Kantonalbank until 2016.

Jean-Christophe Pernollet

(1966 / French national / domiciled in Switzerland / non-executive / independent)
Member of the Board of Swissquote Group Holding Ltd since May 2015
Member of the Board of Swissquote Bank Ltd since November 2014
Chairman of the Audit & Risk Committee

Educational Background

1986	Bachelor of Science in Economics and Politics, Institut d'Etudes Politiques, Grenoble, France
1986	Institute of European Studies, Hull, United Kingdom
1990	Master in Management, EDHEC Business School, Lille, France
2002	Senior Executive Program, Columbia Business School, New York, USA
2021	Corporate Director Certificate, Harvard Business School, USA

Professional Experience

1990–1993	Audit, Deloitte & Touche, Paris, France	
1993–2010	PricewaterhouseCoopers:	
	1993–1997	Audit, Geneva, Switzerland
	1997–1999	Senior Manager (since 1998), Audit, New York, USA
	1999–2010	Partner and Business Unit Leader (since 2001), Audit, Geneva, Switzerland
2010–2012	Chief Financial Officer, EFG International Ltd, Geneva and Zurich, Switzerland	
Since 2012	Edmond de Rothschild, Switzerland:	
	2012–2015	Group Chief Financial Officer, then Chief Audit Executive
	Since 2015	Group Chief Risk Officer

Previous Mandates

2010–2012	Member of the Audit & Risk Committee, EFG Private Bank Ltd, London, United Kingdom
2013–2014	Member of the Board, Edmond de Rothschild (Europe), Luxembourg
2015–2021	Member of the Board and Chairman of the Audit & Risk Committee, Edmond de Rothschild Asset Management (Switzerland) Ltd

Current Mandates in Listed Companies

Since 2015	Chairman of the Board, Edmond de Rothschild Real Estate SICAV[1]

Current Mandates in Non-Listed Companies

Since 2021	Member of the Board and Chairman of the Audit & Risk Committee, Edmond de Rothschild (Israel) Ltd
Since 2021	Member of the Board and Chairman of the Audit & Risk Committee, Edmond de Rothschild (United Kingdom) Ltd

Current Mandates in Associations, Charitable Organisations, Foundations, Trusts or Occupational Pension Foundations

Since 2015	Chairman of the Board, Edmond de Rothschild Pension Fund

[1] This mandate results from Mr Pernollet's executive position at Edmond de Rothschild.

Michael Ploog

(1960 / Swiss national / domiciled in Switzerland / non-executive / non-independent)
Member of the Board of Swissquote Group Holding Ltd since May 2021
Member of the Board of Swissquote Bank Ltd since May 2021

Educational Background

1980–1983	Bachelor of Science in Management, Faculty of Business and Economics (HEC), University of Lausanne, Switzerland
1986–1990	Swiss Certified Public Accountant, Swiss Association of Certified Experts for Auditing, Taxes and Fiduciary (EXPERTsuisse), Switzerland

Professional Experience

1983–1985	Chair of Financial and Cost Accounting, Graduate Teaching Assistant, University of Lausanne, Switzerland
1986–1998	Senior Manager (since 1992), Deloitte
	1986–1994 Audit and Assurance Services, Geneva, Switzerland
	1994–1996 Corporate Finance, London, United Kingdom
	1996–1998 Management Advisory Services, Lausanne, Switzerland
1998–1999	Senior Manager, Transaction Services Group & Corporate Finance, PricewaterhouseCoopers, Lausanne, Switzerland
1999–2019	Chief Financial Officer, Swissquote Group Holding Ltd, Gland, Switzerland
2000–2019	Chief Financial Officer, Swissquote Bank Ltd, Gland, Switzerland
2019–2021	Chief Investment Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd, Gland, Switzerland

Previous Mandates

2012–2020	Vice Chairman of the Board, Swissquote MEA Ltd, Dubai, UAE
1999–2021	Member of the Board, Swissquote Trade Ltd, Gland, Switzerland
2010–2021	Chairman, Foundation Swissquote 3rd Pillar, Gland, Switzerland
2012–2021	Member of the Council, FIT – Foundation for Technological Innovation, Lausanne, Switzerland

3.2 Other activities and vested interests

None of the Board members undertakes activities, holds mandates or has vested interests (as defined in the SIX Swiss Exchange regulations) other than the ones described in Section 3.1. In particular, they did not hold any official functions or political posts in 2021. With the exception of the positions and roles described in Section 3.1, they have no significant business connections with the Company or any of its subsidiaries.

3.3 Number of permitted activities

Pursuant to Art. 16bis of the AoI, no member of the Board may exercise more than nine additional mandates in other companies, a maximum of four of which may be in listed companies. Mandates exercised at the request of the Company or companies which it controls are not subject to these restrictions and are limited to ten mandates. Moreover, no member of the Board may exercise more than ten mandates in relation to associations, charitable organisations, foundations trusts and occupational pension foundations.

3.4 Summary of external mandates

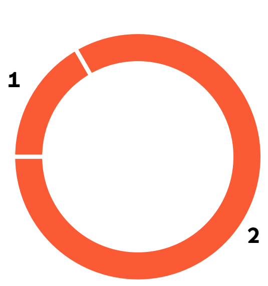
The table below summarises the mandates that each Board member was assuming in superior governing or administrative bodies of legal entities outside of the Group as at 31 December 2021 (unless otherwise indicated in the table):

BOARD MEMBERS	**Current mandates in listed companies**	**Current mandates in non-listed companies**	**Current mandates in associations, charitable organisations, foundations, trusts and occupational pension foundations**
Markus Dennler, Chairman	None	- Chairman Allianz Suisse Versicherungs-Gesellschaft AG - Chairman Allianz Suisse Lebensversicherungs-Gesellschaft AG	- Honorary Councillor, British Swiss Chamber of Commerce
Monica Dell'Anna	None	- Chairwoman, B Capital Partners (as from February 2022)	- Member of the Board, Italian Chamber of Commerce for Switzerland
Martin Naville	None	- Chairman, Zoo Zurich Inc.	- CEO, Swiss-American Chamber of Commerce
Beat Oberlin	None	- Vice President of the Board, St. Clara Spital Group - Chairman of the Board, urb-x AG	- Chairman of the Board, University of Basel - Vice Chairman of the Board, Thomi-Hopf-Stiftung
Jean-Christophe Pernollet	- Chairman of the Board, Edmond de Rothschild Real Estate SICAV	- Group Chief Risk Officer, Edmond de Rothschild (including various mandates in the same group)	- Chairman of the Board, Edmond de Rothschild Pension Fund
Michael Ploog	None	None	None
Maximum permitted mandates	**4**		**10**
	9 (listed and non-listed companies combined)		

3.5 Diversity and skills

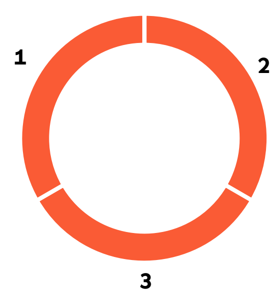
The charts below present the composition of the Board by gender, tenure, nationality and skills:

Gender



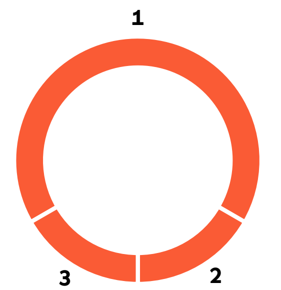
1 Female (16.7%)
2 Male (83.3%)

Tenure



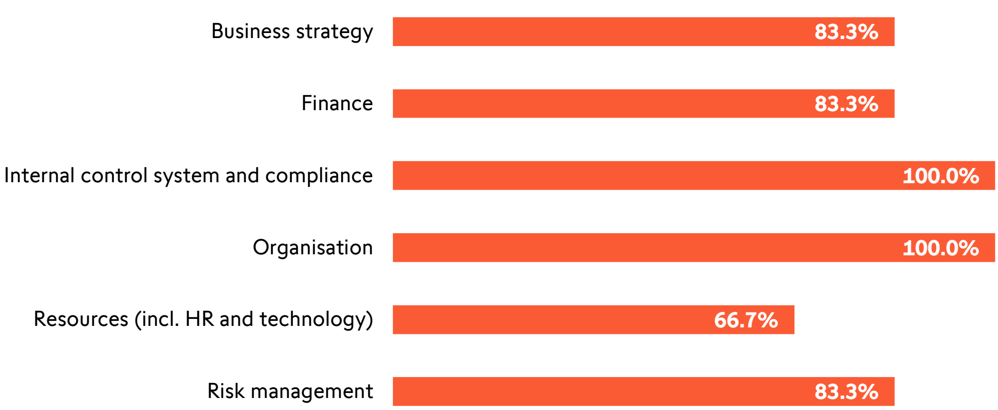
1 0-5 years (33.3%)
2 5-10 years (33.3%)
3 10+ years (33.3%)

Nationality



1 Swiss (66.6%)
2 Swiss and Italian (16.7%)
3 French (16.7%)

Skills



3.6 Succession planning
The Nomination & Remuneration Committee regularly reviews the Board's composition and succession planning and makes its corresponding recommendations to the Board. When doing so, all the relevant elements such as the skills and qualifications available within the Board as well as diversity and independence aspects are taken into consideration. During the year, the Nomination & Remuneration Committee has identified key elements for the future composition and adopted the following timeline:

2022
Increase internationality, technology and gender diversity

2024
at the latest
Further increase gender diversity and, as a result, reach or exceed the 30% threshold

2025
at the latest
Reach optimum Board size (target composition) to accompany growth and increased requirements (8 or 9 members)

Milestones

3.7 Elections and terms of office
On 6 May 2021, the General Meeting approved the amendment of Art. 16 Para. 1 of the AoI increasing the minimum number of members of the Board from three to five and establishing a maximum number of members, set at nine. Pursuant to Art. 16 Para. 2 of the AoI, the members of the Board are elected individually for a term of office that finishes at the end of the next AGM. Re-election is permitted. New members of the Board appointed during a term of office can only be elected to serve until the end of that term. In accordance with Art. 9 Para. 2 Ciph. 2 of the AoI, the Chair is elected at the AGM until the end of the following AGM.

The Board acts at the same time as the Board of Directors of Swissquote Bank Ltd. Since Swiss banking laws and regulations impose a strict separation between the Board of Directors and the Executive Management (i.e. no executive members are permitted to sit on the Board), the Board has always been composed of non-executive members.

The time of the first election of the current Board members is mentioned in Section 3.1.

3.8 Internal organisational structure

3.8.1 Generalities

The operation of an international financial services group comprising a bank in Switzerland and a bank in Luxembourg as well as investment firms located in major financial places requires, inter alia, a proper organisation and an efficient consolidated supervision by the Company.

The organisation and responsibilities of the Group entities are mainly set out in the Policy on the consolidated supervision, which in particular aims to ensure that:

- The Group is duly organised and has a proper structure and governance, including a cohesive set of by-laws, policies and regulations;
- The Group has an appropriate internal control system and the Group entities comply with the regulations applicable to them;
- The risks implied by the activities of the Group, including legal and reputation risks, are adequately identified, mitigated and monitored;
- The Board members, the Executive Management members and other key persons in the Group provide assurance of proper business conduct;
- The applicable regulations on the fight against money laundering and terrorist financing are duly complied with throughout the Group;
- The applicable regulations on the establishment of financial statements as well as on capital adequacy, liquidity, risk diversifications, risk positions and other relevant quantitative parameters are duly complied with throughout the Group; and
- The level of competence for making decisions in the Company (including according to levels of financial materiality) is set forth in the Organisation Regulations (available at https://en.swissquote.com/company/investors#articles-incorporation in the French original version) and other internal regulations and is summarised in the Regulation relating to responsibilities and financial powers.

After each AGM, where all Board members and the Chair are elected, the Board appoints its Secretary. The Board may form one or several advisory committees, which consist of members of the Board. The committees' function is to make recommendations to the Board on specific matters. In 2021, there were two such committees at the level of the Group: the Audit & Risk Committee and the Nomination & Remuneration Committee. Such committees must report to the Board on a regular basis, but at least once per quarter for the Audit & Risk Committee and twice a year for the Nomination & Remuneration Committee. The Board has also delegated some of its powers to its Chair.

The Board meets as often as required, but at least four times a year. The Board and its committees plan and coordinate their activities in accordance with a yearly planning schedule that covers all matters requiring the Board's attention and thus ensures that the Board's activity is compliant with applicable laws and regulations.

In 2021, the Board met nine times (one physical strategy meeting and eight (video-)conference calls), out of which one meeting was the so-called Annual Conference on Risks (see Section 3.12). Meetings, either physical or via (video-)conference calls, lasted in average for three hours. All Board members attended all Board meetings in 2021. The Executive Management was present at all meetings, except where there was a review of their personal situation. On various occasions, decisions were taken by means of circular resolutions and ratified at the next Board meeting.

3.8.2 Functions of the Board of Directors

The Board acts as the ultimate direction of the Company and has the power to decide on all matters that are not vested in the General Meeting or in any other body by law or pursuant to the AoI or the Organisation Regulations. It is the Board's responsibility to perform, inter alia, the following functions:

- Assure the overall supervision of the Company, define the strategy and general policy of the Company, set the objectives of the Company and issue the corresponding instructions;
- Determine the organisation of the Company by approving the Organisation Regulations and the Company's organisation chart;
- Appoint the members of the Board's committees, other than those of the Nomination & Remuneration Committee (which are appointed by the AGM) and appoint their respective chairs;
- Appoint and dismiss the persons entrusted with the management and representation; decide on any signatory to be entered in the Commercial Register;
- Supervise the persons entrusted with the management and representation to ensure in particular that they comply with the law, the AoI, the internal regulations and the instructions given;
- Decide on the creation or closure of subsidiaries, branches, agencies or representative offices in Switzerland or abroad;
- Ensure that an appropriate internal control system is maintained, adapted to the size, complexity, structure and risk profile of the Company;
- Examine the reports established by the Executive Management;
- To the extent permitted by segregation of duties requirements, assist the Executive Management in all cases where it is necessary;
- Approve the Policy on the consolidated supervision;
- Prepare the Annual Report, the Corporate Governance Report, the Remuneration Report and the Sustainability Report for the past financial year;
- Submit these reports to the General Meeting, together with its proposals for the appropriation of retained earnings, its proposals for the election of the Board, the Nomination and Remuneration Committee, the independent proxy, the election of the auditors, its proposals for the maximum aggregate remuneration of the Board and of the Executive Management and any other proposals;
- Convene the General Meeting and implement its decisions, either directly or through the Executive Management;
- Determine the principles of accounting and financial control, as well as the financial plan;
- Approve the annual financial statements and regular interim financial reporting prior to their disclosure and after clearance by the Audit & Risk Committee;
- Decide on the acquisition, commitment and disposal of any permanent holdings;
- Approve the Group budget, any revisions during the year, and the capital and liquidity planning;
- Decide, within the framework of the General Meeting's resolutions, on the remuneration of the Board and the Executive Management;
- Supervise the achievement of the Group's objectives in terms of sustainability, gender diversity and wage fairness;
- Inform the competent authority in the event of overindebtedness;
- Analyse, authorise and periodically monitor the development of projects of importance to the Company; and
- Approve those matters for which the Executive Management has to seek approval by the Board, in particular through the approval of internal regulations.

The Board's approval is also required for specific transactions that do not fall under the ordinary business activities and/or which financially exceed defined thresholds.

Board members may not act alone on behalf of the Company and may not give instructions on their own, except where the AoI, the internal regulations or a resolution of the Board provide otherwise.

3.8.3 Functions delegated to the Chair

The Chair performs, inter alia, the following functions:

- Chair the meetings of the Board and the General Meeting;
- Ensure that all relevant matters are duly part of the Board meeting agenda and subject to an appropriate follow-up. Relevant matters include strategy, business, financial risk and compliance matters as well as environmental, social and governance matters; and
- Represent the Board vis-à-vis the public at large, public officials and the shareholders.

3.8.4 Rules governing decisions

The majority of members shall be present for the Board to be quorate. Resolutions of the Board are passed by a majority of the votes cast by the members present. In the event of a tie, the Chair has the casting vote. For decisions that are taken in relation to a capital increase (ordinary, conditional or authorised increase), including the related modifications of the AoI, the quorum is also achieved when a single member of the Board is present.

For further information on quorums and decisions, reference is made to the AoI (in particular Art. 17) and to Art. 6 of the Organisation Regulations.

3.8.5 Audit & Risk Committee

As at 31 December 2021, Jean-Christophe Pernollet (Chairman), Monica Dell'Anna and Martin Naville are members of the Audit & Risk Committee.

Based on best market practices, we highlight the fact that the Chairman of the Audit & Risk Committee, Mr Pernollet, has an extensive audit and accounting expertise, which is in particular demonstrated by his past position of Audit Partner at PricewaterhouseCoopers (Switzerland) and Lead Bank Auditor accredited by FINMA for more than 10 years and his past and current executive positions at Edmond de Rothschild (Switzerland).

The Audit & Risk Committee's primary function is to assist the Board in fulfilling its oversight responsibilities defined by law, the AoI, internal regulations or otherwise with respect to financial reporting and risk management. The Audit & Risk Committee has no decision-making powers. It only acts in an advisory or preparatory capacity.

In terms of financial reporting, the oversight responsibilities of the Audit & Risk Committee include, inter alia, the following:

- Monitor and assess the overall integrity of the annual and half-yearly financial statements (standalone and consolidated) and disclosures of the financial condition, results of operations and cash flows;
- Discuss the financial statements and the quality of the underlying accounting processes with the Chief Financial Officer, the lead audit partner and, where applicable, the person responsible for the internal auditor;
- Monitor the adequacy of the financial accounting, financial planning and reporting processes and the effectiveness of internal controls over financial reporting;
- Monitor processes designed to ensure compliance by the Group and its entities in all significant respects with legal and regulatory requirements, including disclosure controls and procedures, and the impact (or potential impact) of developments related thereto;
- Make recommendations to the Board as to the application of accounting standards;
- Review (prior to such transactions) significant accounting and reporting matters related to material one-off transactions such as the acquisition or disposal of an enterprise and/or a merger;
- Inform the Board of the result of the above-mentioned tasks and make a recommendation as to whether the financial statements should be approved by the Board and, where applicable, submitted to the General Meeting;
- Monitor and assess the qualifications, independence and performance of the auditors and their interactions with the internal auditor;
- Assess the risk analysis, the audit strategy and the risk-oriented financial audit plan, the audit rhythm and all reports from external auditors and supervise the actions taken by the Management following the audit results; and
- Assist the Board in fulfilling its responsibilities relating to financial reporting.

In terms of risk management, the oversight responsibilities of the Audit & Risk Committee include, inter alia, the following:

- Assess, at least annually, the internal control systems of the Group and of Swissquote Bank Ltd, including the risk management framework (in particular the risk appetite and the risk tolerance), make corresponding recommendations to the Board and ensure that necessary changes are made;
- Monitor (i) the organisation's risk profile (its ongoing and potential risks of various types), (ii) its consistency/compliance with the risk management framework (in particular the risk appetite and the risk tolerance) and (iii) the implementation of risk strategies;
- Oversee that the Executive Management has identified and assessed all the significant risks that the Group and its entities face and has established a risk management infrastructure (including effective processes) capable of addressing those risks;
- Oversee, in conjunction with the Board and, where applicable, other Board-level committees, risks, such as strategic, credit, market, liquidity, operational and reputational risks (including from a sustainability perspective);
- Assess the Group's and Swissquote Bank Ltd's capital and liquidity planning and report to the Board;
- Monitor and assess the qualifications, independence and performance of the internal auditor.

3.8.5 Audit & Risk Committee (continued)

- Assess, take note of or approve (as applicable) the internal auditor's risk assessment, audit plans (for the Group and Swissquote Bank Ltd) and all their reports (for Swissquote Bank Ltd and the other Group entities) and supervise the actions taken by the Management following the audit results;
- Assess, take not of or approve (as applicable) the risk analysis, the audit strategy and the risk-oriented regulatory audit plan, the audit rhythm and all reports from the auditors and supervise the actions taken by the Management following the audit results;
- Make recommendations to the Board as to the nomination (respectively appointment), renewal or dismissal of the auditors and of the internal auditor;
- Make recommendations to the Board as to amendments to the "Règlement sur la Révision interne"; and
- Assist the Board in fulfilling its responsibilities relating to risk management, including those resulting from the application of the "Règlement sur la gestion des risques" and other relevant internal regulations.

The Audit & Risk Committee meets at least once per quarter. In 2021, it met six times via (video-)conference calls. The meetings lasted on average for two hours and thirty minutes. In 2021, Jean-Christophe Pernollet, Monica Dell'Anna and the other Board members attended all meetings, while Martin Naville attended five meetings. Members of the Executive Management were invited to all the meetings. The auditors were present at all the meetings and the internal auditor was present at all the meetings. No external counsels attended the meetings.

3.8.6 Nomination & Remuneration Committee

As at 31 December 2021, Beat Oberlin (Chairman), Monica Dell'Anna and Martin Naville are members of the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee meets at least twice a year. In 2021, it met six times via (video-)conference calls. The meetings lasted on average 45 minutes. In 2021, Beat Oberlin, Monica Dell'Anna and the other Board members, except Martin Naville, attended all meetings. Martin Naville attended five meetings. Members of the Executive Management were invited to all the meetings, except where there was a review of their personal situation. No external counsels attended the meetings.

Further details on the Nomination & Remuneration Committee are provided in the Remuneration Report.

3.9 Board and committee meetings

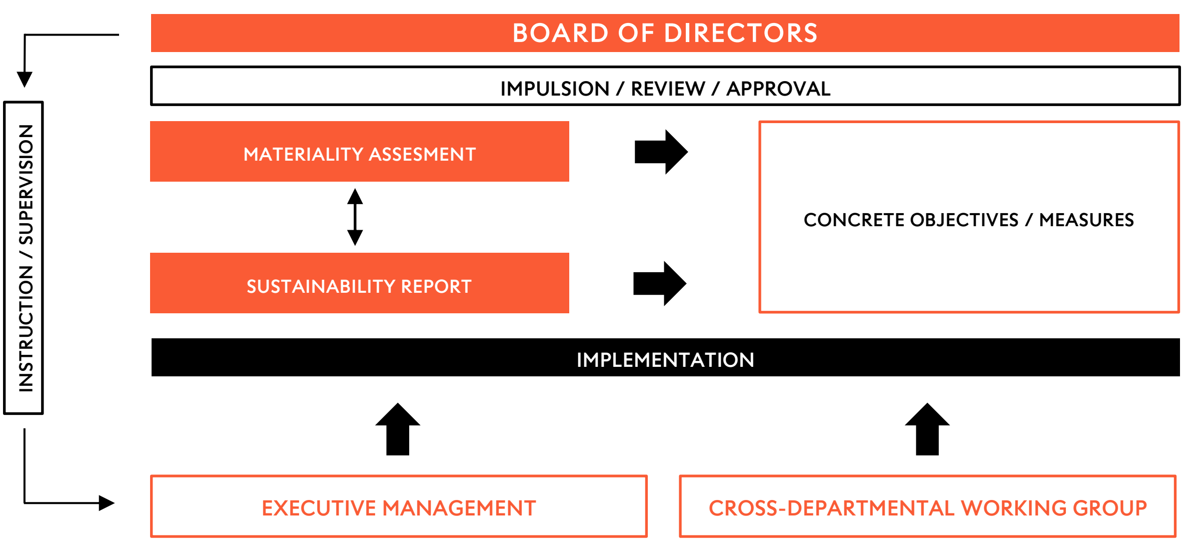
The table below summarises the number of meetings that the Board and each of its committees held in the course of 2021, as well as the Board (or committee) members having attended such meetings:

NUMBER OF BOARD AND COMMITTEE MEETINGS AND ATTENDANCE	Board of Directors	Audit & Risk Committee	Nomination & Remuneration Committee
Markus Dennler, Chairman	9		
Monica Dell'Anna	9	6	6
Martin Naville	9	5	5
Beat Oberlin	9		6
Jean-Christophe Pernollet	9	6	
2021	9	6	6

The above table only reflects the participation in a committee of a Board member when the latter is a member of such committee. Board members that are not members of a committee participate as guests in all or most meetings of such committee.

3.10 Environmental, social and governance responsibility

The following chart describes how environmental, social and governance ("ESG") matters are handled within the Company and highlights, in particular, the key role of the Board, especially in terms of oversight. More information about ESG matters is available in the Sustainability Report:



3.11 Definition of areas of responsibility

In accordance with Art. 20 of the AoI, the Board may delegate all or part of its duties to the Executive Management. The latter is responsible for the implementation of the business strategies approved by the Board and for the compliance of the operations with the risk management policies approved by the Board. Furthermore, the Executive Management ensures the maintenance and development of a corporate framework in line with the corporate values approved by the Board, in particular as stated in the Code of Conduct (available at https://en.swissquote.com/company/investors#articles-incorporation in the English original version).

The Executive Management in particular has the responsibility to perform the following functions:

- Execute the strategy approved by the Board;
- Review and prepare the items to be treated by the Board;
- Execute the decisions and instructions of the Board;
- Assign powers to other bodies or employees if permitted by the Organisation Regulations and within the limits of these regulations;
- Ensure that the Company's internal organisation meets its operational and development needs;
- Establish the regulations required by the Company's activity and submit them to the Board for approval;
- Establish the organisation chart of the Company and submit it to the Board for approval;
- Hire the Company's employees and set their employment conditions according to the guidelines issued by the Board;
- Establish a list of authorised signatories for the Company and submit it to the Board for approval;
- Supervise accounting, financial control and financial planning;
- Establish the Group's budget and submit it to the Board for approval;
- Report regularly to the Board;
  Prepare the Company's annual financial statements, any consolidated or interim financial statements, and the Annual Report for approval by the Board; and
- Ensure compliance with capital adequacy, liquidity and risk diversification requirements at Group level and monitor the related developments.

The delegation process to the Management is documented in the internal regulations and the Board has an overview of the delegation process through the summary provided in the Regulation relating to responsibilities and financial powers. The following functions and entities report to the concerned Executive Management members:

MEMBERS OF THE EXECUTIVE MANAGEMENT AS OF 1 JANUARY 2022	Functions and Group entities
Marc Bürki, CEO	Dubai / Hong Kong / Luxembourg / Singapore
Paolo Buzzi, Deputy CEO	Supervision of key projects
Yvan Cardenas, CFO	Assets & Liabilities Management & Treasury / Finance / Forex Dealing / Institutional Desk HQ / Quantitative Asset Management / Securities Trading
Gilles Chantrier, CRO	Controlling & Risk
Alexandru Craciun, CTO	Software Engineering Infrastructure / Software Engineering Platforms / Software Engineering Tech Drive & Talent
Jan De Schepper, CSO	Customer Care / Institutional Business Zurich / Investment Products / London / Marketing / Product Management / Retail Business Zurich / Retail Sales HQ
Lino Finini, COO	Business Operations / Facility Management / IT & Security / IT Operations & Support / Malta
Morgan Lavanchy, CLO	Client Administration / Compliance / Legal

The Executive Management is further assisted by committees consisting of members of the Management that carry out coordination and reporting functions and make recommendations to the Executive Management. At least one member of the Executive Management sits in each committee.

3.12 Information and control instruments vis-à-vis the Executive Management

The Group operates a comprehensive management information system that provides the Executive Management with all data required to manage and control the business and to report relevant information to the Board.

The Board periodically reviews the nature of the reporting prepared by the Executive Management and the frequency of the respective reports. The reporting may be summarised as follows:

– Quarter 1 and 3 reporting in particular includes (1) the CEO Report, which inter alia provides an update on key financial figures, business activities, important projects, key operational matters and investor relations, (2) the Financial Report, which reports on the key financial matters (including budgets and capital management matters), together with condensed consolidated interim financial statements (established for internal purposes only), (3) the Risk Report, which informs on risk-related matters and (4) the Legal & Compliance Report and the Laws & Regulations Report, which reports on legal, compliance and regulatory matters;
– Half-yearly reporting covers the same scope as the quarter 1 and 3 reporting, except that a condensed special purpose interim financial information of Swissquote Bank Ltd is provided in addition to the condensed consolidated interim financial statements. Both documents are reviewed by the auditors and the latter serves as basis for the half-year press release; and
– Yearly reporting covers the same scope as the half-year reporting and includes the audited consolidated and statutory financial statements for both the Company and Swissquote Bank Ltd.

Once a year, the Board organises the so-called Annual Conference on Risks, a conference dedicated to an in-depth review of the risks, internal control systems and risk management processes. The Executive Management and the respective heads of IT & Security and Assets & Liabilities Management & Treasury provide the Board with their own risk assessment and their recommendations with respect to the enhancement of the internal control systems and risk management processes.

Ad hoc reporting is addressed to the Board when required by the circumstances or upon request of the Board. Further, the Executive Management must immediately report to the Board material matters outside the ordinary course of business.

The Board and its committees may invite the Executive Management in corpore or some of its members to some or all of their meetings.

The function of internal auditor, reporting directly and independently to the Board, is outsourced to BDO SA, Geneva, which is a member of the Institute of Internal Auditing Switzerland. The duties of the internal auditor are governed by the Ordinance on Banks and Savings Banks, FINMA Circular 2017/1 "Corporate governance – banks" and the applicable internal regulations. The internal auditor analyses the compliance of business activities with legal and regulatory requirements and applicable internal regulations. The internal auditor carries out the audit plan approved by the Board and reports its findings and recommendations in writing. It also executes ad hoc missions and investigations upon request of the Board. The internal auditor provides the Board with a specific half-year summary report that reviews, inter alia, the progress made by the Company in implementing the recommendations made in earlier reports and includes information with respect to the execution of the audit plan. The internal auditor participates in the Annual Conference on Risks and provides the Board with its own assessment of the risks, internal control systems and risk management processes. The Board formally takes note of the reports of the internal auditor and reviews the conclusions and comments made by the Audit & Risk Committee, which examines the reports in detail.

Swissquote Bank Ltd is responsible for performing consolidated supervision functions that cannot be performed at the level of the Company, in particular when the necessary resources or systems are not available in the Company.

In terms of risk management, the Company complies, inter alia, with the requirements of FINMA Circular 2017/1 "Corporate governance – banks" and maintains an extensive risk management framework which addresses risks related to a banking activity (credit risk, market risk, interest risk, operational risk, reputation risk, etc.).

The risk review process is part of the Company's strategic and organisational framework and, as a result, part of the Company's day-to-day activities. The Annual Conference on Risks is an important tool of the Board to undergo an in-depth review of the Company's risks, internal control systems and risk management processes. Based on the findings of the risk review process, the Board makes the necessary decisions, in particular in terms of limits and risk appetite.

4 Executive Management

4.1 Members of the Executive Management

As at 31 December 2021, the Executive Management consisted of eight members:

MEMBERS OF THE EXECUTIVE MANAGEMENT 2021	Nationality	Year of birth	Year of arrival at the Executive Management
Marc Bürki, CEO[1]	Swiss	1961	1999
Paolo Buzzi, Deputy CEO[1]	Swiss	1961	1999
Yvan Cardenas, CFO	Swiss	1980	2019
Gilles Chantrier, CRO	Swiss and French	1972	2017
Alexandru Craciun, CTO	Swiss and Romanian	1975	2021
Jan De Schepper, CSO	Swiss and Belgian	1976	2019
Lino Finini, COO	Swiss and Italian	1965	2019
Morgan Lavanchy, CLO	Swiss	1979	2017

[1] Marc Bürki and Paolo Buzzi are founding shareholders of the Company and are major shareholders as at 31 December 2021.

From left to right: A. Craciun (CTO), G. Chantrier (CRO), P. Buzzi (Deputy CEO), J. De Schepper (CSO), M. Bürki (CEO), L. Finini (COO), Y. Cardenas (CFO) and M. Lavanchy (CLO)

4.1 Members of the Executive Management (continued)

Marc Bürki

(1961 / Swiss national / domiciled in Switzerland)
Chief Executive Officer (CEO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd
Founding partner of Swissquote Group Holding Ltd

Educational Background

1982–1987	Degree in Electrical Engineering, Swiss Federal Institute of Technology (EPFL), Lausanne, Switzerland

Professional Experience

1987–1990	Telecommunication Specialist, European Space Agency, Nordweijk, Netherlands
1990–2002	Co-Managing Director, Marvel Communications Ltd, Geneva, Switzerland
Since 1999	Chief Executive Officer, Swissquote Group Holding Ltd, Gland, Switzerland
Since 2002	Chief Executive Officer, Swissquote Bank Ltd, Gland, Switzerland

Current Mandates in Companies that are Controlled by Swissquote Group Holding Ltd

Since 2012	Chairman of the Board, Swissquote MEA Ltd, Dubai, UAE
Since 2014	Chairman of the Board, Swissquote Ltd, London, UK
Since 2014	Chairman of the Board, Swissquote Asia Ltd, Hong Kong
Since 2019	Chairman of the Board, Swissquote Pte. Ltd, Singapore
Since 2019	Chairman of the Board, Swissquote Bank Europe SA, Luxembourg
Since 2021	Chairman of the Board, Yuh Ltd, Gland, Switzerland[1]

Current Mandates in Associations, Charitable Organisations, Foundations, Trusts or Occupational Pension Foundations

Since 2016	Member of the Board, ETH Domain, Bern, Switzerland

[1] Marc Bürki was appointed Chairman of the Board of Yuh Ltd at the request of the Company.

Paolo Buzzi

(1961 / Swiss national / domiciled in Switzerland)
Deputy Chief Executive Officer of Swissquote Group Holding Ltd and Swissquote Bank Ltd
Founding Partner of Swissquote Group Holding Ltd

Educational Background

1983–1988	Degree in Micro-Engineering, Swiss Federal Institute of Technology (EPFL), Lausanne, Switzerland

Professional Experience

1988–1990	Software Engineer and New Technology Integration Engineer, Rolm Systems, Santa Clara, USA
1990–2000	Co-Managing Director, Marvel Communications SA, Geneva, Switzerland
2000–2004	Chief Executive Officer, Swissquote Info SA, Gland, Switzerland
1999–2021	Chief Technology Officer, Swissquote Group Holding Ltd, Gland, Switzerland
2002–2021	Chief Technology Officer, Swissquote Bank Ltd, Gland, Switzerland
Since 2021	Deputy Chief Executive Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd, Gland, Switzerland

Previous Mandates

2012–2020	Member of the Board, Swissquote MEA Ltd, Dubai, UAE

Current Mandates in Companies that are Controlled by Swissquote Group Holding Ltd

Since 2002	Chairman of the Board, Swissquote Trade Ltd, Gland, Switzerland
Since 2012	Chairman (2012–March 2015: Vice Chairman), Swissquote Financial Services (Malta) Limited, Valletta, Malta

Current Mandates in Non-Listed Companies

Since 2019	Member of the Board, NetGuardians, Yverdon-les-Bains, Switzerland

Current Mandates in Associations, Charitable Organisations, Foundations, Trusts or Occupational Pension Foundations

Since 2016	Member of the Strategic Advisory Board, EPFL, Lausanne, Switzerland

Yvan Cardenas

(1980 / Swiss national / domiciled in Switzerland)
Chief Financial Officer (CFO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1999–2003	Bachelor and Master Degree, Hautes Etudes Commerciales (HEC), University of Lausanne and St. Gallen (exchange), Switzerland
Since 2007	Swiss Certified Public Accountant, Switzerland
Since 2016	Swiss Certified Tax Expert, Switzerland

Professional Experience

2003–2010	Manager in Audit/Financial Services (since 2008), PricewaterhouseCoopers Ltd, Lausanne, Switzerland
2010–2011	Senior Officer, Swissquote Bank Ltd, Switzerland
2011–2013	Head Accounting & Reporting, Swissquote Bank Ltd, Gland, Switzerland
2014–2018	Head Finance, Reporting & Tax, Swissquote Bank Ltd, Gland, Switzerland
Since 2019	Chief Financial Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd, Gland, Switzerland

Current Mandates in Companies that are Controlled by Swissquote Group Holding Ltd

Since 2019	Member of the Board, Swissquote Bank Europe SA, Luxembourg
Since 2020	Finance Officer, Swissquote MEA Ltd, Dubai, UAE

Current Mandates Associations, Charitable Organisations, Foundations, Trusts or Occupational Pension Foundation

Since 2016	Member of the Committee, EXPERTsuisse – Section Vaud
Since 2019	Member of the Tax Commission, Chambre vaudoise du commerce et de l’industrie, Lausanne, Switzerland
Since 2019	Member of the Board of the Social Insurances Committee AVS/AI/APG/AF, Chambre vaudoise du commerce et de l’industrie, Lausanne, Switzerland

Gilles Chantrier

(1972 / Swiss and French national / domiciled in Switzerland)
Chief Risk Officer (CRO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1997–2000	Bachelor – BSc in Economics, School of Business Administration (HEG), Lausanne, Switzerland
2016	Risk Management in Banking, Institut européen d'administration des affaires (INSEAD), Fontainebleau, France

Professional Experience

1995–1997	Accountant, Infogest SA, Nyon, Switzerland
2000–2002	Deputy Head Accounting, Swissquote Bank Ltd, Gland, Switzerland
2002–2003	Head Backoffice, Swissquote Bank Ltd, Gland, Switzerland
2003–2005	Head Internal Controlling, Swissquote Bank Ltd, Gland, Switzerland
2005–2013	Head Reporting & Controlling, Swissquote Bank Ltd, Gland, Switzerland
2014–2016	Head Controlling & Risk, Swissquote Bank Ltd, Gland, Switzerland
Since 2017	Chief Risk Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd, Gland, Switzerland

Current Mandates in Companies that are Controlled by Swissquote Group Holding Ltd

Since 2010	Member of the Board, Foundation Swissquote 3rd Pillar, Gland, Switzerland
Since 2014	Member of the Board, Swissquote Ltd, United Kingdom
Since 2014	Member of the Board, Swissquote MEA Ltd, Dubai, UAE
Since 2014	Member of the Board, Swissquote Asia Ltd, Hong Kong
Since 2019	Member of the Board, Swissquote Pte. Ltd, Singapore
Since 2019	Member of the Board, Swissquote Bank Europe SA, Luxembourg

Alexandru Craciun

(1975 / Swiss and Romanian national / domiciled in Switzerland)
Chief Technology Officer (CTO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1993–1998	Bachelor Degree, Faculty of Automatics and Computer Science, University Polytechnic of Bucharest, Romania

Professional Experience

1996–2000	Various assignments in different companies
2000–2002	Senior Application Developer, CQS Sàrl, Fribourg, Switzerland
2003–2007	Senior Developer, Swissquote Bank Ltd, Gland, Switzerland
2007–2010	Information Platform Manager and Chief Architect, Swissquote Bank Ltd, Gland, Switzerland
2010–2013	Head of Information Platform and Web Architecture, Swissquote Bank Ltd, Gland, Switzerland
2013–2015	Head of Offshoring, Swissquote Bank Ltd, Gland, Switzerland
2015–2020	Head of Software Engineering, Swissquote Bank Ltd, Gland, Switzerland
Since 2021	Chief Technology Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd, Gland, Switzerland

Jan De Schepper

(1976 / Swiss and Belgian national / domiciled in Switzerland)
Chief Sales & Marketing Officer (CSO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1997–2000	BSc in Business Management, University of Applied Science (FHNW), Olten, Switzerland
2011–2013	Executive MBA in International Management, University of Geneva, Switzerland

Professional Experience

2000–2002	Junior Brand Manager, Feldschlösschen Getränke (Carlsberg Group), Rheinfelden, Switzerland
2002–2003	Brand Manager, Feldschlösschen Getränke (Carlsberg Group), Rheinfelden, Switzerland
2003–2004	Brand Manager, Bacardi-Martini, Geneva, Switzerland
2004–2008	Account Director, Saatchi & Saatchi, Geneva, Switzerland
2008–2015	Marketing Manager, McDonald's Switzerland, Lausanne, Switzerland
2015–2019	Head Marketing, Swissquote Bank Ltd, Gland, Switzerland
Since 2019	Chief Sales & Marketing Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd, Gland, Switzerland

Current Mandates Associations, Charitable Organisations, Foundations, Trusts or Occupational Pension Foundations

Since 2018	Member of the Board, SWA/ASA – National Advertiser Association, Zurich, Switzerland

Lino Finini

(1965 / Swiss and Italian national / domiciled in Switzerland)
Chief Operating Officer (COO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1987–1988	Computer Science Studies, Lausanne, Switzerland
2008	Fund Officer FA/IAF, Zurich, Switzerland

Professional Experience

1988–1992	Developer, Banque Indosuez, Lausanne, Switzerland
1992–1996	Associate Director, IT Operations, Banque Indosuez, Lausanne, Switzerland
1996–2001	Software and Hardware Architect, LaserCom Ltd, Geneva, Switzerland
2001–2002	Core Banking Specialist, Swissquote Info Ltd, Gland, Switzerland
2002–2004	Head Banking Applications, Swissquote Bank Ltd, Gland, Switzerland
2004–2019	Head Back Office & Banking Applications, Swissquote Bank Ltd, Gland, Switzerland
Since 2019	Chief Operating Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd, Gland, Switzerland

Current Mandates in Companies that are Controlled by Swissquote Group Holding Ltd

Since 2015	Member of the Board, Swissquote Financial Services (Malta) Limited, Valletta, Malta

Current Mandates in Non-Listed Companies

Since 2019	Member of the Board, Groupement Hospitalier de l'Ouest Lémanique (GHOL), Nyon, Switzerland
Since 2021	Member of the Board, kasko2go Holding AG, Vaduz, Liechtenstein

Morgan Lavanchy

(1979 / Swiss national / domiciled in Switzerland)
Chief Legal Officer (CLO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1997–2002	Master of Laws, Law School, University of Neuchâtel, Switzerland
2002–2004	Master of Advanced Studies (LL.M.) in Business Law, Law School, Universities of Lausanne and Geneva, Switzerland
2011	Certificate DIFC Rules & Regulations, Chartered Institute for Securities & Investment, Dubai, UAE

Professional Experience

2003–2006	Legal Officer, Swissquote Bank Ltd, Gland, Switzerland
2006–2016	Head Legal & Compliance, Swissquote Bank Ltd, Gland, Switzerland
Since 2017	Chief Legal Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd, Gland, Switzerland

Current Mandates in Companies that are Controlled by Swissquote Group Holding Ltd

Since 2010	Secretary, Foundation Swissquote 3rd Pillar, Gland, Switzerland

Current Mandates in Associations, Charitable Organisations, Foundations, Trusts or Occupational Pension Foundations

Since 2018	Member of the Executive Committee, Capital Markets and Technology Association, Geneva, Switzerland

4.2 Other activities and vested interests

None of the members of the Executive Management undertakes activities, holds mandates or has vested interests (as defined in the SIX Swiss Exchange regulations) other than the ones in Section 4.1. In particular, they did no hold any official functions or political posts in 2021.

4.3 Number of permitted activities

Pursuant to Art. 16^{bis} of the AoI, no member of the Executive Management may exercise more than four additional mandates in other companies, a maximum of one of which may be in a listed company. Mandates exercised at the request of the Company or companies which it controls are not subject to these restrictions and are limited to ten mandates. Furthermore, no member of the Executive Management may exercise more than eight mandates in relation to associations, charitable organisations, foundations trusts and occupational pension foundations.

4.4 Summary of external mandates

The table below summarises the mandates held in superior governing or administrative bodies of legal entities outside of the Group that each Executive Management member was assuming as at 31 December 2021:

MEMBERS OF THE EXECUTIVE MANAGEMENT	Current mandates in listed companies	Current mandates in non-listed companies	Current mandates in associations, charitable organisations, foundations, trusts and occupational pension foundations
Marc Bürki, CEO	None	- Yuh Ltd, Gland, Switzerland (at the request of the Company)	- Member of the Board, ETH Domain, Bern, Switzerland
Paolo Buzzi, Deputy CEO	None	- Member of the Board, Net-Guardians, Yverdon-les-Bains, Switzerland	- Member of the Strategic Advisory Board, EPFL, Lausanne, Switzerland
Yvan Cardenas, CFO	None	None	- Member of the Committee, EXPERTsuisse - Section Vaud - Member of the Tax Commission, Chambre vaudoise du commerce et de l'industrie, Lausanne, Switzerland - Member of the Board of the Social Insurances Committee AVS/AI/APG/AG, Chambre vaudoise du commerce et de l'industrie, Lausanne, Switzerland
Gilles Chantrier, CRO	None	None	None
Alexandru Craciun, CTO	None	None	None
Jan De Schepper, CSO	None	None	- Member of the Board, SWA/ASA - National Advertiser Association, Zurich, Switzerland
Lino Finini, COO	None	- Member of the Board, Groupement Hospitalier de l'Ouest Lémanique (GHOL), Nyon, Switzerland - Member of the Board, kasko2go Holding AG, Vaduz, Liechtenstein	None
Morgan Lavanchy, CLO	None	None	- Member of the Executive Committee, Capital Markets and Technology Association, Geneva, Switzerland
Maximum permitted mandates	**1**		**8**
	4		

4.5 Management contracts

The Company has not entered into management contracts with third parties.

5 Remuneration, shareholding and loans

Details on the remuneration, shareholding and loans are provided in the Remuneration Report.

6 Shareholders' participation

6.1 Generalities

Shareholders in Swiss corporations limited by shares have extensive protective and participatory rights. Protective rights include the right of inspection and information (Art. 696 and 697 CO), the right to a special audit (Art. 697a CO), the right to call a General Meeting (Art. 699 Para. 3 CO), motion rights (Art. 699 Para. 3 CO), the right to challenge resolutions of the General Meeting (Art. 706 CO) and the right to instigate liability proceedings (Art. 753 ff CO). Participatory rights primarily include the right to participate in General Meetings, the right to express an opinion and voting rights (Art. 694 CO). The Ordinance against Excessive Compensation in Listed Corporations grants additional rights to shareholders, such as with respect to the election of the Company's independent proxy, whose term of office ends at the next AGM. For further information on this ordinance, reference is made to the Remuneration Report.

The General Meeting is the highest body of the Company. It has the following non-transferable powers to:

- Establish and amend the AoI;
- Annually elect the members of the Board, the Chair of the Board, the members of the Remuneration Committee, the independent proxy and the auditors;
- Approve the Annual Report and the consolidated financial statements;
- Approve the annual financial statements and adopt resolutions concerning the allocation of the disposable profit, in particular set the dividend as well as the profit-sharing bonus;
- Discharge the members of the Board;
- Approve the remuneration of the Board and the Executive Management in accordance with Art. 14^{bis} of the AoI;
- Resolve on the delisting of the Company; and
- Pass resolutions on all matters reserved to the General Meeting by law or the AoI.

For further information on the General Meeting, reference is made to the AoI (in particular Art. 9, 10 and 11).

6.2 Voting rights and representation restrictions

Pursuant to Art. 12 of the AoI, every person duly entered in the share register as a shareholder with voting rights is entitled to exercise the rights attached to the registered shares. Shareholders may have their shares represented at the General Meeting by a legal representative or, with a written power of attorney, by a third party, who is not required to be a shareholder of the Company. The Board shall decide on the requirements regarding powers of attorney and instructions; powers of attorney without qualified electronic signatures may also be recognised. The final decision on the validity of powers of attorney rests with the Chair of the Board.

Pursuant to Art. 7 of the AoI, upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their own account. If this requirement is not satisfied, the person in question will be entered in the share register as a shareholder without voting rights. The AoI do not contain any express provisions for granting exceptions to this limitation.

The AoI do not contain any provisions on abolishing voting rights restrictions; the general rules of the Swiss Code of Obligations apply.

Specific rules on the issue of instructions to the Company's independent proxy or on the electronic participation in the General Meeting are set by the Board and communicated to shareholders in the invitation to the General Meeting.

6.3 Quorums required by the Articles of Incorporation

Where a General Meeting has been convened in accordance with the provisions of the law and the AoI, decisions may be taken, irrespective of the number of shares represented or shareholders present at the General Meeting. Pursuant to Art. 12 of the AoI, the General Meeting is therefore quorate regardless of the number of shares represented.

In accordance with Art. 13 of the AoI, except when the law and/or the AoI provide otherwise, the General Meeting passes resolutions and conducts elections by an absolute majority of the voting rights validly represented. Elections require an absolute majority in the first round, and, if this is not achieved, a relative majority is sufficient in the second round. In the event of a tie, the Chair of the Board has the casting vote. As a rule, votes are cast electronically. If the electronic voting system fails, an open vote shall be held unless one or more shareholders who alone or together represent at least 5% of the voting rights request a secret ballot.

Pursuant to Art. 14 of the AoI, a resolution of the General Meeting adopted by at least two thirds of the votes represented and an absolute majority of the nominal values of the shares represented is required for:

- A change to the Company's purpose;
- The introduction of preferred voting shares;
- The restriction of the transferability of registered shares;
- An authorised or conditional capital increase;
- A capital increase by recourse to equity, against contribution in kind or for the acquisition of assets and the granting of special benefits;
- The restriction or revocation of subscription rights;
- The relocation of the Company's registered office;
- The delisting of the Company; and
- The dissolution of the Company.

6.4 Convocation of the General Meetings

The General Meetings are convened by the Board in the normal course of business or otherwise by the auditors or the liquidator.

One or more shareholders of the Company may request the convocation of an extraordinary General Meeting ("EGM") if all of the following conditions are satisfied:

- The shareholder or shareholders together hold at least 5% of the nominal value of the share capital entered in the commercial register on the day the request is received; and
- The shareholder or shareholders submit their request in writing and, at the same time, arrange for shares with a nominal value of at least 5% of the share capital to be blocked by the depository, the latter being required to issue confirmation that said shares have been blocked. The shares shall remain blocked until the day after the General Meeting.

For further information on the convocation of the General Meeting, reference is made to the AoI (in particular Art. 10 and 11).

6.5 Inclusion of items on the agenda

Pursuant to Art. 11 of the AoI, no resolutions may be passed on motions relating to agenda items that were not duly announced, except for motions by a shareholder to convene an EGM, to carry out a special audit or to elect an auditor.

One or more shareholders of the Company may request that an item be included on the agenda if all of the following conditions are satisfied:

- The shareholder or shareholders together hold at least 0.5% of the nominal value of the share capital entered in the commercial register on the day the request is received;
- The shareholder or shareholders submit their request in writing and, at the same time, arrange for shares with a nominal value of at least 0.5% of the share capital to be blocked by the depository, the latter being required to issue confirmation that said shares have been blocked. The shares shall remain blocked until the day after the General Meeting; and
- The request is sent by registered letter to the attention of the Board at the registered office of the Company and shall arrive there at least 45 days prior to the General Meeting.

For further information on the agenda, reference is made to the AoI (in particular Art. 11).

6.6 Entries in the share register

Pursuant to Art. 6 of the AoI, the Company maintains a share register in which the names and addresses, respectively the corporate name and registered office of the owners of the registered shares and any usufructuaries, are entered into. The Board has mandated ShareCommService AG, Europa-Strasse 29, CH-8152 Glattbrugg, to maintain the Company's share register.

In accordance with Art. 7 of the AoI, upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their own account. If this requirement is not satisfied, the person in question will be entered in the share register as a shareholder without voting rights. For practical reasons, no new registration is made in the share register for a period up to 20 days before a General Meeting. Shareholders who sell their shares prior to the General Meeting are no longer entitled to exercise their votes.

For further information on entries in the share register, reference is made to the AoI (in particular Art. 6 and 7).

7 Changes of control and defence measures

7.1 Duty to make an offer

Art. 135 FMIA states that anyone who directly, indirectly or acting in concert with third parties acquires equity securities which, added to the equity securities already owned, exceeds the threshold of $33^{1/3}$% of the voting rights of a target company, whether exercisable or not, must make an offer to acquire all listed equity securities of that company.

Art. 132 Para. 1 and 2 FMIA outlines the Board's obligation, in the event of a public takeover bid, to provide shareholders with the information they need in order to evaluate the offer and also prohibits the Board from taking defensive measures. No significant alteration in the assets or liabilities of the target company is permitted as from the time of the bid, aside from transactions that have already been approved at the General Meeting.

The AoI do not include any opting-out or opting-up clause.

7.2 Clauses on changes of control

In accordance with the company-wide Employee Share and Option Plan (applicable to all eligible employees and not only to the members of the Executive Management), in case of change of control, the Board may seek to replace outstanding options by new grants having the equity securities of the acquiring company or another related company as underlying asset, in which case the value of the options granted will be at least equal to the value of the options that they replace. In accordance with the Employee Share and Option Plan, the Board may also decide to accelerate the vesting of outstanding options. Subject to the aforementioned elements, none of the members of the Board, the members of the Executive Management or other employees benefit from change of control clauses.

8 Auditors

8.1 Generalities

The main duties of the auditors are to report to the General Meeting the results of their audits, the objective of which is to verify that the annual financial statements and the proposed appropriation of retained earnings comply with the law and the AoI.

The auditors recommend the approval, with or without qualification, or the rejection of the annual financial statements. Further, when the Company is required to deliver consolidated financial statements, the auditors must report on the compliance with the law and the accounting principles adopted for the consolidation. The auditors must be present at AGMs, unless a unanimous resolution of the shareholders provides otherwise.

The consolidated financial statements and the statutory financial statements of the Company have been audited since 1999 by PricewaterhouseCoopers Ltd, which has been re-elected each year since then. The Board regularly assesses whether PricewaterhouseCoopers Ltd remains the best candidate to act as the Company's auditors and, as a result, should be proposed for re-election or not. Upon recommendation of the Audit & Risk Committee and taken in particular into account the alternative audit firms and the rotation frequency of the lead auditor, the Board has so far positively assessed PricewaterhouseCoopers Ltd in terms of qualifications, independence and performance.

The auditors must meet the highest independence criteria. Except for tax matters, audit-related services, other services that can generally only be provided by the auditors (e.g. reviews of documents filed with FINMA) and services that may be provided by the auditors subject to compliance with certain independence rules, the Group uses consultants who are independent from the auditors.

In addition to their audit opinions, the auditors are requested to provide the Audit & Risk Committee with specific information such as their audit findings, comments on accounting issues and audit fee proposals.

8.2 Duration of the mandate and term of office of the lead auditor

The auditors are elected for a one-year term by the General Meeting and are eligible for re-election. They were re-elected on 6 May 2021. The rotation frequency of the lead auditor is maximum seven years and was reached at the 2021 AGM. Since then, Christophe Kratzer has been the lead auditor of the Group. From the 2014 AGM to the 2021 AGM, Beresford Caloia was responsible for the audit of the Group.

8.3 Audit fees and additional fees

The total fees charged by the auditors to the Group in 2021 are analysed as follows:

in CHF	2021	2020
Audit fees	1,072,032	992,555
Additional fees:		
Audit-related fees	77,689	–
Tax advice	55,000	65,000
Legal advice	15,471	13,893
Total	**1,220,192**	**1,071,448**

Audit fees are agreed upon in advance for the audits of the consolidated and statutory financial statements of the Group companies, as well as for the regulatory audit of Swissquote Bank Ltd. They can be adjusted in the course of the relevant year under special circumstances.

In 2021, audit fees increased mostly due to the growth in the Group's size and complexity, resulting in additional audit procedures.

Audit-related fees cover standard triennial audits in relation to Swissquote Bank Ltd's status of so-called "qualified intermediary" and compliance with FATCA as well as the preparation of an ISAE 3402 report.

Tax-related additional fees mainly cover the assistance provided to the Group when filing local tax returns.

Legal advice fees relate to services provided by PwC Legal (Luxembourg) to Swissquote Bank Europe SA in relation to employment matters.

8.4 Informational instruments pertaining to the auditors

The auditors closely interact with the Audit & Risk Committee and are invited to its meetings. In 2021, the auditors met six times (via (video-)conference calls) with the Audit & Risk Committee.

Year-round, the auditors issue, inter alia, the following documents:

- Planning report with respect to the audit of the statutory and consolidated financial statements of the Company, respectively of the statutory financial statements of Swissquote Bank Ltd. The document includes information on (i) the auditors' risk analysis, (ii) the audit focus area and the materiality levels, (iii) the audit of the internal control system in connection with the preparation of the financial statements, (iv) the audit activities, team and fees estimate, (v) the perspective on fraud risks and (vi) the developments in accounting standards and other matters;
- Planning report with respect to the regulatory audit, which includes information on (i) the changes in the regulatory environment, (ii) the auditors' risk analysis and the audit strategy pursuant to FINMA Circular 2013/3 on auditing, (iii) the estimated fees and (iv) the timeline of the audit activities;
- Review report with respect to the condensed consolidated interim financial statements and with respect to the condensed special purpose interim financial information of Swissquote Bank Ltd;
- Comprehensive report to the Audit & Risk Committee and to the Board with respect to the statutory and consolidated financial statements of the Company, respectively to the Board of Directors of Swissquote Bank Ltd with respect to the statutory financial statements of Swissquote Bank Ltd. The document includes the auditors' key findings regarding the accounting, the internal control system and the performance and results of the audits;
- Regulatory audit report for the Company and Swissquote Bank Ltd to FINMA, a copy of which is addressed to the Board of Directors;
- Report to the General Meeting of the Company, respectively of Swissquote Bank Ltd, on the results of the audit of the financial statements. The document includes (i) the auditors' opinion as to whether the financial statements should be approved with or without qualification, or rejected, (ii) information on the independence of the auditors, (iii) information on the materiality level and the audit scope, (iv) any key audit matter identified, (v) a confirmation as to whether an internal control system exists or not and (vi) a confirmation as to whether the proposed appropriation of retained earnings complies with the law and the AoI; and
- Report on the Company's Remuneration Report.

The above-mentioned documents are commented on by the auditors during meetings of the Audit & Risk Committee. In particular, the planning of the statutory and consolidated financial audits and the planning of the regulatory audit are discussed at the Annual Conference on Risks, which the members of the Audit & Risk Committee attend.

The Audit & Risk Committee also receives copies of the reports related to Swissquote Bank Ltd's compliance with the provisions of agreements or private regulations (e.g. regulations issued by the SIX Swiss Exchange). This allows the Audit & Risk Committee to assess the work of the auditors performed outside the standard audit services, in particular in terms of conflicts of interest.

Once a year, the Audit & Risk Committee reviews the qualification, independence and performance of the auditors and assesses, inter alia, the level of expertise available, the adequacy of resources and the quality of the planning (in particular the coordination with the internal auditor). The Audit & Risk Committee assesses the auditors' independence on the basis of the auditors' related annual confirmation and on the Audit & Risk Committee's own assessment of the various reports addressed to its attention or of which it received a copy. The Audit & Risk Committee also assesses whether the amount and trend in audit fees appears reasonable. In this respect, changes to audit fees must be justified by the auditors, taking into consideration changes in the scope and/or the complexity of the audits. Based on its annual assessment, the Audit & Risk Committee recommends to the Board to either propose the General Meeting to re-elect the auditors or to start a process for the selection of new auditors.

9 Information policy

9.1 General principles

The Company's information policy aims primarily at promoting confidence, creating a better understanding of the Company's business and developing and maintaining realistic investor expectations.

The Company commits to providing timely and orderly information in accordance with the applicable legal and regulatory requirements, in particular with the provisions of the SIX Swiss Exchange regulations on ad hoc publicity. The Company aims at providing the financial market with consistent, accurate and complete information evenly during profitable or difficult periods and ensures that the investment community has fair access to such information.

It is the Company's policy not to release detailed earnings projections, but it may provide certain guidance and/or outlooks to the investment community for them to assess the Company and its business prospects.

As a general rule, price-sensitive information must be released promptly as soon as the main aspects of such information are established by the Company. However, the Company is permitted under the relevant regulatory provisions to postpone the release of price-sensitive information, if the information concerns a plan or negotiation of the Company and its premature disclosure would prejudice the legitimate interest of the Company. In such a case, the Company will take adequate measures to ensure the effective confidentiality of the information and to prevent insiders from trading on the basis of that information. The Company will adequately inform the investment community in cases where the information previously kept confidential leaks into the market.

The Company will generally avoid releasing price-sensitive information during trading periods of the Company's shares or shortly before opening of trading. If the information is to be released during normal trading hours of the SIX Swiss Exchange (9 a.m. to 5.40 p.m.) or less than 90 minutes before the opening of trading, the competent department (SIX Exchange Regulation) must be informed at least 90 minutes prior to the release of such information. In situations where it cannot be avoided that price-sensitive information be disclosed during trading hours, the Company must consider whether a request for a suspension of trading is appropriate. If price-sensitive information is divulged unintentionally in a selective setting, such as analyst meetings or conference calls, which are not open to the investment community, the Company will publicly disclose such information promptly after it learns of the selective disclosure.

The Company will promptly publish a corrective release if it determines that previously released price-sensitive information was materially incorrect at the time it was disclosed.

As a policy, the Company does not comment on market rumours and speculations.

9.2 Reporting and corporate calendar

9.2.1 Annual and interim reporting

Company results are published by media releases shortly after the Board approves them. Such media releases are followed by a media and analyst conference as well as optional call-in conferences. The media releases, the presentations made at call-in and press conferences, Annual Reports (including the respective Corporate Governance Report, Remuneration Report and Sustainability Report) and interim consolidated financial statements are released on the Company website (https://en.swissquote.com/company). Annual Reports, including the respective Corporate Governance Report, Remuneration Report and Sustainability Report, are available in print format on request.

9.2.2 Corporate calendar

The dates of the publication of the annual and interim results as well as the dates of the AGM and of EGMs are published on the Company website (https://en.swissquote.com/company/investors#corporate-calendar) and in media releases.

The AGM generally takes place in April or May of each year. In 2022, it will be held on 6 May. The Company's half-year report is expected to be published on 10 August 2022.

9.3 Communication channels and contact addresses

Media releases (including ad hoc news pursuant to Art. 53 of the SIX Swiss Exchange Listing Rules) and reports as well as other information made public are accessible on https://en.swissquote.com/company/media/press-releases in the section "Company". An e-mail service is available for subscription in the same section of the Company website and allows any interested party to automatically receive by e-mail all information made public by the Company.

Contact addresses can be found after the Remuneration Report.

10 Closed periods

To ensure compliance with the Swiss rules against market abuse and prevent any perception of misuse of price-sensitive information by Board members, Executive Management members or other employees, the Company determines time periods during which they are restricted in their ability to trade the Swissquote share.

Under Swissquote's policy as currently implemented, Board members, Executive Management members and other employees are prohibited from trading the Swissquote share during so-called "closed periods", which are the periods that separate the beginning of an annual or semi-annual reporting period (i.e. 1 January or 1 July) and the publication of the Company's Annual Report, respectively the Company's half-year report. When the Company publishes key financial results for the preceding reporting period before the publication of the Company's Annual Report, the closed period is maintained for Board members, Executive Management members and Senior Management members until the publication of the Company's annual report.

Board members, Executive Management members and other employees are further required to get advance clearance before they trade the Swissquote share during so-called "intermediary periods", which run during about the last eight weeks before the end of the year, respectively the end of the first semester.

Board members, Executive Management members and other employees are free to trade the Swissquote share during periods that are not closed periods or intermediary periods (so-called "free trading periods"), unless they are in possession of price-sensitive information regarding the Group or are otherwise instructed by the Company not to trade the Swissquote share.

Holders of stock options are authorised to exercise such stock options during closed periods and intermediary periods, but are restricted in their ability to trade the Swissquote shares acquired as a result of such exercise during those periods.

Finally, Board members, Executive Management members and other employees are prohibited from trading financial instruments, in which the Swissquote share accounts for 20% or more of the underlying, even during a free trading period. Consequently, any transaction on options, warrants, or CFDs with the Swissquote share as the underlying is forbidden.

REMUNE-
RATION
REPORT

Remuneration Report

Letter from the Chairman of the Nomination & Remuneration Committee

Beat Oberlin
Chairman of the Nomination & Remuneration Committee

Dear shareholders,

It is my pleasure, in my position as Chairman of the Nomination & Remuneration Committee and on behalf of the Committee members and the Board of Directors (the "Board"), to present our Remuneration Report 2021.

The Remuneration Report provides information on the remuneration of the Board and the Executive Management of Swissquote Group Holding Ltd (the "Company") and, where applicable, its consolidated subsidiaries (together, "Swissquote" or the "Group"). It describes Swissquote's remuneration policy and the structure of the remuneration of the members of the Board and Executive Management. It further reports on the nature and amount of the remuneration accrued during the period under review.

Under the Ordinance against Excessive Compensation in Listed Corporations (the "Ordinance"), the Company must establish a remuneration report each year in addition to its Annual Report. The Remuneration Report contains the information required by the Ordinance, Section 5 of the Annex to the SIX Swiss Exchange Directive on Information relating to Corporate Governance as well as Art. 663c of the Swiss Code of Obligations (CO). As required by the Ordinance, Section 4 of the Remuneration Report was audited by the Company's auditors, PricewaterhouseCoopers Ltd; a copy of the audit report is enclosed.

In 2021, we intensified and further structured our dialogue with shareholders, which gave us the opportunity to discuss topics such as corporate governance, remuneration and sustainability. We reviewed and evaluated all the points raised, and, on this basis, further improved disclosure and made a number of decisions aimed at enhancing our framework and policies, in particular in the area of remuneration. We greatly appreciated the time and active participation of our shareholders. We would like to maintain and further expand this exchange in the future.

We make every effort to meet the expectations of our investors and I am happy to share herein the corresponding key developments.

Generalities and COVID-19

In 2021, Swissquote posted record results with net revenues amounting to CHF 472 million and a pre-tax profit of CHF 223 million. The roll-out of our strategy, the determination of our employees and the developments on the financial markets contributed to a remarkably successful year.

In general, the COVID-19 pandemic has not had a negative impact on Swissquote. While it certainly led to more volatility and higher trading volumes in the financial markets and, as a result, to an increase in Swissquote's revenues, the Board assesses that such positive impact was marginal. The Board had duly taken these aspects into account when determining the guidance for 2021. As a result, the pandemic had only an indirect, marginal influence on the determination of the short-term incentive (cash bonus) paid to Swissquote employees, including the members of the Executive Management. For the sake of completeness, the pandemic had no influence on Swissquote's remuneration framework and, in line with the above, no public subsidies, no redundancies or short-time working/exemption (furlough) schemes were necessary.

Executive Management's Long Term Incentive Plan

In light of the comments received on the Executive Management's Long Term Incentive Plan ("LTIP"), which consists of a stock option plan, the Board concluded that, for a growth company like ours, such stock option plan constitutes an appropriate incentive plan, in particular to work towards further increasing Swissquote's value. This is in our view especially true as long as the strike price of the stock options is higher than the market value of the underlying at the time of the grant, which has been our constant practice. In 2021, the strike price of the stock options granted to all eligible employees (including the members of the Executive Management) was 13.1% above the market price of the Company's shares at the time of grant.

Furthermore, in order to better meet the expectations of our investors, from 2022 onwards, the vesting period of the stock options granted to the Executive Management will be extended and harmonized to three years (three-year cliff vesting), thus strengthening the long-term component of this plan accordingly. For the previous grants, one third of the stock options vested on the first anniversary of the grant, a second third on the second anniversary and the final third on the third anniversary.

In addition, we addressed the absence of a cap applicable to the LTIP. In order to provide assurance to our investors that stock option grants to the Executive Management are adequately governed, the Board has adopted the following set of rules: (i) the value of stock options granted to members of the Executive Management in any one year must not exceed 35% of the fixed remuneration paid to such members of the Executive Management in that year, (ii) the number of stock options granted to members of the Executive Management must not exceed 25% of the total number of stock options granted to all eligible employees, and (iii) the number of stock options granted to each member of the Executive Management must be equal on a full-time basis.

Moreover, an amendment to the LTIP concerning the two members of the Executive Management who are also major shareholders was contemplated but was eventually not implemented. A limited number of investors had noted that the possibility to exercise stock options in shares enabled such Executive Management members to further increase their shareholding. On that basis, we discussed during the engagement with our shareholders a proposal to amend the LTIP for these specific Executive Management members so that their stock options could only be exercised in cash. The outcome of the engagement was, however, a mutual understanding that, in the Company's case, the reasons underlying the current framework (including the consistent treatment of all Executive Management members and employees) outweigh the concerns expressed by the relevant investors. As a consequence, the Board refrained from making this amendment to the LTIP.

In conclusion, the Board is confident that, with the adjustments described above, the Executive Management's LTIP is an appropriate tool to foster further long-term growth and align the interests of the Executive Management members with those of the shareholders. Therefore, the Board intends to maintain the current Executive Management's LTIP (with the described amendments) but will regularly review it in light of the comments from the shareholders and, therefore, do not exclude further structural changes to the Executive Management's LTIP in the future.

Executive Management's Short Term Incentive Plan

I would now like to address the Executive Management's Short Term Incentive Plan ("STIP"). We are pleased that the additional transparency provided on the achievements of the objectives set to the Executive Management, as introduced in the Remuneration Report 2020, has been well received by our investors. During the engagement programme, we also received positive feedback on our proposal to further increase that transparency by providing the full list of objectives, the exact weighting of such objectives and the achievement per objective and category of objectives. The detailed result can be found in Section 6 of the Remuneration Report.

As already mentioned, 2021 was very profitable for Swissquote. The strong 2021 performance benefitted our employees and will also benefit our shareholders via an increased dividend, should the annual general meeting of 6 May 2022 approve the Board's proposal. Since the COVID-19 pandemic had been duly taken into account when setting the Executive Management's objectives, the latter therefore did not need to be adjusted and the Executive Management's performance was measured against the originally set objectives. The objectives set to the Executive Management, the achievement of which is also relevant for the cash bonus of our employees, were significantly overachieved and the cap set at 65% of the fixed remuneration was reached. The details can also be found in Section 6 of the Remuneration Report.

Various

In 2021, the Board reassessed its remuneration in light of Swissquote's growth, the increasing diversity and complexity of Swissquote's activities and the continuous expansion and strengthening of the regulation and external requirements. These developments naturally generate a higher workload for Board members, in particular the Chair of the Board and the Chairs of the committees. Taking into account these aspects, the Board resolved to increase the remuneration of its members, especially that of the Chairs. The details can be found in Section 4.1 of the Remuneration Report. Moreover, after having introduced a committee chair fee structure in 2021, the Board plans to introduce a full committee fee structure in 2023, i.e. the fees of all Board members will depend on the participation in committees (as member or as chair).

In 2021, the fixed remuneration of the Executive Management members was slightly increased, to take into account the Company's growth and the additional duties and responsibilities of Executive Management members. Furthermore, to demonstrate the alignment of Executive Management pay with the wider workforce and in the interest of best practice standards, we are now disclosing the average and median employee pay in the Remuneration Report. Such information confirms that the CEO's pay is sound and sensible. More information can be found in Sections 4.2 and 7.1 of the Remuneration Report.

Finally, to continue enhancing disclosure, we have added summaries at the beginning of the Remuneration Report. I trust that these summaries further demonstrate that our remuneration policy is straightforward, transparent and sound.

In 2021, the Nomination & Remuneration Committee continued to make sure that Board and Executive Management remuneration is fully aligned with Swissquote's strategy and the long-term interests of our shareholders and strictly complies with the applicable laws and regulations. I am confident that Swissquote's remuneration policy fosters long-term value creation, appropriately rewards results while maintaining an appropriate risk and compliance framework and enables to attract and retain talent. In that context and in view of the improvements made in 2021 and those coming in 2022, I respectfully ask our shareholders to approve our Remuneration Report 2021 at the annual general meeting on 6 May 2022.

On behalf of the Nomination & Remuneration Committee and of the Board, I would like to thank our shareholders for the stimulating and profitable exchanges in 2021. We value the dialogue with our investors and would appreciate any feedback on our Remuneration Report and, more generally, on the contents of our Annual Report.

Yours faithfully,

Beat Oberlin

Summary

Board remuneration structure

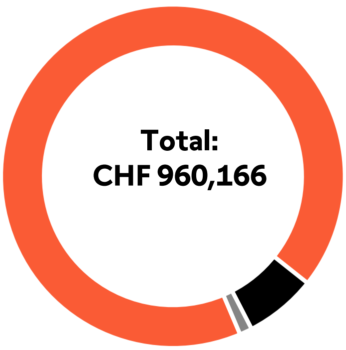
	Fixed remuneration	Contributions and benefits	Fixed indemnity
VEHICLE	– 80% cash, paid quarterly – 20% shares (blocked for 3 years)	– Pensions and social insurances	– Cash
PURPOSE	– Pay for the day-to-day duties performed and responsibilities taken on – Align interests of Board members with shareholders' interests	– Protect against risks	– Cover out-of-pocket expenses
KEY FACTORS	– Potential role of chair or of chair of a committee – Market levels observed	– Age and remuneration – Only to the extent required by law	– Country of domicile

Executive Management remuneration structure

	Fixed remuneration	Short-term incentive plan (STIP)	Long-term incentive plan (LTIP)	Contributions and benefits	Fixed indemnity
VEHICLE	– Monthly cash	– Annual cash bonus	– Annual grant of stock options	– Pensions and social insurances	– Cash
PURPOSE	– Provide an adequate level of income for the day-to-day job, considering relevant duties and responsibilities – Attract and retain talent	– Reward the performance – Attract and retain talent	– Align interests of Executive Management members with shareholders' interests – Share long-term success – Attract and retain talent	– Protect against risks – Attract and retain talent	– Cover out-of-pocket expenses
KEY FACTORS	– Function and responsibilities – Level of expertise and experience – Market levels observed – Horizontal and vertical alignment within the Group	– Level of achievement of objectives set to the Executive Management as a whole (no individual objectives)	– Company's success as reflected by the positive evolution of the Company's share price (strike price higher than market price at the time of the grant)	– Level of management, age and remuneration – Market levels observed	– Position – Applicable local tax rules
LIMITS AND ADDITIONAL RULES (IN ADDITION TO THE MAXIMUM AMOUNT APPROVED BY THE GENERAL MEETING)	– N/A	– Part of the company-wide bonus system – Minimum bonus: 0% (achievement below 80%) – Target bonus (100% achievement): 25% of the fixed remuneration – Maximum bonus (achievement at 125% or above): 65% of the fixed remuneration	– Terms fully aligned with those applicable to all eligible employees – Maximum 35% of the fixed remuneration – Maximum 25% of the grant to all eligible employees – Depending on tranche, vesting after one year, two years or three years (as from 2022: three-year cliff vesting) Note: The Company aims that existing shareholders are not being diluted as a result of the stock option plan. Since 2007, the Company has preferred covering the exercise of stock options with shares held in treasury rather than using the conditional capital.	– In terms of pension fund contributions, full alignment with the rest of the Management working in Switzerland – In terms of social insurance contributions, full alignment with employees working in Switzerland – Applying corresponding laws and regulations, amount unlikely to exceed 20% of the fixed remuneration (excluding mandatory social insurance contributions resulting from the exercise of stock options granted in previous years, which may significantly vary from one year to the other)	– Maximum 7% of the fixed remuneration

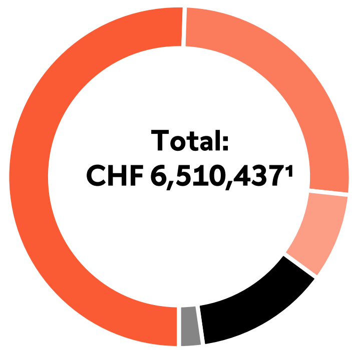
Remuneration Report

2021 Board remuneration



- Fixed remuneration in cash: CHF 884,084
- Contributions and benefits: CHF 64,776
- Other remuneration: CHF 11,306

2021 Executive Management remuneration



- Fixed remuneration in cash: CHF 3,290,408
- Short-term incentive plan (STIP): CHF 1,703,000 (51.8%[2])
- Long-term incentive plan (LTIP): CHF 546,432 (16.6%[2])
- Contributions and benefits: CHF 823,897 (25.0%[2])
- Other remuneration: CHF 146,700 (4.5%[2])

[1] The maximum total remuneration approved at the AGM 2020 is CHF 6,700,000.
[2] Compared with fixed remuneration.

Remuneration Report

1 Remuneration policy

The Group's remuneration policy is an important part of its governance framework. Its ultimate purpose is to encourage the delivery of sustainable growth and performance to shareholders, create a favourable environment for the development of employees and promote responsible and ethical behaviour vis-à-vis the Group and the community. The remuneration policy is further designed to attract and retain the most qualified employees, reward achievements as well as long-term performance, with due care to the Group's success and stage of development, and align the interests of the Board and the Executive Management with those of shareholders. Wage fairness and sustainability are also important parts of the Group's remuneration policy, as further addressed in the Sustainability Report.

2 Organisation and powers

2.1 Nomination & Remuneration Committee

In compliance with Art. 20bis Para. 3 of the Articles of Incorporation (the "AoI"), available at https://en.swissquote.com/company/investors#articles-incorporation in the French original version together with an English free translation, the Remuneration Committee has responsibilities in the field of succession planning and nominations, and is therefore named the "Nomination & Remuneration Committee" or "NRC". The current size of the Board justifies that nomination and remuneration subjects be treated by the same committee. The NRC is governed by Art. 20bis of the AoI, the Organisation Regulations (available at https://en.swissquote.com/company/investors#articles-incorporation in the French original version) and the Charter of the NRC, according to which the NRC is composed of at least three members of the Board. The Chair of the NRC and the majority of its members must be independent. The general meeting of shareholders (the "General Meeting") individually elects the members of the NRC, whose term of office expires at the end of the annual general meeting (the "AGM") that follows their election. Members of the NRC can be re-elected indefinitely.

At the AGM that was held on 6 May 2021, Martin Naville was newly elected as member of the NRC, while Beat Oberlin and Monica Dell'Anna were re-elected as members of the NRC. The Board then re-elected Beat Oberlin as the Chair of the NRC.

As per the Charter of the NRC, the NRC meets at least twice a year. In 2021, the NRC met six times via (video-)conference calls. The meetings lasted on average for 45 minutes. In 2021, Beat Oberlin, Monica Dell'Anna and the other Board members, except Martin Naville, attended all NRC meetings. Martin Naville attended five NRC meetings. Members of the Executive Management were invited to all meetings, except when their personal situation was discussed. No external advisors attended the meetings.

The Chair of the NRC reports on the activities of the Committee at the following Board meeting or earlier when the circumstances so require. The minutes of the meetings of the NRC are provided to all Board members.

In 2021, the Company did not consult with external advisors with respect to the structuring of remuneration, share ownership or any related matters.

In accordance with the Organisation Regulations and the Charter of the NRC, the NRC does not have a decision-making authority. It advises and makes proposals to the Board on remuneration matters, as well as on questions of succession planning, training and need for external support. For further considerations on succession planning, reference is made to Section 3.6 of the Corporate Governance Report. The NRC has in particular the following powers and duties:

Generally:

- Review the Group's remuneration policies and practices, considering in particular its level of development and industry practices, and make sure that these comply with applicable law and regulations.

With respect to the Board:

- Regularly review the size and composition of the Board as well as the level of independence of its members, to ensure compliance with the legal and regulatory requirements, as well as the Company's governance principles (in particular for what regards diversity and sustainability);
- Review annually the remuneration of the Board members; and
- Make recommendations to the Board regarding the form and amount of remuneration that is to be paid to the Board's Chair, to the other Board members, as well as to the Chair and members of each Board committee, in line with the AoI and the resolutions of the General Meeting.

2.1 Nomination & Remuneration Committee (continued)

With respect to the Management:

- Make recommendations to the Board on the policies applicable to the remuneration of the Executive Management and the other members of the Management (together, the "Management"), including with the aim to ensure gender fair pay;
- Regularly review the employment contracts of the Management and make recommendations on the Management's remuneration level;
- Review the Company's short- and long-term incentive plans and make recommendations to the Board with respect to amendments, suspensions or discontinuations of any such plans;
- Review the organisation of the Group from a human resources perspective and make recommendations for nomination and dismissal of the Management;
- Review the Management's succession plan, both in terms of contingency and long-term planning;
- Prepare proposals to be submitted to the General Meeting pursuant to Art. 14bis of the AoI for what regards the remuneration of the Board and Executive Management, and for the amendments to the provisions of the AoI relating to remuneration; and
- Make recommendations to the Board regarding the Remuneration Report.

Further information on the NRC can be found in the AoI (in particular in Art. 20bis).

2.2 Board of Directors

Subject to the prerogatives of the General Meeting and in line with the applicable laws and Art. 14bis of the AoI, the Board is competent to decide on all matters relating to remuneration.

The Board, which is composed of non-executive members only, makes its decisions based on the proposals of the NRC. Unless a Board member requests otherwise, the Board decides in one single vote on the Board members' remuneration. Members of the Executive Management do not attend the part of the Board meeting during which their remuneration is decided upon.

2.3 General Meeting

Binding vote on pay

Art. 9 Para. 2, 14bis Para. 1, 21bis and 21ter of the AoI provide for a prospective vote of the shareholders on the maximum aggregate remuneration of the members of the Board and Executive Management. Under these provisions, upon proposal of the Board, shareholders approve at each AGM the maximum aggregate amount of:

- The remuneration payable to the Board for the period until the following AGM; and
- The remuneration payable to the Executive Management for the following financial year.

At the AGM of 6 May 2021, the following maximum aggregate amounts were approved:

- CHF 1,200,000 for the Board (covering the period running from the AGM of 6 May 2021 to the AGM of 6 May 2022); and
- CHF 7,900,000 for the Executive Management (covering the financial year 2022).

Further information on the binding vote on pay can be found in the AoI, in particular in Art. 14bis.

Consultative vote on Remuneration Report

Since 2011, it has been the Company's policy to submit the Remuneration Report to a consultative vote of the shareholders. The Board intends to sustain this practice.

3 Remuneration components

3.1 Generalities

As at 31 December 2021, the following remuneration components were available for the level of responsibilities listed below:

	Fixed remuneration		Variable remuneration				
	Cash	Shares	Cash-bonus (short-term)	Shares (long-term)	Stock options (long-term)	Contributions and benefits	Other remuneration
Board members	Yes	Yes	Not eligible	Not eligible	Not eligible	Eligible	Eligible
Members of the Executive Management	Yes	Not eligible	Eligible	Not eligible	Eligible	Eligible	Eligible
Other employees	Yes	Not eligible	Eligible	Eligible subject to conditions	Eligible subject to conditions	Eligible	Eligible

Fixed remuneration

Cash component

The fixed remuneration depends on the function and responsibilities of the concerned individual as well as their level of expertise and experience. It is paid out in cash in monthly instalments, after deduction of any social insurance, pension fund and other contributions.

Share component

The Board receives part of its remuneration in shares. With respect to the valuation and blocking period applicable to the shares, reference is made to Section 4.3 of this Remuneration Report.

Variable remuneration

The current remuneration framework does not allow for any variable remuneration for the Board. Art. 21ter Para. 2 of the AoI sets forth the rules applicable to the variable remuneration of the members of the Executive Management.

Section 3.3 describes the manner in which these rules are applied by the Board.

3.1 Generalities (continued)

Employee share plan

The Group offers its eligible employees the opportunity to participate in the long-term success of the Group by purchasing Swissquote shares at a discounted price. The employee share plan aims to reward sustained, long-term performance and align shareholder and employee interests more closely.

Within the framework of the applicable laws, the AoI and the decisions of the General Meeting, the Board will, applying sound judgement, decide every year whether and how many shares will be offered and to whom; no eligible employee has an enforceable right to be granted shares at a discounted price. The Board seeks to keep a sensible relation between the number of shares offered to members of the respective levels of the organisation.

Within the framework of the applicable laws, the AoI and the decisions of the General Meeting, the Board decides on the terms of the employee share plan, including the proceedings and the date of grant of the shares, the price to acquire the shares and the blocking period of the shares and its terms. During the blocking period, the concerned employees are not entitled to sell, donate, pledge or otherwise transfer the shares. In case of change of control, the Board may decide to put an end to any ongoing blocking period.

In 2021, shares were offered for free (no price paid for the acquisition) to all eligible employees. They are blocked for a period of five years as from their attribution.

The members of the Executive Management are not eligible for participating in the employee share plan.

Employee option plan

Since 1999, the Group has been operating a stock option plan in order to encourage long-term participation of eligible employees in the positive development of the Company's stock price.

Subject to applicable laws, the AoI and the decisions of the General Meeting, the Board, applying sound judgement and taking into consideration elements such as those described in Section 7.2, decides every year whether and how many stock options will be offered and to whom as well as on the terms of such stock options. The total number of options granted depends inter alia on the number of eligible employees, the difference between the strike price and the market value and the volatility of the Swissquote share at grant. The decision is made based on the Board's assessment and in accordance with the following principles, newly adopted by the Board:

– The value of the stock options granted to the members of the Executive Management in any one year must not exceed 35% of the fixed remuneration paid to such member of the Executive Management in that year;
– The number of stock options granted to the members of the Executive Management must not exceed 25% of the total number of options granted to all eligible employees; and
– The number of stock options granted to each member of the Executive Management must be equal on a full-time basis.

In 2021, the terms of the options granted to all eligible employees were the following:

– Each option entitles its holder to acquire, upon exercise, one share in the Company;
– The options are subject to a three-year vesting schedule with 1/3 of the options becoming exercisable on the first, second and third anniversaries of grant;
– The exercise period for each tranche is two years;
– Unvested options are forfeited when their holder leaves the Group, save in case of retirement or termination of the employment contract due to injury or permanent disability; and
– In case of change of control, the Board may seek to replace outstanding options by new grants having the equity securities of the acquiring company or another related company as underlying asset, in which case the value of the options granted will be at least equal to the value of the options that they replace. The Board may also decide to accelerate the vesting of outstanding options.

For the grants that will be made in 2022 and the years after, the Board has resolved that the vesting of the options would occur three years after their grant (three-year cliff vesting), which strengthens the long-term component of the stock option plan.

In 2021, 167,195 options representing a fair value of CHF 4,153,519 (2020: 172,927 options representing a fair value of CHF 2,075,168) were granted to eligible employees from the middle management to the Executive Management. The size of individual grants depends on the relevant employee's seniority level.

More information on the valuation of stock options is provided in Note 17.2 to the consolidated financial statements (Section VII).

3.1 Generalities (continued)
Contributions and benefits

Social insurance contributions are made in application of the applicable laws and depend on the level of remuneration. Pension fund contributions and benefits depend on the level of management, age and remuneration.

Other remuneration

The cash component of the fixed remuneration may be supplemented by a fixed indemnity covering estimated out-of-pocket expenses. Out-of-pocket expenses are determined in accordance with applicable local tax rules.

The Group employees enjoy benefits on the consumption of services provided by the Group (such as favourable conditions on their Swissquote trading account) and other benefits of minor importance.

3.2 Elements of the remuneration of the members of the Board of Directors

As reflected in the table introducing Section 3.1 and in accordance with Art. 21bis Para. 1 of the AoI, the remuneration of the Chair of the Board and other Board members comprises the fixed remuneration applicable until the following AGM, contributions and benefits and a fixed indemnity (other remuneration).

Fixed remuneration

Within the framework of the applicable laws, the AoI and the decisions of the General Meeting, the fixed remuneration of the Board members is reviewed annually and, as the case may be, adjusted upon the recommendation of the NRC. The review of the remuneration of the Board takes several factors into consideration, such as the amount of work required from the Board and market levels observed in Switzerland based on publicly available information, although no defined benchmark is used.

In accordance with Art. 21bis Para. 2 of the AoI, the Board can decide to have part of the annual fixed remuneration paid in the form of shares. Since 2015, the Board has each year decided that 20% of its fixed remuneration be paid in shares. In such a case, it decides on the conditions of the grants, including the valuation of the relevant shares, and any applicable blocking period. The valuation rules and blocking period applied to the shares granted to the Board members under the Board share plan are described in Section 4.3. The Board share plan is distinct from the employee share plan and does not relate to variable remuneration.

No variable remuneration

Members of the Board are not eligible for any variable remuneration.

Contributions and benefits

Under Swiss law, the Board's remuneration is compulsorily subject to social insurances, hence the contributions made by the Board members (as included in the fixed remuneration) and the Company (as reflected separately in the tables in Section 4.2). Board members do not receive pension fund contributions and benefits, unless provided by law.

Other remuneration

The Board members receive a fixed indemnity covering their estimated out-of-pocket expenses, which mainly depend on the country of domicile of the relevant Board member and the applicable local tax rules.

The Board members enjoy the same benefits on the consumption of services provided by the Group as the Group employees (such as favourable conditions on their Swissquote trading account). The aggregate amount of such benefits enjoyed by the Board members is deemed immaterial and is therefore not reported in this Remuneration Report.

3.3 Elements of the remuneration of the members of the Executive Management and other related aspects

As reflected in the table introducing Section 3.1 and in accordance with Art. 21ter Para. 1 of the AoI, the remuneration of the members of the Executive Management comprises:

- A fixed remuneration, which is cash-based;
- A variable remuneration in the form of:
  - A short-term incentive plan (STIP, cash bonus);
  - A long-term incentive plan (LTIP, stock option plan);
- Contributions and benefits; and
- A fixed indemnity covering their estimated out-of-pocket expenses (other remuneration).

Fixed remuneration

The fixed remuneration of the members of the Executive Management is cash-based. Within the framework of the applicable laws, the AoI and the decisions of the General Meeting, the fixed remuneration of the Executive Management members is reviewed annually and, as the case may be, adjusted upon the recommendation of the NRC. The review of the remuneration of the Board takes several factors into consideration, such as the function and responsibilities of the concerned Executive Management members as well as market levels observed in Switzerland based on publicly available information, although no defined benchmark is used (see Section 3.4). The fixed remuneration of the members of the Executive Management was last reviewed and increased in March 2022.

Variable remuneration

Short-term incentive plan (STIP)

The short-term incentive plan consists in an annual performance-based cash bonus.

At the beginning of each financial year, upon the recommendation of the NRC, the Board sets a list of quantitative and qualitative objectives for such financial year to the Executive Management as a whole. Members of the Executive Management are not set individual objectives. The Board assesses that collective objectives foster team spirit and avoid silo thinking, which are key elements to a company's success. In 2021, the objectives set to the Executive Management were classified in four categories:

- Financial objectives;
- Growth objectives;
- Defensive/conservation objectives; and
- Other objectives.

For 2022, the objectives set to the Executive Management are classified in three categories, i.e. financial objectives, growth objectives and ESG objectives. More information will be provided in the Remuneration Report 2022.

Each category of objectives may be associated with one or more objectives, with a weighted target. The number and the nature of the objectives may vary from one year to the other and will be disclosed retrospectively in the Remuneration Report. Objectives for 2021 are described in Section 6.

The table below indicates the cash bonus (in percentage of the fixed remuneration) that can be expected in ordinary circumstances depending on the level of achievement of the objectives:

ACHIEVEMENT OF OBJECTIVES	Percentage of the fixed remuneration
More than 125%	65%
Between 100 and 125%	25-65%
100% (target)	25%
Between 80 and 100%	3-25%
Less than 80%	0%

Since members of the Executive Management are not set individual objectives and, therefore, all objectives are collective, the percentage of the fixed remuneration is, with respect to a specific year, the same for all members of the Executive Management, including the CEO.

The table is by purpose not linear. The cap set by the Board at 65% of the fixed remuneration is lower than the cap set in Art. 21ter Para. 2 of the AoI, which allows for a cash bonus up to 150% of the fixed remuneration.

3.3 Elements of the remuneration of the members of the Executive Management and other related aspects (continued)

Long-term incentive plan (LTIP)

Since 2018, the Executive Management's long-term incentive plan has exclusively consisted of stock options granted under the stock option plan described in Section 3.1 above. For the grants that will be made in 2022 and the years after, the Board has resolved that the vesting of the options would occur three years after their grant (three-year cliff vesting), which strengthens the long-term component of the stock option plan. Furthermore, as indicated in Section 3.1 above, the Board adopted new rules governing the granting of stock options to the Executive Management. In particular, the value of the stock options granted to the members of the Executive Management in any one year must not exceed 35% of the fixed remuneration paid to such member of the Executive Management in that year. Each member of the Executive Management receives the same number of stock options, at the same terms.

The number of stock options granted is determined in accordance with the principles described in Section 3.1. In 2021, the number of options granted to the Executive Management was 22,000 (2020: 29,250) representing 13.2% (2020: 16.9%) of the total options granted under the plan to all eligible employees of the Company.

The strike price of the options is set by the Board at a level that is above the applicable share price at the time of grant. The rationale is that Executive Management members (and all other optionees) are rewarded only if the share price increases above the strike price within the exercise period. In 2021, the strike price of the stock options granted was set 13.1% above the market price of the Company's shares at the time of grant (2020: 12.4%)

The Company aims that existing shareholders are not being diluted as a result of the stock option plan. As a result, although the AoI provide for a conditional capital to cover the issuance of shares under the stock option plan of the Company, the Company has preferred, since 2007, covering the option grants by shares held in treasury rather than using its conditional capital.

In 2021, the number of stock options exercised by Executive Management members corresponds to 0.3% of the share capital (0.1% in 2020 and 0.1% in 2019).

The Board considers that the Executive Management's long-term incentive plan in the form of a stock option plan guarantees a long-term alignment of the interests of the Executive Management with those of the shareholders, in particular in light of the growth strategy pursued by the Company.

Contributions and benefits

Pursuant to Art. 21ter Para. 1 of the AoI, social insurance contributions and pension fund contributions are made to members of the Executive Management. Social insurance contributions are made in accordance with applicable laws and depend on the level of remuneration; such contributions for the Executive Management members are fully aligned with those for the other employees working in Switzerland.

Pension fund contributions and benefits depend on the level of management, age and remuneration. Such contributions and benefits for the Executive Management members are fully aligned with those for the rest of the Management working in Switzerland.

Other remuneration

The members of the Executive Management receive a fixed indemnity covering their estimated out-of-pocket expenses, which inter alia depend on the position of the concerned Executive Management member and the applicable local tax rules. The fixed indemnity was last amended in 2018. It must not represent more than 7% of the fixed remuneration.

All the employees of the Group, including the members of the Executive Management, enjoy the same benefits, such as favourable conditions on their Swissquote trading accounts or access to sport facilities at a discounted price. The Company does not provide benefits such as a company car or health insurance coverage. The aggregate amount of the benefits enjoyed by the members of the Executive Management is deemed immaterial and is therefore not reported in this Remuneration Report.

Duration of contracts

The termination period of the employment contracts of the members of the Executive Management is six months.

Unless the termination of the employment contract with a member of the Executive Management is considered abusive by a tribunal, such member of the Executive Management would not receive any severance payment.

The employment contracts of the members of the Executive Management do not contain any post-contractual non-compete clauses.

3.3 Elements of the remuneration of the members of the Executive Management and other related aspects (continued)

Change-of-control

In accordance with the company-wide Employee Share and Option Plan (applicable to all eligible employees and not only to the members of the Executive Management), in case of change of control, the Board may seek to replace outstanding options by new grants having the equity securities of the acquiring company or another related company as underlying asset, in which case the value of the options granted will be at least equal to the value of the options that they replace. In accordance with the Employee Share and Option Plan, the Board may also decide to accelerate the vesting of outstanding options. Subject to the aforementioned exceptions, the employment contracts of the members of the Executive Management do not contain any change-of-control arrangement.

Clawback

In accordance with the Company's clawback policy, the Company is entitled to seek repayment of some or all of the performance-based remuneration received by a member of the Executive Management over a period of up to three years in the event of a material restatement of the Company's financial statements, accounting issue or breach of duty. Instead of seeking reimbursement of performance-based remuneration, the Company may also declare a member of the Executive Management ineligible to additional performance-based compensation for a certain period.

3.4 Benchmark

As a growth company, it is essential for the Company to be in a position to attract and retain the talents that are required for its continuous development. From a human resources perspective, the Group is competing with a broad spectrum of companies in its Swiss home market, but also in other countries where the Group has subsidiaries. The sectors in which the Group competes for talents include financial services and fintechs, but also, and more generally, all industries in which advanced software development engineers and digitalisation skills are in demand. Whilst the Board reviews the latest developments in remuneration systems in such industries and sectors, the Board has not identified specific companies considered to be relevant enough for benchmarking purposes.

The Board notes that, to date, the Company was able to attract and retain the right talents and that, as of 31 December 2021, there had been only one departure from the Executive Management in the past 10 years, and that concerned a shift from the Executive Management to the Board. Conversely, the remuneration of the Executive Management appears to be perceived as reasonable by the shareholders, considering, inter alia, that the General Meeting has, since the entry into force of the Ordinance, always approved with a large majority the proposals of the Board with respect to the maximum aggregate remuneration of the Executive Management. The Board remains vigilant with respect to the needs to adapt the Company's remuneration systems and the remuneration offered with the aim of contributing to the achievement of the Company's growth objectives.

4 Remuneration for 2021

The remuneration reported in this Section is applicable to all activities of the concerned persons in the Group, including, for the Board members, their board activities for the Company and Swissquote Bank Ltd, and, for the members of the Executive Management, their activities in the Board of Directors of the foreign subsidiaries of the Group.

For the sake of clarity, in 2021 as in the past years, there were no deviations in the determination and payment of the remuneration compared to the policies described in this Remuneration Report. As a result, the Company does not have a derogation policy.

This Section of this Remuneration Report was audited by the Company's auditors.

4.1 Remuneration of the members of the Board of Directors

The tables in this Section state the total remuneration for the members of the Board for the financial years 2021 and 2020. The cash components correspond to gross figures and include social insurance contributions paid by the Board members. Therefore, the figures relating to social insurance contributions only cover the amount paid by the Company. Other remuneration consists of a fixed indemnity covering estimated out-of-pocket expenses.

	Fixed remuneration				
in CHF	Cash	Shares (tax value)	Contributions and benefits	Other remuneration	Total
BOARD REMUNERATION 2021					
Markus Dennler, Chairman	169,007	44,948	14,753	2,000	230,708
Monica Dell'Anna, member	102,260	25,925	11,173	2,000	141,358
Martin Naville, member	102,260	25,925	11,173	2,000	141,358
Beat Oberlin, member	107,466	27,945	8,896	2,000	146,307
Jean-Christophe Pernollet, member	112,671	29,965	12,124	2,000	156,760
Michael Ploog, member	72,877	27,945	6,657	1,306	108,785
Subtotal	**666,541**	**182,653**	**64,776**	**11,306**	**925,276**
Difference between tax value and IFRS fair value of shares granted to the Board					34,890
Total remuneration 2021					**960,166**

As reflected in the above table, the total remuneration is calculated by taking into consideration the fair value of the shares granted to the Board. For information on the tax value and on the fair value, reference is made to Section 4.3.

In 2021, no remuneration was paid, and no credit or loan was granted, to former Board members. Furthermore, no remuneration was paid to related parties and no credit or loan was granted to related parties, except Lombard loans, which were granted at market conditions.

4.1 Remuneration of the members of the Board of Directors (continued)

in CHF	Fixed remuneration Cash	Fixed remuneration Shares (tax value)	Contributions and benefits	Other remuneration	Total
BOARD REMUNERATION 2020					
Markus Dennler, Chairman	150,000	30,004	16,209	2,000	198,213
Monica Dell'Anna, member	100,000	20,050	10,932	2,000	132,982
Martin Naville, member	100,000	20,050	10,932	2,000	132,982
Beat Oberlin, member	100,000	20,050	9,322	2,000	131,372
Jean-Christophe Pernollet, member	100,000	20,050	10,932	2,000	132,982
Subtotal	**550,000**	**110,204**	**58,327**	**10,000**	**728,531**
Difference between tax value and IFRS fair value of shares granted to the Board					21,051
Total remuneration 2020					**749,582**

As reflected in the above table, the total remuneration is calculated by taking into consideration the fair value of the shares granted to the Board. For information on the tax value and on the fair value, reference is made to Section 4.3.

In 2020, no remuneration was paid, and no credit or loan was granted, to former Board members. Furthermore, no remuneration was paid to related parties and no credit or loan was granted to related parties, except Lombard loans, which were granted at market conditions.

Board remuneration changes from 2020 to 2021

In 2021, the Board reassessed its remuneration in light of the Company's growth, the increasing diversity and complexity of the Company's activities and the continuous expansion and strengthening of the regulation and external requirements. These developments naturally generate a higher workload for Board members, in particular the Chair of the Board and the Chairs of the committees. Taking into account these aspects, the Board resolved to increase the fixed remuneration of the Chair by 25%, the fixed remuneration of the Chair of the Audit & Risk Committee by 25%, the fixed remuneration of the Chair of the Nomination & Remuneration Committee by 17% and the fixed remuneration of the other incumbent members by 8%. Michael Ploog joined the Board in May 2021; his remuneration also covers his work as secretary of the Board, which he will carry until the AGM 2022.

Overall, the total remuneration increased from CHF 749,582 to CHF 960,166 representing an increase of 28.1% as a result of the aforementioned increase and the extension of the Board's composition from five to six members.

More specifically, the total fixed remuneration in cash increased from CHF 550,000 to CHF 666,541, representing an increase of 21.2% and the shares' total tax value increased from CHF 110,204 to CHF 182,653, representing an increase of 65.7%. Furthermore, the total social insurance contributions increased from CHF 58,327 to CHF 64,776, representing an increase of 11.1% and the other remuneration increased from CHF 10,000 to CHF 11,306, representing an increase of 13.1%.

4.2 Remuneration of the members of the Executive Management

This Remuneration Report informs on the remuneration of the highest paid member of the Executive Management as well as the aggregate remuneration of all members of the Executive Management. This is in line with market practice and results from the application of the Ordinance.

The cash components correspond to gross figures and include social insurance contributions and pension fund contributions paid by the members of the Executive Management. Therefore, the figures relating to social insurance contributions and pension fund contributions and benefits only cover the amount paid by the Company. Other remuneration consists of a fixed indemnity covering estimated out-of-pocket expenses.

	Fixed remuneration	Variable remuneration				
in CHF	Cash	Short-term incentive plan (STIP)	Long-term incentive plan (LTIP)	Contributions and benefits	Other remuneration	Total
EXECUTIVE MANAGEMENT REMUNERATION 2021						
Marc Bürki, CEO (highest paid)	542,500	352,625	68,304	122,047	21,600	1,107,076
Aggregate of all members of the Executive Management	**3,290,408**	**1,703,000**	**546,432**	**823,897**	**146,700**	**6,510,437**

The aggregate cash bonus represents 51.8% of the aggregate fixed remuneration. Reference is made to Section 6 for further information.

The total remuneration includes the remuneration of Michael Ploog, who was a member of the Executive Management until March 2021. Except for that, in 2021, no remuneration was paid to former members of the Executive Management. Furthermore, in 2021, no credit or loan was granted to former members of the Executive Management. Moreover, no remuneration was paid to related parties and no credit or loan was granted to related parties, except Lombard loans, which were granted at market conditions.

4.2 Remuneration of the members of the Executive Management (continued)

in CHF	Fixed remuneration	Variable remuneration				
	Cash	Short-term incentive plan (STIP)	Long-term incentive plan (LTIP)	Contributions and benefits	Other remuneration	Total
EXECUTIVE MANAGEMENT REMUNERATION 2020						
Marc Bürki, CEO (highest paid)	520,000	322,400	45,000	97,377	21,600	1,006,377
Aggregate of all members of the Executive Management	**3,167,667**	**1,963,953**	**350,997**	**626,799**	**142,500**	**6,251,916**

The aggregate cash bonus represents 62.0% of the aggregate fixed remuneration.

In 2020, no remuneration was paid, and no credit or loan was granted, to former members of the Executive Management. Furthermore, no remuneration was paid to related parties and no credit or loan was granted to related parties, except Lombard loans, which were granted at market conditions.

Executive Management remuneration changes from 2020 to 2021

The total fixed remuneration slightly increased from CHF 3,167,667 to CHF 3,290,408, representing an increase of 3.9%, as a result of the review of the fixed remuneration of the members of the Executive Management early in 2021 and the changes made to the Executive Management's composition.

Despite the maximum level of achievement of the objectives set to the Executive Management for 2021, the total cash bonus decreased from CHF 1,963,953 to CHF 1,703,000, representing a decrease of 13.3%, as a result of the changes in the composition of the Executive Management. Reference is made to Section 6 for further information on the assessment of the achievement of the objectives set to the Executive Management.

Despite the lower number of stock options granted in 2021 compared to 2020, the fair value of the stock options granted increased from CHF 350,997 to CHF 546,432, representing an increase of 55.7%. This is due to the fair value of each stock option, which is higher than at the time of the 2020 grant, mainly because of the higher market value of the Swissquote share.

The total social insurance contributions and pension fund contributions and benefits increased from CHF 626,799 to CHF 823,897, representing a total increase of 31.4%. This mainly results from the exercise of stock options allocated in previous years. Reference is made to Section 8.2 for further information.

The other remuneration slightly increased from CHF 142,500 to CHF 146,700, representing an increase of 2.9%. This is due to specific circumstances pertaining to 2020 (such as an unpaid leave) which led to a lower amount of fixed indemnity in 2020.

Overall, the total remuneration increased from CHF 6,251,916 to CHF 6,510,437, representing a total increase of 4.1%.

4.3 Valuation principles

The cash bonus accrues in the financial year under review and is payable in the following financial year. It is therefore based on the results of the financial year under review.

The fair value of the shares is determined in accordance with the International Financial Reporting Standards (IFRS). It represents the market price, i.e. the price that would be received for a share in an orderly transaction between market participants on the grant date.

The market price of the shares granted to the Board in 2021 was CHF 200.5. The market price of the shares granted to the Board in 2020 was CHF 85.9.

The tax value of the shares is determined based on the Swiss Federal Tax Administration Circular Letter No. 37 on Taxation of Employee Participations and Circular Letter No. 37A on Tax Treatment of Employee Participations with the Employer. It represents the market price of the share on grant date discounted by a fixed percentage for a certain period of blocking.

Shares granted to the Board in 2021 are blocked for three years from their grant date and their tax value amounts to CHF 168.3 per share. This tax value represents the market price of the share on grant date (i.e. CHF 200.5) discounted by 16.0%.

Shares granted to the Board in 2020 are blocked for three years from their grant date and their tax value amounts to CHF 72.1 per share. This tax value represents the market price of the share on grant date (i.e. CHF 85.9) discounted by 16.0%.

The fair value of the options is determined based on the Black-Scholes valuation model. The most significant inputs into the model are the market value of the Swissquote share at grant, the strike price, the expected life of the options and the volatility. The volatility is measured over a period of ten years. Other inputs into the model are the risk-free interest rate and the dividend yield. One option grants the right to acquire one share in the Company (ratio 1:1). For the financial year 2021, the fair value amounts to CHF 24.8 on average per option on grant date. For the financial year 2020, the fair value amounts to CHF 12.0 on average per option on grant date.

4.4 Loans and credits to the Board and the Executive Management

Pursuant to Art. 21 Para. 2 of the AoI, the Company may grant loans and credits to the members of the Board and of the Executive Management at market terms or at terms which apply to all employees. Loans and credits which do not satisfy such conditions are authorised provided that, in each single case, they do not exceed the amount of CHF 100,000 and to the extent that they have been approved by the General Meeting, either individually or as part of an aggregate amount.

The following loans and credits were granted to and were still outstanding as at 31 December 2021 with current and former members of the Board and of the Executive Management, as well as their closely related persons. All loans were granted at market conditions.

in CHF	2021	2020
MEMBERS OF THE BOARD		
Markus Dennler, Chairman	–	–
Monica Dell'Anna, member	–	–
Martin Naville, member	–	–
Beat Oberlin, member	–	–
Jean-Christophe Pernollet, member	–	–
Michael Ploog, member[1]	–	–
Closely related persons	22,490	–
Former members	–	–
Total as at 31 December	**22,490**	**–**

in CHF	2021	2020
MEMBERS OF THE EXECUTIVE MANAGEMENT		
Marc Bürki, CEO	5,058,458	7,580,434
Paolo Buzzi, Deputy CEO	–	8,060,708
Yvan Cardenas, CFO	–	–
Gilles Chantrier, CRO	–	–
Alexandru Craciun, CTO[2]	17,471	–
Jan De Schepper, CSO	–	–
Lino Finini, COO	–	–
Morgan Lavanchy, CLO	–	–
Closely related persons	1,823,943	1,796,381
Former members	–	–
Total as at 31 December	**6,899,872**	**17,437,523**

[1] Michael Ploog was newly elected to the Board at the AGM 2021. He previously served as member of the Executive Management of the Company from 1999 to March 2021.

[2] Alexandru Craciun joined the Executive Management on 1 April 2021.

5 Reconciliation of remuneration with the approval of the General Meeting

At the AGM of 5 May 2020, the shareholders approved a maximum aggregate remuneration of the Board amounting to CHF 870,000 for the period of office from the AGM of 5 May 2020 until the completion of the AGM of 6 May 2021. The total amount of remuneration paid out for this period was CHF 727,040, which is in line with what was approved at the AGM of 5 May 2020. The above-mentioned maximum aggregate remuneration included a reserve of CHF 100,000 in order to cover potential exceptional tasks requiring an additional remuneration, in particular in case of unforeseen circumstances. No such additional remuneration was paid, i.e. the reserve was not used.

At the AGM of 6 May 2021, the shareholders approved a maximum aggregate remuneration of the Board amounting to CHF 1,200,000 for the period of office from the AGM of 6 May 2021 until the completion of the AGM of 6 May 2022. The total amount of remuneration that will be paid out for this period is anticipated to be in line with the maximum aggregate remuneration approved at the AGM of 6 May 2021. The final amount that will be paid will be disclosed in the 2022 Remuneration Report.

With respect to the remuneration of the Executive Management, the shareholders approved at the AGM of 5 May 2020 a maximum aggregate remuneration of CHF 6,700,000 for the financial year 2021, taking into consideration an Executive Management comprising eight members. The total amount of remuneration paid out and accrued for this period was CHF 6,510,437 for the entire Executive Management in 2021, which is in line with what was approved at the AGM of 5 May 2020.

At the AGM of 6 May 2021, the shareholders approved a maximum aggregate remuneration for the Executive Management amounting to CHF 7,900,000 for the financial year 2022. The total amount of remuneration that will be paid out and accrued for this period is anticipated to be in line with the maximum aggregate remuneration approved at the AGM of 6 May 2021. The final amount that will be paid and accrued will be disclosed in the 2022 Remuneration Report.

6 Objectives for 2021 and assessment of their achievement

As described in Section 3.3, the Board sets, at the beginning of each financial year, a list of quantitative and qualitative objectives to the Executive Management to assess its performance and set the amount of the annual cash bonus (short-term incentive), if any. These objectives are set to the Executive Management as a whole, rather than on an individual basis. The objectives are aligned with the Company's strategy and the guidance communicated to the public.

The table below describes the objectives that were set for the financial year 2021, together with their respective weighting and level of achievement, as assessed by the Board upon the NRC's recommendation:

Category of objectives	Weight	Objective*	Achievement	
Financial	60%	Achievement of pre-tax profit target	Overachieved	175%
		Achievement of net revenues target	Overachieved	
Growth	15%	Successful launch of the neo-bank app Yuh	Achieved	85%
		Successful launch of contracts for difference on single stocks	Achieved	
		Delivery of the roadmap for crypto-related projects	Partially achieved	
		Successful launch of onboarding projects	Partially achieved	
Defensive / Conservative	15%	Maintaining of high standards in compliance/reputation**	Achieved	98%
		High level of availability of the platforms and other IT systems**	Partially achieved	
		Limited operational losses	Overachieved	
Other	10%	Delivery of IT development roadmap (excluding Growth projects)	Achieved	106%
		Update of the organisation & succession plan**	Achieved	
		Improvement of customer Net Promoter Score	Overachieved	
		Improvement of ESG rating	Achieved	
			Total achievement in 2021	148%
			Target award value (100% achievement)	25% of fixed remuneration
			Award for 2021 (cap reached)	65% of fixed remuneration

* Pre-tax profit and net revenues correspond to 2/3 and 1/3 of the financial objectives, respectively. All other objectives are equally weighted in their respective category.
** These objectives cannot be overachieved.

The following elements help read the above table:

– As stated in Section 3.3, the maximum cash bonus for the Executive Management members is 65% of their fixed remuneration and is reached if the level of achievement of the objectives reaches 125%. For 2021, the level of achievement was largely beyond 125% and the cash bonus was set at 65% of the fixed remuneration.

The level of achievement of each objective as disclosed in the above table was set using this scale:

Less than 50%:	Not achieved
From 50% to 90% (excluded):	Partially achieved
From 90% to less than 110% (excluded):	Achieved
110% and more:	Overachieved

6 Objectives for 2021 and assessment of their achievement (continued)

- The level of achievement for each category of objectives takes into account the exact assessment of each relevant objectives and is calculated with the formula set by the Board for that purpose.
- The Board may decide to deviate from the strict application of the formula under exceptional circumstances, if the absence of deviation would, in its view, lead to an inappropriate amount of the cash bonus. The deviation may be downwards (e.g. in case of material risk or compliance issues) or upwards (e.g. in case of significant adverse circumstances that could not be anticipated). No such deviation was made in 2021.
- The bonus of the employees of the Group also depends on the achievement of the objectives set to the Executive Management, ensuring a full alignment of the workforce's interests with those of the members of the Executive Management. In case of fair or good performance, the bonus of the employees other than the Executive Management members corresponds to a percentage of these employees' salary that is smaller than the percentage of the fixed remuneration of the Executive Management. In case of partial achievement of the objectives, the bonus of the employees other than the Executive Management members may, depending on the level of achievement of the objectives and the hierarchical level of the employee, correspond to a percentage of these employees' salary that is higher than the percentage of the fixed remuneration of the Executive Management.

7 Key comparisons

7.1 CEO pay-ratio

The following table provides information on the ratio between CEO's remuneration and the average and median employee remuneration and confirms that the CEO's remuneration is sound and sensible:

in CHF thousands	CEO	Average employee remuneration	Ratio	Median employee remuneration	Ratio
Total comparable remuneration 2021	**933.2**	**146.5**	**637%**	**132.7**	**703%**

For the purposes of calculating these ratios, the gross remuneration paid in 2021 (including the cash bonus paid with respect to the year 2020) was taken into consideration and the following rules were applied to define the most relevant sample of employees:

- Employees working for a Group entity located in Switzerland on the basis of a permanent contract;
- Employees eligible for a cash bonus (i.e. employees of the sales force under a commission scheme were excluded);
- Employees employed since January 2020 and still employed in December 2021 (to ensure an appropriate comparison in terms of cash bonus); and
- CEO, other members of the Executive Management and apprentices excluded.

7.2 Distribution between shareholders, the Executive Management and employees

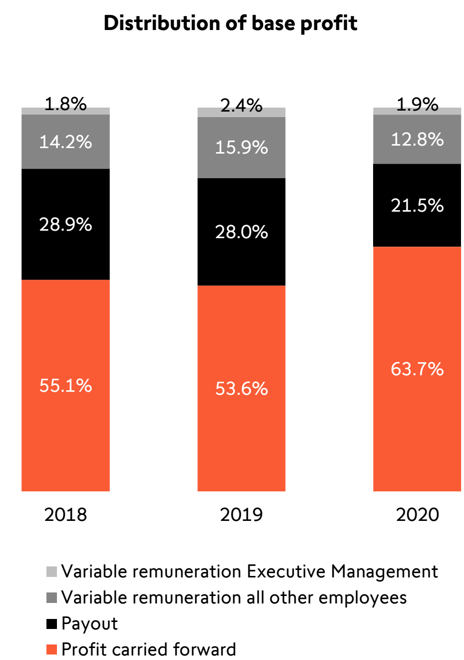
The Board seeks to ensure an appropriate distribution of the Company's profit among the following stakeholders:

– The shareholders, via the dividend or any other form of payout;
– The Executive Management members, via the variable remuneration;
– The other employees of the Group, via the variable remuneration; and
– The Group itself, which may benefit from an increased equity base thanks to the profit carried forward.

For the purposes of ensuring that the distribution among the stakeholders is appropriate, the Board carries out analyses using the concept of "base profit". The "base profit" is an adjusted concept of the net profit, in which the variable remuneration (net of tax) of the employees of the Group (including the Executive Management members) is reintegrated. The above-mentioned analyses take into consideration several factors such as the Company's profitability, the capital situation, the growth pattern, the development opportunities and other prevailing circumstances.

For example, in the context of a sustainable increase of the Company's profitability, the dividend per share and the variable remuneration of the employees of the Group (including the Executive Management members) are expected to increase. Nevertheless, the relationship between the dividend per share and the variable remuneration is not always linear. While the variable remuneration is capped, the dividend is not (to the extent of the profit carried forward). At the same time, the Group seeks to pay a dividend per share that has a certain level of stability when the variable remuneration could be nil under certain circumstances.

The chart below presents the distribution of the base profit from 2018 to 2020. Since the dividend for the year 2021 still needs to be approved by the General meeting, the situation for 2021 will be provided in the Remuneration Report 2022:



In the context of a profit that roughly doubled from 2019 to 2020 and in light of the dividend's increase from CHF 1 to CHF 1.5 in the same period, one can note that the payout, the variable remuneration of the Executive Management members and the variable remuneration of the other employees of the Group are evolving alongside. Moreover, the above chart shows that, in 2020, the respective shares of the payout, the variable remuneration of the Executive Management members and the variable remuneration of the other employees of the Group decreased in favour of the profit carried forward. The aim was to ensure a solid equity base in order to enable the Company to capture its full growth potential and take opportunities such as acquisitions.

8 Share ownership

As at 31 December 2021, the number of shares and options held by current Board members, members of the Executive Management and closely related persons, was 3,613,243 or 23.6% of the share capital.

The following tables were produced in accordance with Art. 663c CO and are also available in Note 27 to the consolidated financial statements (Section VII).

8.1 Shareholdings

The tables below indicate the shareholdings of the members of the Board, the members of the Executive Management and their closely related persons.

	Number of shares as at 31 December 2021	Number of shares as at 31 December 2020
MEMBERS OF THE BOARD		
Markus Dennler, Chairman	32,148	31,881
Monica Dell'Anna, member	2,000	1,846
Martin Naville, member	11,707	11,553
Beat Oberlin, member	3,786	3,620
Jean-Christophe Pernollet, member	4,342	4,164
Michael Ploog, member[1]	45,266	56,374
Closely related persons	84	114
Total as at 31 December	**99,333**	**109,552**

	Number of shares as at 31 December 2021	Number of shares as at 31 December 2020
MEMBERS OF THE EXECUTIVE MANAGEMENT		
Marc Bürki, CEO	1,767,070	1,813,327
Paolo Buzzi, Deputy CEO	1,606,145	1,789,383
Yvan Cardenas, CFO	320	320
Gilles Chantrier, CRO	340	340
Alexandru Craciun, CTO[2]	1,716	–
Jan De Schepper, CSO	2,093	520
Lino Finini, COO	1,820	1,820
Morgan Lavanchy, CLO	340	340
Closely related persons	37,185	51,820
Total as at 31 December	**3,417,029**	**3,657,870**

[1] Michael Ploog was newly elected to the Board at the AGM 2021. He previously served as member of the Executive Management of the Company from 1999 to March 2021.
[2] Alexandru Craciun joined the Executive Management on 1 April 2021.

8.2 Stock options

The table below provides a comprehensive overview of the information on options (i) held as at 31 December 2021 by Executive Management members and a retired Executive Management member now Board member and (ii) which have been granted in 2021 and in past years. As a reminder, Board members cannot be granted stock options. However, a retired Executive Management member can keep their stock options previously granted. If such retired Executive Management member happens to be a Board member, then the information on their shareholdings and stock options must be disclosed in accordance with Art. 663c CO.

The total stock options outstanding as at 31 December 2021 represent 91,346 options, including 36,518 options that were exercisable as at 31 December 2021 and 54,828 options for which the start of the exercise period is ranging from 2022 to 2024. Outstanding options granted to members of Executive Management prior to their appointment to Executive Management are stated separately and represent 5,535 options.

Each option gives the right to acquire one Swissquote share (SQN; ISIN CH0010675863) at the strike price set for the concerned grant. The lock-up period ends the day before the start of the exercise period as indicated in the table below:

Grant no.	Tranche no.	Date of grant	Start of exercise period	Expiry date	Spot price at grant	Mark-up strike to spot price	Strike price	Number of options granted	IFRS fair value per option	Aggregate IFRS fair value of options granted	Total options outstanding as at 31 December 2021	Total options outstanding as at 31 December 2020
18	3	2016/08	2019/08	2020/08	24.72	3.8%	25.95	4,722	4.03	19,026	-	4,722
19	2	2017/08	2019/08	2021/08	32.40	5.0%	34.02	7,865	5.27	41,486	-	6,292
19	3	2017/08	2020/08	2022/08	32.40	5.0%	34.02	7,870	5.26	41,363	3,148	7,870
20	1	2018/08	2019/08	2021/08	65.53	5.0%	68.81	6,000	9.98	59,860	-	6,000
20	2	2018/08	2020/08	2022/08	65.53	5.0%	68.81	6,000	10.10	60,585	2,400	6,000
20	3	2018/08	2021/08	2023/08	65.53	5.0%	68.81	6,000	10.04	60,211	3,600	6,000
21	1	2019/08	2020/08	2022/08	42.96	16.1%	49.89	13,336	5.89	78,545	9,902	13,336
21	2	2019/08	2021/08	2023/08	42.96	16.1%	49.89	13,336	5.81	77,467	8,968	13,336
21	3	2019/08	2022/08	2024/08	42.96	16.1%	49.89	13,328	5.63	75,029	13,328	13,328
22	1	2020/08	2021/08	2023/08	84.50	12.4%	95.00	9,750	12.42	121,084	8,500	9,750
22	2	2020/08	2022/08	2024/08	84.50	12.4%	95.00	9,750	12.08	117,762	9,750	9,750
22	3	2020/08	2023/08	2025/08	84.50	12.4%	95.00	9,750	11.50	112,151	9,750	9,750
23	1	2021/08	2022/08	2024/08	163.60	13.1%	185.00	7,328	18.38	134,671	7,328	-
23	2	2021/08	2023/08	2025/08	163.60	13.1%	185.00	7,336	25.48	186,903	7,336	-
23	3	2021/08	2024/08	2026/08	163.60	13.1%	185.00	7,336	30.65	224,858	7,336	-
Total											**91,346**	**106,134**
- Of which in exercise period as at 31 December											36,518	44,220
- Of which exercise period not started as at 31 December											54,828	61,914
Total options granted in 2020								**29,250**		**350,997**		
Total options granted in 2021								**22,000**		**546,432**		
Options granted prior to the appointment to the Executive Management											5,535	9,931

As reflected in the table above, each grant is divided in three equal tranches, each having a two-year exercise period, but with a different start. The start of the exercise period for tranche 1 is one year after the date of grant, the one for tranche 2 is two years after the date of grant and the one for tranche 3 is three years after the date of grant. As a result, and for a whole grant, one third of the options become exercisable after one year and one third of the options expire five years after the date of grant.

For the grants that will be made in 2022 and the years after, the Board has resolved that the vesting of the options would occur three years after their grant (three-year cliff vesting), which strengthens the long-term component of the stock option plan.

The table above provides for each grant the spot price at grant (which is the market price of the Swissquote share at the time of grant) and the strike price of the grant, i.e. the share price above which the option is in the money.

8.2 Stock options (continued)

The mark-up of the strike price compared to the spot price is the difference between the strike and the spot prices divided by the spot price. In 2021, the strike price was set 13.1% above the spot price.

The table on the previous page also provides the total number of options granted to (if the case may be, at the time) members of the Executive Management for each grant and tranche.

The Executive Management members were granted 22,000 options in 2021. The IFRS fair value of each option is determined based on the Black-Scholes formula and takes into account the market price of the Swissquote share and the volatility of such price at the time of grant, the duration of the options and of the exercise periods. Details are provided in Note 17.2 to the consolidated financial statements (Section VII). The total fair value of options granted to Executive Management members in 2021 is CHF 546,432, which is the amount that is included in the total remuneration of the Executive Management in Section 4.2 of this Remuneration Report.

The total outstanding options are further analysed in the table below:

Grant no.	Tranche no.	Date of grant	Marc Bürki	Paolo Buzzi	Yvan Cardenas	Gilles Chantrier	Alexandru Craciun	Jan De Schepper	Lino Finini	Morgan Lavanchy	Michael Ploog	Total options outstanding as at 31 December	
			CEO	Deputy CEO	CFO	CRO	CTO	CSO	COO	CLO	Retired 2021		
			Year joining the Executive Management										
			1999	1999	2019	2017	2021	2019	2019	2017	-		
			Number of options outstanding as at 31 December2021									2021	2020
18	3	2016/08	-	-	-	-	-	-	-	-	-	-	4,722
19	2	2017/08	-	-	-	-	-	-	-	-	-	-	6,292
19	3	2017/08	1,574	-	-	-	-	-	-	-	1,574	3,148	7,870
20	1	2018/08	-	-	-	-	-	-	-	-	-	-	6,000
20	2	2018/08	1,200	-	-	-	-	-	-	-	1,200	2,400	6,000
20	3	2018/08	1,200	-	-	-	-	-	-	1,200	1,200	3,600	6,000
21	1	2019/08	1,667	-	1,667	1,567	-	1,667	1,667	-	1,667	9,902	13,336
21	2	2019/08	1,667	-	-	1,300	-	1,667	1,000	1,667	1,667	8,968	13,336
21	3	2019/08	1,666	1,666	1,666	1,666	-	1,666	1,666	1,666	1,666	13,328	13,328
22	1	2020/08	1,250	1,250	-	1,250	-	1,250	1,250	1,250	1,000	8,500	9,750
22	2	2020/08	1,250	1,250	1,250	1,250	-	1,250	1,250	1,250	1,000	9,750	9,750
22	3	2020/08	1,250	1,250	1,250	1,250	-	1,250	1,250	1,250	1,000	9,750	9,750
23	1	2021/08	916	916	916	916	916	916	916	916	-	7,328	-
23	2	2021/08	917	917	917	917	917	917	917	917	-	7,336	-
23	3	2021/08	917	917	917	917	917	917	917	917	-	7,336	-
Total			**15,474**	**8,166**	**8,583**	**11,033**	**2,750**	**11,500**	**10,833**	**11,033**	**11,974**	**91,346**	**106,134**
- Of which in exercise period as at 31 December			8,558	1,250	1,667	4,117	-	4,584	3,917	4,117	8,308	36,518	44,220
- Of which exercise period not started as at 31 December			6,916	6,916	6,916	6,916	2,750	6,916	6,916	6,916	3,666	54,828	61,914
Options granted prior to the appointment to the Executive Management			-	-	-	-	3,416	2,119	-	-	-	5,535	9,931

8.2 Stock options (continued)

Options granted to members of the Executive Management can be exercised during the respective exercise periods, subject to compliance with the Group's policy on insider trading.

In 2021, Executive Management members exercised 41,628 options in aggregate, representing a gross capital gain of CHF 4,351,866, of which CHF 845,094 relates to options granted to members of the Executive Management prior to their appointment to the Executive Management. From his retirement from the Executive Management on 31 March 2021 until 31 December 2021, Michael Ploog exercised 4,347 options, representing a gross capital gain of CHF 422,430.

The Group has the obligation to deliver Swissquote shares when optionees exercise stock options. In order to secure its obligations towards optionees, the Company acquires and sells treasury shares.

On a cumulative basis and since the listing of the Company in 2000, the Company succeeded in acquiring, selling and delivering treasury shares at such prices and such quantities that, at 31 December 2021, the amount of the coverage of the Company's obligations toward optionees is lower than the remittance value the Company will receive should optionees exercise all options granted and outstanding at 31 December 2021.

It is worth noting that, had the Company covered the exercise of stock options via the conditional capital, the dilution would have been very limited. Indeed, in 2021, the number of stock options exercised by Executive Management members corresponds to 0.3% of the share capital (0.1% in 2020 and 0.1% in 2019).

9 Approval of the Remuneration Report

This Remuneration Report provides full transparency for the financial year 2021 with regard to the Group's remuneration arrangements and remuneration paid to the Board and the Executive Management. The Board intends to recommend that the General Meeting approve this Remuneration Report at the AGM of 6 May 2022 (consultative vote).

10 Articles of Incorporation

The principles applicable to performance-based pay and to the allocation of equity securities, convertible rights and options are set out in Art. 21bis Para. 2, and 21ter Para. 1 to 3 of the AoI and the principles applicable to the additional amount for payments to members of the Executive Management appointed after the vote on pay at the General Meeting are set out in Art. 14bis Para. 6 of the AoI.

The rules on loans, credit facilities and post-employment benefits for members of the Board and Executive Management are set out in Art. 21 Para. 1 and 2 of the AoI.

The vote on pay at the General Meeting is set out in Art. 14bis and 21 Para. 2 of the AoI.

For further information on remuneration matters, reference is made to the AoI last amended on 6 May 2021 and applicable as at 31 December 2021, which are available at https://en.swissquote.com/company/investors#articles-incorporation in the French original version together with an English free translation.

Report of the statutory auditor to the General Meeting of Swissquote Group Holding Ltd Gland on the Remuneration Report 2021

We have audited the remuneration report of Swissquote Group Holding Ltd for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in Section 4 on pages 191 to 196 of the remuneration report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report

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

Opinion
In our opinion, the remuneration report of Swissquote Group Holding Ltd for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Christophe Kratzer	Jonathan Derungs
Audit expert Auditor in charge	Audit expert

Lausanne, 16 March 2022

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Supplementary regulatory disclosures - interest rate risk in the banking book (unaudited)

1 Introduction

FINMA Circular 2016/1 "Disclosure – banks" requires to disclose qualitative and quantitative information about interest rate risk in the banking book (IRRBB disclosure). The Basel Committee on Banking Supervision (BCBS) defines the concept of the banking book by opposition to the concept of the trading book. The trading book comprises any instrument that is available for sale and regularly traded for arbitrage profit and/or profiting from short-term movements (e.g. Trading assets). Any instrument (on- and off- balance sheet position), which is not held for the purposes of the trading book, must be assigned to the banking book.

2 Qualitative information

Definition of interest rate risk in the banking book

Interest rate risk in the banking book is defined as the potential loss in the net interest income (NII) or in the economic value of equity (EVE) arising from the effect of adverse interest rate changes.

Interest rate risk characteristics are inherent to the Group's business model and derive mainly from the balance sheet structure. On the liabilities side, the vast majority of the funding consists of clients' deposits at sight whose interest rate conditions are revised regularly (when appropriate). Regarding the assets side, the interest rate risk profile is more diverse with allocation including (among others) at sight deposits, treasury bills, interbank deposits, loans, derivatives financial instruments (FX swaps) and investment securities.

Strategy, processes and organisation

The Board of Directors defines the interest rate risk appetite of the Group. The principles for managing risk are approved by the Board of Directors and are incorporated in the Group risk management policies. The Group risk management policies define the organisational structure, responsibilities, limits and maximum acceptable risk with the objective to optimise the net interest income on a long term horizon. The Executive Management is responsible for supervising and implementing the risk profile and recommending risk limits to the Board of Directors.

The interest rate risk management is centralised within the ALM & Treasury Department, which reports directly to the Chief Financial Officer. The activities of the ALM & Treasury Department are monitored daily by the Controlling & Risk Department by using various types of risk metrics (e.g. stress tests). The Controlling & Risk Department reports to the Chief Risk Officer.

On a quarterly basis, the Executive Management issues a Risk Report to the Audit & Risk Committee and the Board of Directors that includes the interest rate risk situation. This Risk Report presents inter alia the results of the stress tests with significant shifts in interest rate curves, the level of use of the risk limits and the distribution of relevant positions per currency and per maturity.

As of 31 December 2021, interest rate risk relating to the activities of Swissquote Bank Europe SA is managed independently by its Management under the supervision of the Group.

Risk measurement

Risk measurement mechanisms regarding the interest rate risk modelling are aligned with the business model of the Group and in particular its short-term resettable financing structure. Therefore, the risk measurement is focused on stress testing the banking book to ensure its adequacy with the risk appetite of the Group. From an interest rate risk monitoring and liquidity perspective, sight deposits are considered as partially stable deposits (behavioural assumptions). Nevertheless, in the prevailing interest rate environment, the investment strategy of the Group remains short-term oriented without the need to hedge the risk of interest rate risk.

In addition to the daily monitoring of the net interest income, the Controlling & Risk Department performs month-end and quarter-end stress tests to monitor the net interest income (NII) and the economic value of equity (EVE). These stress tests are measured for each currency using the six standardised interest rate shock scenarios prescribed by the FINMA (Circular 2019/2 "Interest rate risk – banks"). For each standardised scenario, FINMA defines the amount in basis points of interest rate shock per currency (CHF, USD, EUR, etc) and per maturity bucket (from overnight up to more than 20 years).

Modelling and parameters assumptions

The Group implemented a behavioural model to assess average interest rate reset period for its non-maturing customers' deposits. Proportion of deposits expected to remain stable and insensitive to interest rate change is estimated for each category of deposit based on both historical clients' behaviour and macroeconomic environment. Then the model infers estimates of interest rate reset periods by constructing a dynamic fixed income portfolio replicating non-maturing deposits evolution.

Regarding derivatives, the Group enters into FX Swap transactions in the context of its refinancing strategy. Those instruments have a linear interest rate component.

Supplementary regulatory disclosures - interest rate risk in the banking book (unaudited)

3 FINMA prescribed scenarios

The six standard scenarios prescribed by FINMA can be summarised and illustrated as follows:

Standard scenario	Amount of interest rate shock for CHF currency (illustrative)
Parallel shift up	+150 basis points
Parallel shift down	−150 basis points
Steepener shock (short-term rates down and long-term rates up)	From −97 basis points up to +90 basis points depending on maturity bucket
Flattener shock (short-term rates up and long-term rates down)	From +120 basis points down to −60 basis points depending on maturity bucket
Rise in short-term interest rates	From +150 basis points down to 0 basis points depending on maturity bucket
Fall in short-term interest rates	From −150 basis points up to 0 basis points depending on maturity bucket

To measure its ability to withstand extreme changes in interest rates, the Group also may conduct ad hoc stress tests response to market conditions.

The details of the various standardised scenarios are provided in the circular.

Supplementary regulatory disclosures - interest rate risk in the banking book (unaudited)

4 Quantitative information

Structure of positions and maturity repricing as of 31 December 2021 (IRRBBA1 table)

	Volume (in CHF million)			Average interest rate reset period (in years)		Longest repricing maturity assigned to non-maturity positions (in years)	
	Total	of which CHF	of which other significant currencies [1]	Total	of which CHF	Total	of which CHF
POSITIONS WITH A DEFINED INTEREST RATE RESET DATE							
Due from banks	811.0	367.5	378.4	0.32	0.23		
Due from customers	56.8	56.8	–	0.61	0.61		
Financial investments	929.3	387.6	518.3	2.68	2.89		
Receivables from interest rate derivatives [2]	4,622.7	101.1	3,690.0	0.20	0.29		
Amounts due in respect of client deposits	(0.4)	–	(0.4)	0.01	–		
Payables to interest rate derivatives [2]	(4,632.5)	(2,991.1)	(1,211.1)	0.20	0.11		
POSITIONS WITH AN UNDEFINED INTEREST RATE RESET DATE							
Due from banks	525.0	235.7	184.7	0.08	0.08		
Due from customers	762.8	254.3	463.0	0.08	0.08		
Payables on demand from personal accounts and current accounts	(7,682.8)	(3,263.5)	(3,857.0)	0.48	0.48		
Other payables on demand	(242.1)	(14.1)	(166.2)	–	–		
Payables arising from client deposits, terminable but not transferable (savings)	(245.1)	(152.5)	(87.7)	0.48	0.48		
Total	**(5,095.4)**	**(5,018.2)**	**(88.0)**	**0.42**	**0.42**	**1.00**	**1.00**

[1] Significant currencies are those that make up more than 10% of assets or liabilities of total assets (i.e. USD and EUR).
[2] FX swap positions having two legs, they are recorded both under receivables from interest-rate derivatives and payables to interest-rate derivatives (off-balance sheet items).

The IRRBBA1 Table follows FINMA prescriptions and therefore cannot always directly be linked to IFRS classification. Additional reconciliation information has been provided on a voluntary basis in order to assist in interpreting the mandatory disclosure numbers.

in CHF million	Assets	Liabilities	Total
RECONCILIATION WITH THE CONSOLIDATED BALANCE SHEET			
Positions included in Table IRRBBA1	7,707.6	(12,803.0)	(5,095.4)
Out of scope of IRRBB disclosure[1]	5,876.2	(214.7)	5,661.5
Adjustments for derivative financial instruments (incl. notional amount)	(4,530.0)	4,579.3	49.3
Total	**9,053.8**	**(8,438.4)**	**615.4**

[1] Items out of scope of IRRBB disclosure are mainly related to Cash and balances with central banks.

Supplementary regulatory disclosures - interest rate risk in the banking book (unaudited)

4 Quantitative information (continued)

Information on the economic value of equity and net interest income (IRRBB1 table)

The Group is required to disclose the measured change in economic value of equity (EVE) and changes in net interest income (NII) under the standard interest rate scenarios prescribed by FINMA. The change in net interest income (pre-tax) is disclosed as the difference in future interest income over a rolling 12-month period.

	∆EVE (changes in the net present value)		∆NII (changes in the discounted earnings value)	
in CHF million	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Parallel shift up	15.6	(24.0)	63.5	42.6
Parallel shift down	(11.2)	25.7	(16.3)	(6.6)
Steepener shock	(24.6)	6.1	–	–
Flattener shock	25.6	(11.0)	–	–
Rise in short-term interest rates	27.3	(19.0)	–	–
Fall in short-term interest rates	(25.7)	19.5	–	–
Maximum	(25.7)	(24.0)	(16.3)	(6.6)
Tier 1 capital	**530.5**	**382.9**		

The quantitative information confirmed that in the context of the business model of the Group, the most adverse scenario was the “fall in short-term interest rates” as it resulted in a change of net present value (ΔEVE) of CHF -25.7 million, representing an effect of -4.8% of Tier 1 capital. This effect remained nevertheless below the regulatory threshold of 15.0%.

Supplementary regulatory disclosures - interest rate risk in the banking book (unaudited)

4 Quantitative information (continued)

Information on the economic value of equity and net interest income (IRRBB1 table) (continued)

Change in economic value of equity (EVE)

Change in economic value of equity has been computed with the assumptions of a run-off balance sheet, where existing banking book positions amortise and are not replaced by any new business. Floating rate instruments are only impacted for the period until the next interest rate reset date, whereas for the fixed rate instruments the entire maturity is impacted. The impact on each position is calculated stressing the effective interest rate.

The changes in the net present value (ΔEVE) between 31 December 2020 and 2021 is explained by the introduction of a non-maturing deposit modelling, which increased the average duration of such deposits from 1 day to approximately 6 months (refer to Section 2 for more information on the model). On the asset side, the Bank did not materially change the duration of its investments and kept a short-term profile.

Change in net interest income (NII)

Change in net interest income is computed assuming a constant balance sheet, where maturing and repricing cash flows are replaced by new cash flows with identical features. The stress test is based on all cash flows from fixed and floating rate instruments as well as assets and liabilities at sight. The impact is measured for a one-year period. Floating-rate instruments are impacted after an interest rate reset date while fixed interest rate instruments are impacted for the remaining time after the expiration up to one year. At-sight assets and liabilities are impacted for the duration of one year. The assumptions reflect the expected behaviour of counterparties to modify or to cap the interest rate conditions (asset side) as well as the Group's optionalities to update its commercial policy with respect to negative interests charged to customers (liability side) without affecting substantially other revenue categories. A parallel shift-up scenario may also differ according to commercial policy and competition.

The decrease of changes in the discounted earnings value (ΔNII) between 31 December 2020 and 2021 is mainly explained by an increase in the residual cash amount held at central banks after taking out the exempt amounts as well as the introduction of the in-house behavioural modelling of customers' deposits which impacted the sensitivities on the liabilities side.

SUSTAIN-ABILITY REPORT

Why we are committed to sustainability

The year 2021 is the second year for Swissquote **GRI 102-1** to disclose non-financial information, in addition to financial performance, remuneration and corporate governance. As an annual recommitment to our customers, employees and other stakeholders, we continue to publicly provide comprehensive insights into our sustainability approach and performance by employing the GRI Standards.

We remain convinced of the importance of tracking and reporting environmental, social and governance (ESG) metrics, and we embrace the patience and tenacity to persistently and continually seek improvement in our ESG performance and ratings. In this regard, we performed a gap analysis on selected ESG ratings in 2021 to identify and assess improvement options for our sustainability management approach. The main outcome of the analysis was communicated to the Executive Management and will be used in the continuous process of developing the Company's sustainability strategy.

This report focuses on Swissquote business activity in Switzerland and Luxembourg.

OUR UNDERSTANDING OF SUSTAINABILITY

We strive to deliver sustainable value to society and choose to be exemplary when it comes to applying ESG criteria in our strategic decisions and day-to-day activities.

For us, this means that we challenge convention on the delivery of innovation and technology, constantly pioneering new and better ways of banking. We build relationships based on trust, conducting our business responsibly and transparently. We champion our customers by delivering exceptional products and services, creating a bespoke user experience that enhances and eases banking and investment decision-making, and we obsessively and relentlessly seek out our clients' opinions to understand their needs, motivations and aspirations. We cherish our employees and work hard to make Swissquote an attractive place to work. Finally, our understanding of sustainability drives us to deliver sustainable growth and create value for all our stakeholders, which includes reducing our environmental footprint.

MATERIALITY ASSESSMENT

Swissquote has determined which topics to focus on to contribute to sustainable development, whereby the impact of its business activities, stakeholder interests and long-term success in the marketplace are essential dimensions. These three pillars lay the foundation for sustainability management and reporting, and thus serve as the basis for this year's sustainability report 2021.

In 2020, we conducted a materiality assessment to sharpen and prioritise the sustainability topics important to Swissquote and our stakeholders. As a first step, we compiled a list of potentially relevant topics. This was based on the GRI Standards, the Investment Banking and Brokerage Sustainability Accounting Standards of the Sustainability Accounting Standards Board (SASB), topics of importance to our peers, topics observed by ESG rating agencies and our own established sustainability topics. We then clustered the topics through categorising and grouping. In a second step, we evaluated and prioritised the topics in a workshop with our Chief Financial Officer and representatives from various departments such as Finance, Reporting and Tax, Human Resources, Marketing, Legal and Compliance, and Investor Relations. We assessed the materiality of the topics according to the following criteria: relevance for our long-term business success, relevance for our stakeholders' decision-making and significance of the impact of our business activities. The materiality assessment was facilitated by an external corporate sustainability consultancy and discussed with an institutional investor specialising in sustainable development. The outcome of the materiality analysis was presented to the Board of Directors, the Executive Management and some proxy advisors. **GRI 102-46**[1]

The 15 identified topics with high and very high relevance form the basis of our sustainability management and reporting. We are also reporting how we support communities and address our environmental impacts.

Our Materiality Matrix GRI 102-47

RELEVANCE FOR STAKEHOLDERS	LOW	MEDIUM	HIGH	VERY HIGH
VERY HIGH				Business Continuity, IT Resilience Customer Data Security, Privacy and Protection Financial Performance
HIGH		Environmental Responsibility Social Impact	Customer Experience Diversity Employee Engagement Product Focus Talent Development	Compliance, Governance and Ethics Innovation
MEDIUM			Compensation and Benefits Credibility in the Market Prudent Investment Approach	
LOW				

RELEVANCE FOR LONG-TERM BUSINESS SUCCESS

[1] Swissquote employs the GRI Standards to report on its sustainability performance. References to selected GRI disclosures can be found throughout the report.

STAKEHOLDER ENGAGEMENT

We strive to integrate our stakeholders' perspectives at the core of our business strategy. The materiality assessment helps us formalise our engagement with our most important stakeholders: those who either contribute to the successful business activity of Swissquote or are influenced by our business activity. **GRI 102-42**

Our Approach to Stakeholder Engagement

Stakeholder Group GRI 102-40	Examples of Stakeholder Engagement GRI 102–43	Key Topics and Concerns Raised GRI 102–44
Clients	– Annual global satisfaction survey – Biannual Net Promoter Score measurement – Additional targeted surveys – Direct point of contact for business and institutional customers – Focus groups – Personal and email communication – Physical and online events – Social media	– Safeguarding assets – Expertise of their broker/bank – Pricing – Platform usability and reliability – Time to analyse markets – Understanding market trends to trade successfully – Service/support – Ensuring data privacy and client confidentiality – Independence
Investors	– Biannual financial results presentation – Investor roadshows – Annual General Meeting – Engagement programme	– Business growth / Financial performance – Transparent and long-term strategy – Anticipation and management of risks – Reliable, timely, high-quality information
Employees	– Annual engagement survey – Additional selected surveys – Q&A sessions with Executive Management – Department-level discussions – Full Annual Management Meeting	– Fair remuneration – Enjoyable environment – Career planning – Recognition – Work-life balance – Safe workplace
Regulators	– Regulatory reporting – Regular contacts – Engagement in industry associations such as CMTA – Involvement in consultation paper	– Full compliance with applicable laws and regulations – Following best practices – Proactive reporting – Absence of conflict of interests or irreproachable business conduct
Local communities	– Sponsoring of local events – Participating in university and association committees – Giving to charitable organisations	– Paying taxes – Philanthropy – Attractive employer

How we respond to the needs and concerns of our stakeholders is outlined in the following sections.

CLIENTS » **Product Focus, Innovation, Customer Experience, Credibility in the Market, Customer Data Security, Privacy and Protection, Business Continuity / IT Resilience**

INVESTORS » **Financial Performance, Compliance, Governance and Ethics, Prudent Investment Approach**

EMPLOYEES » **Employee Engagement, Compensation and Benefits, Talent Development, Diversity**

REGULATORS » **Compliance, Governance and Ethics**

LOCAL COMMUNITIES » **Social Impact**

How we focus on customer centricity

In a competitive and crowded industry, we constantly seek to differentiate and think “client first” to keep Swissquote as the bank of choice for our customers. At all times, we are our customers’ champions.

CUSTOMER EXPERIENCE

To hold our position as a leading online bank and keep up our pace of global expansion, we are relentless about understanding our customers’ desires, needs and ambitions. By knowing our customers and delivering outstanding products and customer service, we are building enduring relationships.

The Value of the Customer Experience

One of the Company’s core values is to champion the customer. We strongly believe that by understanding our customers and creating qualitative services and products, lasting partnerships are born. Our ambition is to make information, technology and products accessible to all so every investor can make informed online investments.

Customer retention is key in a competitive market, and customer experience is crucial in the organisation’s value proposition. We are dedicated to perfecting the customer experience to retain business and inspire clients to be fervent Swissquote promoters.

WHERE WE HAVE SET OUR SIGHTS

- **Maintain our Net Promoter Score (NPS®)**
- **Grow our global client satisfaction rating**
- **Achieve a strong service level within our Customer Care department**
- **Be top of mind for trading in customer surveys (IPSOS)**

A Look at 2021

For Swissquote, 2021 was marked by a historical number of requests for new account openings (see table below). The surge of requests affected service quality of various departments such as customer care, central data and compliance. Nevertheless, the Company succeeded in making the required institutional changes (e.g., increased staffing) so that the perceived quality of our services would not be impacted. Our efforts are reflected in the customer satisfaction: we received a positive validation in our 2021 Net Promoter Score SM with the highest level since 2019. Net Promoter Score (NPS®) is a standard indicator providing insights into customer loyalty. It measures the willingness of customers to recommend the brand to a friend or acquaintance, and it is calculated as a difference between brand promoters and distractors.

	2021	2020
Number of new accounts opened during the period	77,599	50,636
Number of new accounts opening request received	151,841	101,098
Average deposit per customer in CHF	114,564	96,948

In early 2021, Swissquote intensified its long-standing collaboration with PostFinance, a leading financial service provider in Switzerland, by entering a joint venture to launch the mobile banking application Yuh. This was a major development in the Swiss mobile banking market, as it was developed from scratch and offers features not previously available on any other Swiss banking app. The app is a unique mobile solution that allows to pay, save and invest. With more than 20,000 new clients in the first three months, the launch was a commercial success and answered the call from customers for smart digital solutions for their financial needs.

In response to growing customer demands, we expanded our offerings for cryptocurrency and services that allow clients to benefit from different market conditions. For example, we have worked to develop a new staking service allowing customers to generate interest return in negative interest market conditions. The staking service was released beginning of 2022. We have introduced new crypto assets to our offering. To improve the customer experience, we started implementing an expanded solution of qualified electronic signatures for clients in the field of electric vehicles leasing as well as a full digital account opening process for European customers. We also rolled out a new eTrading platform that includes a revamped portfolio overview, an enhanced interface and a quick search. To improve communication between the Company and its customers, a chatbot solution is now available.

We completed a redesign of the multi-asset Advanced Trader Web platform to enhance our Forex/contract for differences (CFD) customer experience. The comprehensive platform provides an integrated charting library and meanwhile offers more than 300 CFD products. The 2021 roadmap for the platform's new features has been built with the help of clients whose feedback is constantly collected directly from the interface. During the rollout, we communicated with our clients by email about the status of the roadmap and upcoming feature launches.

How We Are Reaching Our Goals

We constantly release new products and services into the market. While we are quick to respond to customer needs, we are committed to keeping our platform simple to use, as we truly believe that trading should be accessible to everyone. Swissquote offers a broad range of training tools to help customers join the trading universe more easily and successfully. We also publish the Swissquote Magazine six times a year to deliver ground-breaking stories that guide investors toward a successful personal investment strategy.

Knowing our customers is how we are perfecting the customer experience, and we invest heavily in user research as a component of product and service design. Our team includes a researcher dedicated to understanding customer needs and a specialist who works on the user journey throughout the design process. We systematically conduct usability testing (including testing by Swissquote employees with differing trading level competencies), organise small group events with customers and regularly survey clients to collect qualitative feedback. Our "mystery trader'' practice gives insight into the customer experience regarding the quality of interaction with Swissquote support teams. We have magnified our attention on social media, using this communication tool to collect customer feedback and respond to interests and concerns among potential customers. Additionally, we carefully monitored customer ratings and feedback provided through the Yuh app and the Swissquote mobile trading app to ensure our products are aligned with customer expectation.

We share the findings with all employees and expect them to respond to client needs and feedback. To build a common understanding of clients and their needs we have conducted special data-based research to create so-called "personas" – archetypes of customers that represent key traits of a large segment of our audience. They help us understand our customers' needs, experiences, behaviour and goals.

To ensure that we meet our customers' expectations, we ask for their opinions in client surveys and observe how our competitors are perceived through benchmarking. Since 2016, we have measured client satisfaction in cooperation with the global market research firm IPSOS. The level of client satisfaction has been relatively stable for the last five years. On a biannual basis, we measure customer experience with the Net Promoter Score℠. We combine NPS® measurements with our customer experience and customer satisfaction research to continually increase customer delight and loyalty.

Client satisfaction targets are reflected in the dedicated Marketing Scorecard used by the Marketing team to set annual performance objectives.

» Further details can be found in the section on innovation

CREDIBILITY IN THE MARKET

Credibility is everything in banking. Without credibility, there is no bank.

The Value of Market Credibility

Swissquote is not a typical Swiss bank. We are forging our own unique market position based on creativity, software development and investor empowerment. Being known for reliability and flexibility allows us to progressively move from being considered by our customers as their "secondary" bank toward being their first and only bank. Swissquote is becoming a universal digital bank with a broad range of products and services.

Credibility is captured by one of the four founding principles of our value proposition and entails:

- Swiss pedigree/customer service
- Unique offering and multi-asset products
- Trust and security
- Technology leader and proven innovator

WHERE WE HAVE SET OUR SIGHTS

- **Remain a profitable company and trustworthy partner for customers**
- **Maintain a strong equity capital ratio well above minimum requirements**
- **Propose continuity in the dividend payment**
- **Apply best practice standards in financial and non-financial reporting**
- **Support meaningful regulation and appreciate being regulated by the most respectful regulators in the world**
- **Provide transparency**
- **Apply best practice remuneration and corporate governance rules**
- **Improve ESG rating scores**

A Look at 2021

The Company experienced a record level of growth - astronomical success that also brought special challenges. During the first half of 2021, nearly as many new accounts (49,552) opened than did during the entire year of 2020. This sharp increase initially impacted customer care services and we observed a higher rate of aborted client calls and therewith an increased dissatisfaction among our clients, ultimately posing a risk for our market credibility. We immediately responded by increasing our resources in the customer care team and improving other internal processes wherever possible, helping the Company meet its service level goals. Nevertheless, the record number of new account openings paired with increased market capitalisation and growing investors' interest in our shares are strong indicators of Swissquote's commercial success and market credibility.

	2021	2020
Total number of inbound calls	370,011	307,263
Average percentage of calls answered within 120 seconds	88%	89%

How We Are Reaching Our Goals

On a fundamental level, we establish customer trust by being a regulated bank under the authority of the Swiss Financial Market Authority (FINMA) in Switzerland and a regulated bank under the authority of the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg, with all the guarantees and capital requirements that come with the status. On a yearly basis, financial and regulatory audits are performed.

Beyond our status as a regulated bank, we know that transparency is the foundation of enduring and trusted relationships. Relevant aspects of our business activities are openly communicated to our customers, partners and all other stakeholders. Our language is clear and unambiguous.

Our International Client Satisfaction survey that we conduct with international research institute IPSOS since 2016 consistently reveals that our clients highly appreciate our status as a regulated bank accountable to a reliable supervisory authority. Our clients confirm their trust in us and our ability to securely manage their data. In relation to regulatory status, trust and security, our clients give us a satisfaction score of 5.9 out of 7.

We are diligent in respecting all compliance and cross-border policies and fiercely protective of our strong brand reputation at the highest possible level. There were no incidents of non-compliance concerning product and service information and labelling or marketing communications in 2021. **GRI 417-2 & -3**

In addition to being a bank, the Company also operates as a public media vector in the form of an online financial platform accessible by a large audience in Switzerland and abroad. The financial industry in Switzerland sets restrictions and information publication obligations applicable to the advertising of specific groups of products and services, particularly in the field of the investment fund business. Our response to these requirements is the engagement of our Legal and Compliance department, the extensive use of ad hoc disclaimers as well as a cross-border policy. Regulatory audits are performed by external auditors.

Executive Management and the Board of Directors receive a daily briefing covering media attention on Swissquote. This measure allows leadership to evaluate how the Company's credibility is reflected in the media and to immediately react if the Company's reputation is at risk. **GRI 103-1, -2 & -3**

» Further details can be found in the section on employee engagement

CUSTOMER DATA SECURITY, PRIVACY AND PROTECTION

Protecting personal data, maintaining confidentiality and safeguarding privacy are among our most sacred duties. We protect our clients' data with the highest level of information security available.

The Value of Customer Data Security, Privacy and Protection

Customers expect their banks to keep their financial information safe and secure. Proactive IT management targeted on shielding our clients from financial harm and invasion of privacy is necessary to achieve a high level of trust, ensuring our customers' loyalty and reinforcing our credibility.

WHERE WE HAVE SET OUR SIGHTS

- **Achieve zero incident regarding customer data security, privacy and protection**
- **Maintain and preserve the strong reputation of the bank**
- **Remain a trusted bank and warrant all the discretion and security required by our customers**
- **Obtain successful results at the annual penetration test audit performed by a third party**

A Look at 2021

We conducted an internal audit on data protection in 2021. The purpose of the audit was to provide independent assurance as to whether appropriate controls are in place to mitigate the key risks over the treatment of Client Identification Data (CID) within the internal processes of the bank. Following the audit, we identified areas of improvement and took adequate correction measures.

When Swissquote and PostFinance launched the online banking application Yuh, the key focus was ensuring that the app met an adequate level of security and privacy requirements to preserve client trust. In light of several data breaches covered by media, we responded to growing public concerns regarding data protection by further increasing our focus on this topic.

We pursued efforts to increase the efficiency of our email filtering and block site policy as well as end-user training to reduce the risk of cyber-attacks. Work-from-home arrangements were extended and improved in 2021, requiring further IT efforts to ensure appropriate data security, privacy and protection. To guarantee that all employees fully comprehend their role regarding data protection, we provided a guidance with “do’s and don’ts” as well as tips to work from home securely.

Thanks to our efforts, we did not experience any major incident regarding customer data security in 2021, and our employees’ appropriate response to phishing emails helped us avoid and anticipate potential scammers targeting our customers. **GRI 418-1**

How We Are Reaching Our Goals

As a bank regulated by the Swiss Financial Market Authority (FINMA) and other regulators around the world, we abide by strict security measures to ensure that our customer data and privacy are safe. Swissquote has established a framework for the management of IT risks, particularly regarding intentional or unintentional threats to its IT systems. Internal guidelines ensure that adequate dedicated controls, procedures and processes are in place, particularly with respect to:

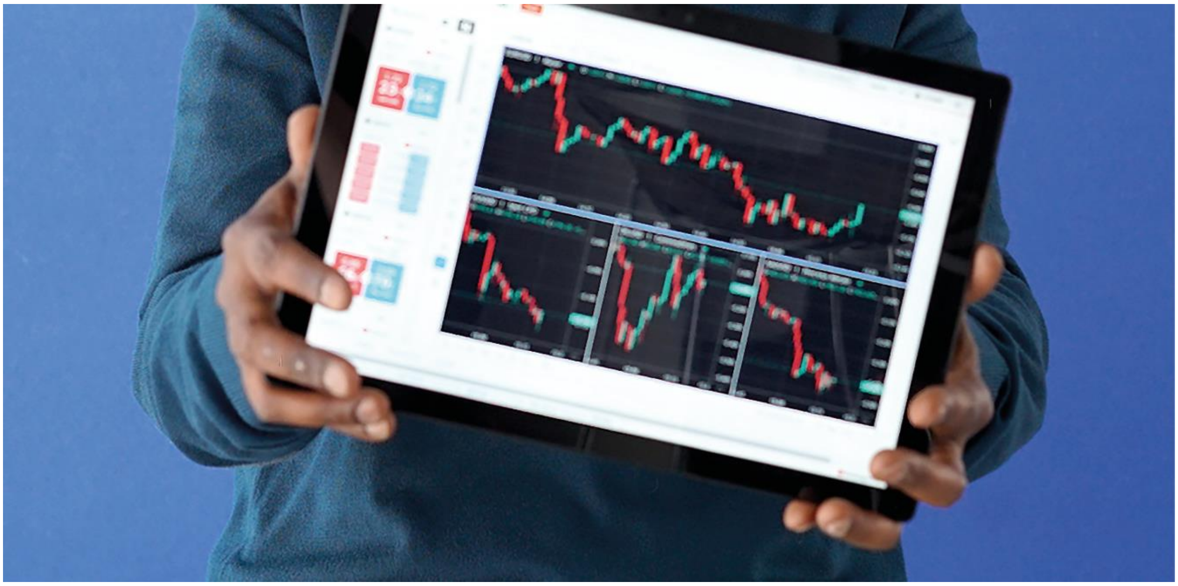
- Confidentiality of data processed by the Company
- Integrity of the Company's IT systems
- Availability of the Company's IT systems
- Compliance with relevant laws and regulations

We secure our operating environments and limit access to CID on a need-to-know basis, encrypt sensitive information processed in transactions over our websites and verify customer identity before granting access. In addition, we retain customers' personal data for only as long as it is necessary for the stated purpose, taking into account our need to answer queries or resolve problems, provide improved and new services and comply with legal requirements under applicable laws. When the collected personal data is no longer required, we destroy or delete it in a secure manner. We maintain a web page where dedicated information related to data protection is available, so that customers can review our policies, procedures and customer rights on data protection at any time. We ensure compliance with the Swiss Federal Act on Data Protection and that the principles of European Union General Data Protection Regulation (GDPR) that apply to Swiss companies are implemented. Customers can use a dedicated email address (privacy@swissquote.com) to discuss any privacy or security concerns. We track the number of received complaints and every potential CID breach is analysed using a matrix that classifies events according to severity and indicates appropriate responses and escalates high-severity cases to the supervisory authorities.

The Company designs its employee security information strategy around three axes: online training, internal newsletters and security bulletins. We train our employees on data security and privacy-related risks and procedures upon hiring and then on a yearly basis. All employees are required to undergo training on data protection in accordance with the requirement of FINMA (FINMA Circular 2008/21 “Operational Risks – Banks”). All matters of data security and privacy are managed by our IT Security team. Ultimate responsibility lies with top management, in particular our Deputy Chief Executive Officer and Chief Risk Officer.

We have mandated an external third party to perform an ISAE 3402 review on the description of our systems and controls in conjunction with our function as an IT service provider organisation. This helps us communicating about the suitability of our controls to achieve specified control objectives and ultimately enables us to build trust among our partners. Apart from this, an external third party conducts regulatory required annual prudential audits. We also occasionally run internal audits on Data Security, Privacy and Protection. **GRI 103-1, -2 & -3**

» Further details can be found in the section on compliance, governance and ethics



How we innovate to enhance our products

At Swissquote, we are never satisfied with the status quo. We continuously seek new and unexpected ways of delivering value to our customers by developing, refining and evolving our products and services. This dedication to innovation is something our customers have come to expect from us and has become a defining characteristic for the Company.

PRODUCT FOCUS

Swissquote continually develops new products to better serve our customers and provide value to stakeholders. By focusing our efforts on developing the most innovative products possible, we provide our clients with industry-leading value while directly reinforcing the Company's reputation for excellence.

The Value of Focusing on Products

Over the past decade, Swissquote's business has evolved from offering stock trading to retail clients in Switzerland to providing a wide array of products to retail, corporate and institutional clients worldwide. To maintain this growth and improve our agility we have become a product-focused organisation. GRI 102-2

To consolidate our unique offering and reinforce our value proposition, we have an ambitious roadmap that puts client wants and needs in the driver's seat. To reach our goal of becoming our clients' primary bank, our products must satisfy their demands.

WHERE WE HAVE SET OUR SIGHTS

- **Deliver an ambitious project roadmap on a yearly basis**
- **Increase agility to speed up the pace of product delivery and keep a high level of stability in our systems**
- **Implement client-oriented KPIs**

A Look at 2021

We continued to decrease product delivery time and increase efficiency. After rolling out a new approach in 2020 that organised Swissquote around small, cross-functional teams ("squads"), we collected feedback internally and further modified the organisation by separating client needs from internal organisation needs. We created cross-functional hubs (product manager, designer and product analyst) focused on products, to further our client-centric approach and get closer to client need and expectations, which were captured through a collaboration between UX research, data science and marketing insight. We developed an internal evaluation standard chart that allows us to assess the success of each squad. The result of the cross-functional work is improved quality of insight and output and delivering the best offerings and data-driven solutions to our clients.

We continually develop intuitive trading solutions and expand our cryptocurrency product offerings, in line with the demand of our clients. We contribute to expanding mobile capacity and functionality so that customers choose mobile as the first and most common point of access. Our strong product focus materialised in an employee increase of 26% (headcount) within the teams dedicated to product development, including software development and project management.

	2021	2020
Headcounts dedicated to product development	211	168

Swissquote recognises the importance of sustainability when it comes to customer investment decisions and offers six theme trading certificates with a focus on sustainability (vegetarianism, global recycling, sustainable energy, social responsibility, green energy and decarbonisation). The decarbonisation theme certificate was launched following a vote from customers on social media.

Moreover, the Tracker Certificate on Swissquote Rainbow Rights Index, issued in partnership with Leonteq and for which Swissquote Bank Ltd is the Index sponsor, received the 2021 Swiss Derivative Award in the category of Best ESG Product. The Swissquote Rainbow Rights Index invests globally in large-capitalised companies actively supporting the advancement of LGBT rights, gender diversity and human equality as part of their corporate social responsibility strategy.

How We Are Reaching Our Goals

Every product has a product manager in charge of working toward the overall vision and achieving set targets. Product managers lead the squads' efforts and coordinate with the relevant departments.

The three-pronged mission of the product-oriented hubs is to:

– Define the best products for our clients
– Provide visibility of short/mid/long-term goals
– Provide product "cockpits" to pilot products and measure results

We are employing the squad model for both product improvement and new product development. We have a metric-based approach for product development, in which each squad receives a measurable objective and tracks KPIs relevant to their task, such as lead-time, technical depth, stakeholder satisfaction and team mood.

Further details can be found in the section on employee engagement

INNOVATION

As a pioneer in the online banking industry, innovation is central to our corporate identity and synonymous with our brand. We strive to generate value in new and unexpected ways that delight our customers and keep them using our services.

The Value of Innovating

Digital banking services and technology have become key elements of the banking industry. More and more customers expect to have a convenient, easy to use, flexible and on-demand method of managing their financial assets. Our competitive advantage and positive brand perception increase if we can provide newer and more desirable products than our competitors. As a bank focused on innovation throughout our 25-year history, we are perceived as a proven innovator, which largely contributes to our brand awareness and is fundamental to our goal of retaining tech talent, which encompasses more than 40% of our people. By focusing on innovation, we can add value to the Swissquote platform and quickly act on changes in the market.

WHERE WE HAVE SET OUR SIGHTS

- **Bring new, disruptive products to the market and differentiate ourselves through innovation**
- **Reinforce reputation as a pioneering organisation**

A Look at 2021

The CFD programme that allows clients to trade major stock indices online in our FX platforms continues to reap benefits. During the year, the Company expanded its CFD offer by launching CFDs on single stock. In 2021, CFDs were 28% of our leveraged Forex revenues (2020: 27%) and 7% of our total operating income (2020: 8%).

A particularly innovative element of the recently launched Yuh mobile banking application is a new crypto token called Swissqoins (SWQ). The value of this token increases each month as Yuh shares a portion of its revenues with the holders of the SWQ. The more customers use the app, the more tokens they receive, driving more revenue for Yuh and more value for the customers. This innovation creates a win-win, goal-aligning mechanism whereby a portion of the Company's revenues is redistributed to the most active users. Since October 2021, the Yuh customers are able to trade fractions of selected shares. Despite challenges concerning technical and legal aspects of the application, the efforts are rewarding as the app supports our mission of making trading accessible to a broader audience, especially smaller investors with limited financial capacity.

To reinforce its pioneer position in the market, Swissquote has increased the number of cryptocurrencies available for trading on its platform and now covers 26 assets.

	31 December 2021	31 December 2020
Total number of cryptocurrencies available for trading	26	12
Total number of online tradable securities	3,178,448	2,992,919

Cryptocurrencies available for trading as of 31.12.2021

How We Are Reaching Our Goals

Swissquote develops innovative solutions by continually scouting the market for new technologies and by understanding the needs and behaviours of our customers to anticipate what could improve their experience and increase their trade volumes with us. Our innovations are focused on making wealth building easier, less time consuming and more accessible.

For more and more investors, ESG criteria are becoming an increasingly important aspect of stock selection. While Swissquote already offers a broad range of trading options focused on sectors that fight climate change in their regular operations, we are also evaluating how we can provide better ESG-related information to our customers in the future.

Our product management division is responsible for driving innovation. Ideas are discussed in think tanks, and our squads are created around each innovation project once a budget is allocated.

Tech talent is crucial to company success, and we understand that the retention of this talent is closely related to innovation. We are committed to retaining employees who are looking for professional challenges and with that in mind, we pursue a company strategy of constant innovation.

Objectives and KPIs are established to track the development of new products and innovations. We also collect feedback from our customers through qualitative and quantitative surveys.

» Further details can be found in the sections on customer experience and talent development

How we create value and conduct business responsibly

We are committed to conducting our business responsibly and transparently. Mutual respect is foundational to our identity and defines everything we do. At Swissquote, we consider this both a moral obligation and a differentiator; by building relationships based on trust and understanding, we are better positioned to serve our customers, now and into the future.

PRUDENT INVESTMENT APPROACH

We work hard to safeguard our clients' financial interests. By including environmental, social and governance criteria into our investment decisions, we are limiting risk exposure while making a positive impact on the world in both the short and long term.

The Value of Prudent Investing

For us, prudent investment means doing our best to ensure long-term returns by investing in responsibly operated companies and ventures. We aim to invest in high-quality issuers to mitigate yield deterioration while maintaining an appropriate risk level. Responsible and prudent investing is important to achieve a target yield and maintain a strong liquidity ratio.

In line with its mission of democratising finance and empowering investors, Swissquote does not provide investment advice or asset management services other than Robo-Advisory services, and our core business does typically not involve granting direct loans to corporations. However, as a publicly traded company with a Swiss banking license and more than 480,000 accounts, we must strictly follow rules and guidelines to safeguard our customers' assets and shareholders' equity. Swissquote fully complies with the Basel III framework.

WHERE WE HAVE SET OUR SIGHTS

- **Adequately and vigilantly manage the various risks affecting our assets**
- **Remain in compliance with regulations and our own rules**
- **Apply best practice risk management policies**

A Look at 2021

The COVID-19 pandemic continued to dominate investment decisions in 2021. So far, our prudent investment approach has proven effective as we have no defaults to report, and less than 0.1% of our investment portfolio has a witnessed significant degradation of its credit metrics. The full scale of the pandemic's consequences is not yet known, and as such, we have adopted a selective approach for credit risk appetite.

How We Are Reaching Our Goals

In addition to the Swiss regulations for licensed banks that ensure proper capital and liquidity buffers as well as risk diversification, our Board of Directors has set internal risk management guidelines that pertain to our investment approach. These guidelines cover approved investment products that Swissquote can purchase on its balance sheet, maxima and minima by credit rating and type of investment product, diversification rules by country and industry, liquidity buffers as well as rules to ensure an appropriate duration of our assets and liabilities. Our diversification rules ensure we are minimising investments into less sustainable companies.

Our Asset and Liability Management and Treasury department, which oversees the balance sheet, is responsible for adherence to our risk management guidelines. Our Controlling and Risk department monitors compliance to these rules daily. In addition, adherence is audited by external auditors to prevent conflicts of interest.

Further details can be found in the section on product focus

COMPLIANCE, GOVERNANCE AND ETHICS

Since our founding, Swissquote has built a reputation based on transparency and respect for our stakeholders. Integrity is in our DNA, and our partners have come to expect this in everything we do.

The Value of Compliance, Good Governance and Strong Ethics

Conducting our business with integrity is vital to avoid regulatory risks and preserve our reputation. As a financial services group comprising a regulated bank in Switzerland and a regulated bank in Luxembourg, compliance with all relevant laws and regulations, including corresponding best practices, is important from both a regulatory and a business perspective, as reputation and trust are key elements to successful banking relationships. We take great care in conducting our business in a responsible and ethical manner. We are fair, honest and respectful in every interaction with our customers, partners and colleagues. Everything we do is done according to the highest ethical and corporate governance standards. Employees are contractually required to comply with those standards, and breaches can result in disciplinary actions. As an international financial services group based in Switzerland, we are in full compliance with the SIX Swiss Exchange Directive on Information Relating to Corporate Governance as well as all national and regional requirements where we do business. We inform our shareholders, prospective investors and the public on our corporate governance policies through our Corporate Governance Report. Our Code of Conduct is available on our website.

WHERE WE HAVE SET OUR SIGHTS

- **Aim for zero incidents that could harm our reputation and set corresponding objectives for people in management positions**

A Look at 2021

Our core values are GRI 102-16:

- Champion the customer
- Unite as one
- Dare to be different
- Do the right thing
- In pursuit of excellence
- Always say it how it is

In 2021, Swissquote did not identify any material non-compliance with applicable laws or regulations in the economic, social or environmental area and was not subject to any significant fine or non-monetary sanction, more specifically, was not subject to any legal action for anti-competitive behaviour, anti-trust or monopoly practices in 2021 GRI 206-1 GRI 307-1 GRI 419-1.

In 2021, we performed an in-depth review of our corporate governance and remuneration framework. As a result, Swissquote improved the disclosure on a number of aspects, including with respect to the short-term and long-term incentives plans of the Executive Management. Moreover, the Board of Directors made a series of proposals to amend Swissquote's Articles of Incorporation with the purpose of improving our governance and strengthening shareholders' rights, which were all approved by the General Meeting.

In the context of a shareholder engagement programme launched in the second half of 2021, a delegation of Swissquote led by our Chairman met with certain key investors. The objective was to intensify the dialogue with them in order to better understand their position and provide adequate answers to their expectations. The key subjects discussed on this occasion included succession planning at the level of the Board of Directors, gender diversity, independence and the Executive Management's remuneration. The answers to the investors' key expectations are summarised in the letter from the Chairman of the Nomination & Remuneration Committee, which is included in the Remuneration Report.

In 2021, the Company worked on drafting a Whistleblowing Policy as well as a Suppliers Code of Conduct. Both documents were implemented early 2022.

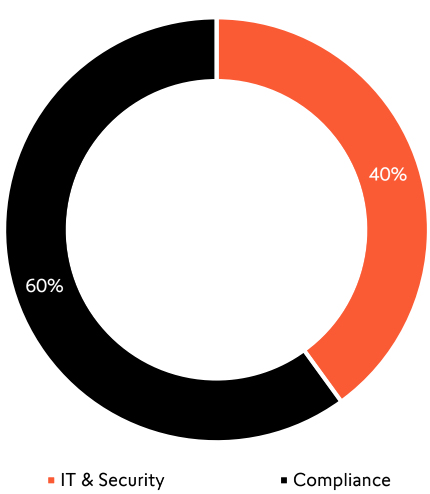
How We Are Reaching Our Goals

Our stakeholders expect accountability from us – and our procedures and organisational structure are set up to respond to their reasonable concerns and anticipate any issues that may arise.

As a matter of course, we comply with both the letter and spirit of the laws and regulations and identify and adopt best practices to ensure compliance throughout our operations. We have policies and rules in place to identify, mitigate, manage and prevent, inter alia, conflicts of interest, money laundering, terrorism financing, corruption and market abuse. For example, for digital account openings, we follow the procedure for video and online identification that respects anti-money laundering and "know-your-customer" requirements issued by FINMA.

We run an e-learning training programme to ensure our employees are well versed in all relevant laws and regulations and internal policies. Swissquote's training schedule defines the mandatory training courses and frequencies for each employee. In 2021, all employees were required to follow trainings on cross-border compliance, client identification data, General Data Protection Regulation (GDPR), password security and the new Swiss Financial Service Act. For selected employees, additional training in specified fields of expertise is applicable. All our employees are trained in anti-money laundering procedures, insider trading and anti-corruption. Compliance-related trainings are a high priority for Swissquote and make up 60% of all mandatory trainings. New employees must follow a dedicated training. Our employees are required to annually sign-off their understanding and acceptance of the regulation relating to own-account transactions and insider trading GRI 205-2.

MANDATORY TRAINING BY CATEGORY (2021)



We foster a culture of ethics and expect employees to abide by our Code of Conduct. The Code of Conduct is presented during our induction programme for new employees, which includes a series of training modules aimed at onboarding and familiarising newcomers with our operations and company principles. Swissquote requires all new employees to review, understand and acknowledge they received and read our policies on banking secrecy, money laundering, insider trading and corruption. All employees accept the "Anti-Bribery and Corruption Policy" which is part of the employment contract GRI 205-2. Behavioural expectations are outlined in our full coercive set of applicable internal regulations and Standard Terms and Conditions that are part of the working contract.

If an employee suspects unethical or illegal behaviour, we have reporting procedures that guide a discussion of the suspicious activity with the manager and escalate any issues to the Human Resources, Legal or Compliance departments GRI 102-17. Every alleged breach of ethics is fully investigated, and appropriate corrective actions are taken. We employ external legal counsel and undergo external audits to confirm that we manage our regulatory and compliance risks effectively.

Our Board of Directors takes responsibility for ESG and sustainability decision-making by supervising the achievement of objectives in terms of sustainability, gender diversity and wage fairness GRI 103-1, -2 & -3.

» Further details can be found in the section on customer data security, privacy and protection

BUSINESS CONTINUITY AND IT RESILIENCE

Our Business Continuity and IT Resilience plans ensure that critical business processes can continue in the event of a major internal or external incident. It solidifies our reputation as a reliable bank that can maintain complete operations even during times of crisis.

The Value of Business Continuity and IT Resilience

As an online bank offering eTrading and eForex services every single day, around the clock and across the globe, business continuity and IT resilience are key expectations of our customers and core elements of our value proposition. Any interruption of our operations could lead to litigation and reputational damage. It is therefore of paramount importance to have abundant risk-mitigation measures in place to prepare for and prevent such events.

WHERE WE HAVE SET OUR SIGHTS

- **Always remain resilient and operational**
- **Apply Business Continuity Management best practices**
- **Comply with applicable regulation from FINMA, Swiss Banking Association and other authorities**
- **Keep operating and limit losses in the event of an operational disruption, IT disaster or national emergency**

A Look at 2021

As the pandemic continued, we extended the work-from-home solution without noticeable incident, allowing operations to continue running smoothly. Despite the rapid personnel growth, we ensured that our employees have timely access to needed IT material, software and further tools.

We transferred part of our processing capacity to a private cloud, hosted by the Company, to meet customer demand in a more flexible and dynamic way.

We conducted a holistic review of the organisation's business impact analyses (BIAs) and continuity of operations plans (COOPs) in partnership with an external advisor to ensure greater efficiency of business continuity at the entity, department and service level. The review was carried out in collaboration with all departments of Swissquote to ensure the accurate identification of primary respondents in each department, the detection of critical business processes and the definition of available fallback procedures.

Moreover, Swissquote started migrating its system toward a self-contained System SCS architecture, which represents a significant technical challenge. The SCS is a new software architecture approach focusing on the separation of functionalities into independent systems hence reducing the risk associated with having a system disproportionate in size. The organisation's increased activity implies a growth in the load on the servers and the new architecture allows the organisation to improve the servers' resilience.

How We Are Reaching Our Goals

Business continuity management is an integral component of our entire corporate strategy. Our business continuity strategy addresses a comprehensive range scenario, with corresponding responses to events that threaten our operations with total or partial failure. The objective of the strategy is to ensure that essential functions in each department are maintained and that the impact on our activities is minimised in the event of an incident, crisis or disaster. As disruptive events can have multiple causes, our strategy focuses on consequences and impacts rather than the causes themselves.

Our strategy and related plans enable us to cope with the following consequences and impacts of disastrous events:

– Total or partial inaccessibility or loss of one of our buildings
– Loss or unavailability of IT infrastructure, applications and/or communication system
– Loss of key skills or staff members

Swissquote's continuity plan includes a back-up website that allows customers to connect and trade, should the primary website be compromised.

Our strategy incorporates best practices and regulated mandates as they relate to business disruption. Swissquote business continuity plans are reviewed every year and certified by third party audits and specialised external consultants to continuously improve our business continuity processes. We also incorporate stakeholder feedback through existing feedback channels.

FINANCIAL PERFORMANCE

Swissquote aspires to grow as a company and provide exceptional value to investors by pioneering new markets in the online banking industry. By reinvesting part of our profits into improving and innovating our operations and services, we are positioned to lead the Swiss online banking industry as one of the best capitalised banks.

The Value of Monitoring and Developing Cash Flow

Swissquote structures its business strategy around the long-term growth, profitability and capital efficiency of its operations through innovative products, enhancing client experience and expanding to new markets. To achieve this, our strategy balances profitability and capital efficiency with a long-term view to create value by investing in our technology and services, improving cost-efficiency and generating sustainable growth.

As a high qualitative small-capitalised company, our investors expect significant upside growth potential. Therefore, we plan carefully and thoughtfully to ensure these expectations are met.

WHERE WE HAVE SET OUR SIGHTS

2021

- **Acquire net new money in the amount of CHF 6 billion**
- **Raise net revenues by 15%**
- **Increase pre-tax profit by 23 %**

MEDIUM-TERM

- **Increase client assets**
- **Keep our margin on assets between 85 and 90 basis points**
- **Increase net revenues and pre-tax profit**
- **Achieve a pre-tax margin above 45%**

A Look at 2021

Swissquote realised a strong financial performance while maintaining a robust capital ratio situation. Due to the acceleration in the adoption of digital banking services stimulated by the COVID-19 pandemic, Swissquote continued to capitalise on this behaviour trend, with more than 77,000 new accounts opening in 2021. These new customers drove organic growth, generating CHF 9.6 billion of net new money, leading to revenue increasing by nearly 49% since last year. Net profit more than doubled at CHF 193 million, with a net profit margin of 41%. This success has led to us holding a record number of client assets valued at CHF 55.9 billion, with a strong Basel III core capital ratio of 26.2% **GRI 102-7**.

In early 2021, Swissquote released a guidance regarding the 2021 financial objectives that were further reviewed during the year. In addition, Swissquote provided a medium-term outlook for its financial objectives.

Strong growth of financial performance was achieved without being prejudicial to the strength of the organisation in terms of capital ratio and operations.

How We Are Reaching Our Goals

We adopt a holistic approach to financial performance, with the objective of sharing the value we create among our different stakeholder groups. While we share profits with our shareholders in the form of dividends and other pay-outs, we also retain some revenue to reinvest in innovative services and products that disrupt markets and make financial trading accessible to everyone. We also incentivise our employees with short-term and long-term equity-based compensation plans to improve operations and profitability.

Our financial performance is audited by an external party on a semi-annual basis. We compare our financial results against the goals we set and take corrective measures to stay on track. Remaining a strongly capitalised bank according to Basel III is key to our success. Hence, the distribution of value created takes into account regulatory capital constraints by considering the reference capital **GRI 103-1, -2 & -3**.

Further details can be found in the Remuneration Report, in the Financial Report and in the section on customer data security, privacy and protection

What matters to us regarding social responsibility

Our people are our most important investment, and they are why we succeed. We challenge them, trust them, support them, compensate them and protect them. And as a result, they deliver an exceptional and refreshing banking experience to our customers. Similarly, we recognise the value of supporting the communities in which we do business and partnering with people and organisations in those communities to ensure that our presence is beneficial

EMPLOYEE ENGAGEMENT

Our employees are driven by a common goal: making trading opportunities accessible to everyone. We are a bank that makes employees feel like home, where we value personality, initiative and above all, team spirit. Our team members reflect a diversity of backgrounds, cultures, nationalities and skills, and it's these differences that make us powerful innovators.

Composition of the workforce

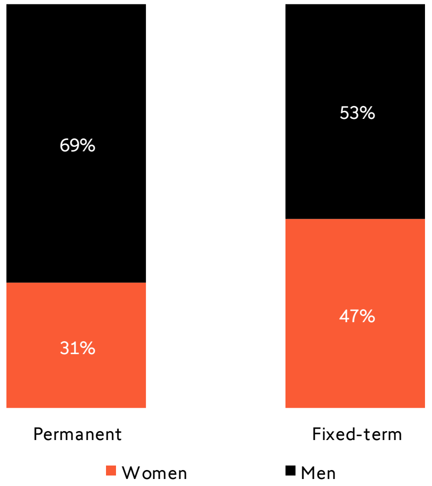
Data covers locations in Switzerland and Luxembourg

GRI 102-8

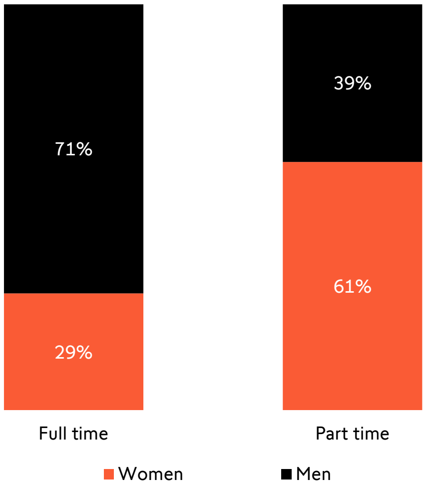
in FTE	2021	share	2020	share
Employees*	**840**		**700**	
Apprentices, interns, trainees, externals	23		20	
Employees by employment contract*				
Permanent	808	96%	672	98%
Fixed-term	32	4%	28	2%
Employees by employment type*				
Full time	755	90%	619	88%
Part time	85	10%	81	12%
Employees in locations not in scope of the sustainability report	89		85	
Total employees at Group level	952		805	

* excluding apprentices, interns, trainees, externals

BY EMPLOYMENT CONTRACT



BY EMPLOYMENT TYPE



The Value of Employee Engagement

Swissquote is a bank that has intentionally created an environment that appeals to employees who would not otherwise choose the banking sector, and we take care of our people in ways that encourage them to stay. Employees are encouraged to challenge themselves and each other, so that together we are stronger, faster and smarter.

WHERE WE HAVE SET OUR SIGHTS

- **Attract and retain talent to increase overall performance and capacity for innovation**
- **Decrease turnover to maximise institutional knowledge and reduce talent acquisition costs**
- **Emphasise well-being for the health, happiness and productivity of employees**
- **Increase engagement and commitment to maximise job satisfaction**
- **Improve reputation as a best place to work**
- **Create an Employee Value Proposition (EVP) that invites and encourages all employees in identifying strengths, weaknesses and priorities for 2022**
- **Improve our online reputation as an attractive employer**

A Look at 2021

In our "2021 COVID-19" employee survey, more than 81% of participants reported a high level of motivation in 2021, despite the social upheaval caused by the pandemic (participation rate of 45%). In our employee survey, we also included questions regarding satisfaction with our pandemic response. Given the situation, Swissquote has established a COVID-19 task force to monitor the evolution of the pandemic within the organisation, implement new measures to ensure employees' safety and legal compliance and issue a weekly update on all COVID-19 related topics.

Swissquote improved its ranking in Universum's World's Most Attractive Employers survey, with a rank of #26 for Tech Talents and "best climber of the year" designee. Swissquote thus advanced 17 spots in only one year.

At the same time, we were recognised as a "Best Employer in Switzerland" by a survey from Le Temps, Handelszeitung and Statista. We reached #2 in the private/international banking category and #4 in the technology category, which placed Swissquote ahead of Microsoft, Swisscom and Logitech. The survey was open to more than 1,500 Swiss companies with at least 200 employees, and more than 200,000 responses were collected.

We concentrated on improving our online reputation as an attractive employer, including monitoring our position on the employer rating website Glassdoor. We experienced a significant increase in our global ranking, moving from 3.1 in early 2021 to 4 out of 5 stars in October, our highest ranking on Glassdoor yet.

We organised a week-long 25-year birthday celebration to strengthen team cohesion and express appreciation to our people, who all have helped us reach this milestone. The week included both online and in-person events, at which pandemic safety measures were implemented. Online components included a special collaborative web platform, an invitation to submit a personal video and an online live trivia. The participation rate during the celebration week was high, having 633 registrations for the collaborative web platform, 150 personal video submissions and 150 registrations for the online event.

We continued to offer flexible work arrangements between work-from-home and work-on-site as much as possible while accommodating business demands. Globally our workforce exhibits a ratio of approximately 40:60 work-from-home to work-on-site.

We launched an account on the Instagram platform in June, named "Humans of Swissquote", to showcase the successes and diverse backgrounds of our employees. This effort contributes to celebrate the strength behind Swissquote online solutions: the humans. We published 52 posts in 2021, with an engagement rate of 8.2%.

In 2021, we issued an employee engagement survey as the first step in defining our new Employee Value Proposition (EVP). This survey, which was sent to all Swissquote employees, showed a satisfactory participation score of 67.5%, and the results were analysed with the support of an external consultant agency specialised in employer branding. The survey showed a good Employee Net Promoter Score at 23%. Employees were required to associate and rank 40 attributes in four categories (corporate reputation, people & culture, remuneration & advancement, job characteristics) with Swissquote, which resulted in the following five: friendly work environment, fast growing/entrepreneurial, flexible working conditions, market success and innovation. We were also pleased to see that Swissquote's employer experience is mostly aligned with employees' expectations. Additionally, the survey showed that our employees perceive the core value "Dare to be different" as fully aligned with the current culture of Swissquote. The survey helps us to define our strengths and weaknesses and to set the priorities to work on in 2022.

How We Are Reaching Our Goals

We are a highly motivated, agile, youthful and spirited organisation. Unlike every other bank, we prioritise work-life balance, a start-up approach to work and a relaxed environment. Our values as a company are what make Swissquote unique in the industry and keep our focus on our team members: Unite as one, Dare to be different, Do the right thing, In pursuit of excellence, Always say it how it is, Champion the customer.

We celebrate curiosity and debate, which has strengthened our reputation as an employer of choice. We cannot be competitive on all employer aspects, but we can create an inspiring working environment where norms are challenged and ideas are brought to life.

Among the perks that differentiate us are: no dress code, an exceptional work-life balance that even before the pandemic accommodated part-time and remote working, and a highly deliberate social atmosphere and active social calendar that has returned with revised pandemic precautions.

On hold in 2020 due to the COVID-19 outbreak, we re-established our food and beverage service with updated sanitary measures such as more frequent disinfecting and individual portions. To compensate for the social hardship of remote working and to improve morale while working onsite, we have upgraded the quality of food offered.

We have been inspired by the high-level hospitality industry through the hiring of an experienced employee with a background in luxury hospitality, thereby improving the quality of hospitality services offered to our employees.

We place a high value on open and continual communication, and we have continued our practice of holding at least two staff meetings a year to present the Company's status and offer a Q&A session with our Chief Executive Officer.

We routinely ask for feedback through engagement surveys to monitor employee satisfaction. These include regular management surveys to understand how we can better support employees and surveys to check on employees' overall welfare (e.g. "2021 COVID-19" survey or employee engagement survey). Our employees can also provide feedback on food and events via special surveys. In our European Division, we established an annual benchmarking process to compare our initiatives with those of local banks using the Luxembourg Bankers Association (ABBL) survey.

To prioritise health and security in the workplace for all employees, each employee is required to follow an e-learning training module on health and safety measures at work that covers topics such as preventing accidents, behaviour in case of emergency, appropriate workstation ergonomics, burnout awareness, work-life balance, pandemic precautions and emergency contacts. Our various health and safety measures aim to prevent professional risk, promote and implement a healthy environment and reduce workplace accidents and injuries.

To maintain a safe workplace in case of emergency, selected employees are trained as volunteer fire fighters and emergency first responders. Every year, all employees take part in an evacuation drill. In each open office space of the building, an employee is in charge of ensuring a safe and quick evacuation without incident. Those employees receive appropriate training for this role. The drill evacuation is always followed by feedback on the success of the operation to ensure that the organisation learns and grows from it.

A software system recording each employee's working hours is designed to ensure that work time rules and regulations are respected and that overtime is monitored and compensated when appropriate. In addition, the system closely monitors absenteeism. These elements are part of a broader set of measures adopted to preserve employees' well-being and work-life balance **GRI 103-1, -2 & -3**.

» Further details can be found in the section on compensation and benefit

COMPENSATION AND BENEFITS

We expect our employees to work hard, and we strive to make working hard easy. This includes fair and competitive compensation, generous benefits, an enjoyable work environment, a priority on work-life balance and a focus on health and well-being.

The Value of Thoughtful Compensation and Benefits

An attractive compensation, rewards and benefits package is a critical competitive tool, especially in the financial industry. We have intentionally designed our remuneration policy to attract talent, retain valuable employees and knowledge, and maximise employee engagement.

WHERE WE HAVE SET OUR SIGHTS

- **Confirm fair and competitive compensation with regular benchmarks**
- **Reduce the gap between average male and female salaries**
- **Foster non-monetary compensation**
- **Align pay with performance**
- **Encourage a healthy work-life balance**
- **Support remote working**

A Look at 2021

We continued to review all salaries, pay "Profit Award" and distribute shares and options. We conduct regular salary benchmark reviews to verify that our salaries are appropriate for our industry and our recruitment strategy. Our most current review shows that our salaries are fair and correspond to market average. More precisely, we benchmarked a number of selected positions throughout the organisation in 2021. This resulted in the increase of remunerations of some positions to align with other market participants.

Our variable remuneration package offered to employees reached an all-time high (+30% compared to the average of the previous years), to express gratitude to our employees for their commitment and hard work during this demanding and disruptive period.

Middle management was especially rewarded for maintaining motivation and satisfaction among the bulk of our workforce.

We remodelled the Executive Management remuneration system to achieve a variable remuneration package that was aligned with proxy advisors' expectations.

How We Are Reaching Our Goals

Our Pay for Performance policy unambiguously communicates the relationship between compensation and work. Remuneration is linked to the achievement of our strategic business objectives, our overall performance and individual performance. Our policy is aligned with best practices and designed not to create incentives for risk-taking outside Swissquote's risk appetite. We apply salary grids to guarantee equal and fair treatment and prevent compensation disparity.

In addition to fair and competitive compensation, every employee receives a yearly bonus ("Profit Award"), the amount of which varies according to their hierarchical position within the Company. All employees with at least one year of service are entitled to participate in our Employee Share and Option Plan, which awards free shares and options based on position. Our seniority recognition programme includes additional days of vacation and cash bonuses.

Employees are more productive and satisfied when they do not have to choose between family and career. This is why we are serious about work-life balance: flexible working hours, part-time positions (also at senior levels of management) and sabbatical leave options. Even before the pandemic, our normal workweek permitted working remotely at least one day a week.

We regularly monitor compensation trends to ensure that our employees are fairly, equitably and competitively paid. Each year, we benchmark the compensation of several positions to remain competitive for those positions. In our European Division, we conduct a biannual compensation and benefit review (ABBL survey) where we compare our approach to that of the local market.

With the exception of the "Profit Award" and "Employee Share and Option Plan", we provide all benefits to full-time, part-time and temporary employees **GRI 401-2**. While in Luxembourg 72% of our employees were part of a collective bargaining agreement in 2021, there is no such agreement in place that could apply to our employees in Switzerland GRI 102-41.

Swissquote goes beyond minimum legal requirements for pensions. We pay 60% of the total contributions to the occupational pension fund. Our contributions also exceed the recommended saving rates by age group. We provide complementary plans to cover salaries above the legal maximum, and we offer additional savings opportunities. Employee representatives are involved in the decision-making process GRI 201-3.

Beyond financial compensation, we offer all our employees numerous programmes and benefits, making Swissquote an attractive employer. They include subscriptions to fitness, sport activities and bike-sharing, vouchers for goods and services ("Swibeco"), cooking facilities and food services (including daily fresh fruit and a GreenTime fridge with food offerings 24/7), an area designated for employees of any faith for praying, charging stations for electric cars, an internal pub, and annual social events.

» Further details can be found in the section on employee engagement

TALENT DEVELOPMENT

Developing the talent we want to keep is the foundation of our talent management efforts. Compensation and benefits are important, but they are only the first step toward cultivating team members who are skilled and inspired to do their best work.

The Value of Talent Development

Helping employees on all career levels develop their talents and become masters of their craft is key to a fully engaged and productive workforce. We aim to ignite employees' curiosity, ensure continuous learning and secure the skill sets needed for long-term business success. By funding skill development and ongoing education, we help our employees grow their careers while staying at Swissquote. When employees stay, we reduce talent acquisition costs for new employees, and we experience higher morale. A healthy internal promotion programme strengthens company culture, institutional knowledge and long-term leadership.

WHERE WE HAVE SET OUR SIGHTS

- **Attract and retain talented employees**
- **Promote internally**
- **Encourage current employees to recruit candidates from their network**
- **Support professional growth**

A Look at 2021

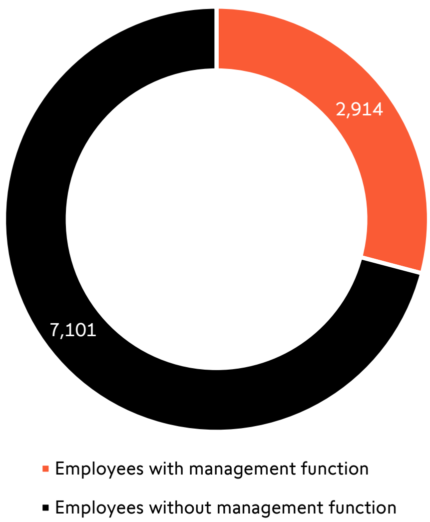
In 2021, we continued to map career paths within the Company to highlight the possibilities of horizontal mobility and create awareness around its benefits among managers. We improved internal mobility with better internal advertising of open positions and a more confidential internal transfer process. The Company observed an increase in the absolute number of internal transfers in 2021 (57) compared to 2020 (45). Nevertheless, to meet its unprecedented growth, the Company had to diversify its sourcing channels and recruited externally, resulting in a decrease in the relative internal transfer rate from 24% in 2020 to 18% in 2021. Indeed, in order to face its unprecedented growth, the Company had to recruit externally as well.

With referrals as a key indicator of employee satisfaction, we recruited 66 people in 2021 through referrals. Referrals are our second largest recruitment channel next to direct applications and represent 16% of our new hires.

The turnover rate remained relatively stable at 11% in 2021 (2020: 10%) GRI 401-1. The organisation did not undergo any large-scale redundancies or significant job cuts in 2021.

For skill improvement, Swissquote funded 30 certified training programmes such as university degrees or industry specific professional training courses, 41 language courses and 47 conference registrations held throughout Europe. Regardless of the seniority level of the employee, Swissquote provides up to 100% of financial support for training, depending on the degree of alignment with company priorities.

TOTAL HOURS OF TRAINING IN 2021



Our Software Engineering department collaborated with the Human Resource department to develop a new career path for software engineers that offers interesting opportunities and a clear promotional path. The path is structured along the impact that employees have at each level (personal development, development as part of the squad team and product team, development within the Company, development within the industry). The framework encourages our people to drive initiatives, find solutions, help their teammates and coach less experienced co-workers, while simultaneously promoting collaboration, continuous improvement, knowledge sharing and customer centricity.

With the goal of attracting and retaining talent, Swissquote prepared a Tech Talent Academy that was launched in 2021. The Academy is dedicated for people in junior positions who are interested in expanding their career in tech and allows them to rotate between tech teams for one year. At the end of the programme, they will most likely be offered a position.

We acquired a Human Resource Information System (HRIS), which will help us improve our abilities to provide employee feedback, help people grow and offer greater career opportunity. This major investment will provide a better employee experience and improve engagement and retention.

How We Are Reaching Our Goals

Excessive turnover happens when there is not a good company/employee fit or when an employee feels that there is no place to grow in the Company. We reduce turnover in two ways: first, through more thoughtful hiring informed by exit interviews conducted to understand why people leave. We also analyse turnover according to grade and tenure within the Company. Second, we offer a variety of options for growth, both vertically and horizontally. This includes competence building, formal appraisal and feedback, and providing employees with career development opportunities across different functions and different locations.

Swissquote maintains five training areas for employees: general, compliance, IT security, IT development and management. In 2021, the average annual training hours per FTE for employees without management function was 9.12 hours while the average annual training hours per FTE for employees with management function was 47.46 hours **GRI 404-1**. Every new manager receives Management Toolbox Training that introduces our expectations to managers and includes courses on setting smart objectives, giving constructive feedback, labour law and recruitment.

All newcomers experience our induction programme that includes four modules: learning about the Company, our internal tools, the world of finance and Forex. Every year, specific themes are addressed in addition to the annual mandatory training. For example, we included campaigns related to password security and LSFin regulations in the training in 2021. **GRI 404-2**

Every employee has a performance appraisal at least once every year to discuss performance, career perspectives and objectives **GRI 404-3**. Human resource specialists analyse employee records to identify opportunities for improvement or advancement in every department. In our European Division, the appraisal process is a year-round continuous process that culminates in a year-end review for all employees.

Individual and team objectives are set every year through discussions with the employee and their immediate manager. Objectives are consistent with the employee's job description and level and take into account the organisational strategy and priorities for the period to be reviewed. Objectives are reviewed informally along the year. A formal yearly review is conducted by the manager who assesses employees on their performance against their responsibilities and objectives.

DIVERSITY

We embrace diversity along every line: gender, age, (social) origin, culture, race, language, sexual orientation, religion, marital status, thinking and working style, experience, skills and disabilities. The more perspectives we have, the better decisions we make for our diverse base of customers around the globe.

The Value of Diversity

The 992 employees (952 FTEs) of Swissquote Group work in nine cities, represent approximately 57 nationalities and speak 35 different languages.

Our unique identity is defined by our diversity of backgrounds, cultures, nationalities and skills. Greater diversity makes it easier for people to fit in. Without a Swissquote employee stereotype, people can more quickly become active contributors. Inclusivity is the foundation of our close-knit community.

We value inclusion and diversity at Swissquote because it helps us evolve, innovate, problem-solve and be more efficient. More perspectives mean fewer missed opportunities, and we are keenly aware of the value of a diverse workforce as we expand into other areas of the world.

WHERE WE HAVE SET OUR SIGHTS

- **Offer equal opportunities to all our employees**
- **Achieve Fair-ON-Pay re-certification**
- **Promote diversity in the organisation**
- **Support people with disabilities via intentional outreach and workplace modifications**

A Look at 2021

In 2021, we were re-certified for Fair-ON-Pay, a voluntary certification that demonstrates conformity with the requirements of the Swiss Federal Office for Gender Equality and ensures that women and men in similar jobs are compensated equally. Managed by an auditor, the re-certification process confirmed that we are continuing to ensure equal pay. Since 2020, the residual gap observed is below 5%. We aim to improve diversity awareness at every level of the organisation by holding presentations on topics such as the benefits of a more balanced organisation, cognitive biases and recruitment practices. **GRI 405-2**

Toward our goal of expending the pipeline of women applying for tech positions, we are working on our recruitment approach to make it more inclusive (diversify our recruiters pool, change our tech sourcing approach, adapt our recruitment process and qualification, reduce unconscious bias using artificial intelligence in recruitment and create inspiring tech women role). We are also recruiting women tech profiles through the Tech Talent Academy, and to further improve the attraction and the integration of women in the organisation, we are planning to create a Women in Tech Community in 2022.

On the Group Board of Directors, 17% of our members are women while, among the Group Executive Management, 100% are men. At other management levels, 22% are women and, of our workforce, 32% are women. Regarding age diversity, 58% of our employees are between the ages of 30 and 50, with 36% younger than 30 and 6% older than 50. Among executive managers and board directors, 62% and 0% respectively are younger than 50. Regarding other management levels, 85% are younger than 50.

The Company's Nomination and Remuneration Committee adopted in 2021 a timeline regarding the Board's composition and succession planning which includes diversity requirements (see Section 3.6 of the Corporate Governance Report for further details).

FAIR-ON PAY
REVIEWED BY
COMP-ON AG
GENDER EQUALITY

How We Are Reaching Our Goals

We commit to having an unbiased recruiting process that does not discriminate and promotes diversity throughout the Company. For example, our recruiting is conducted fully in English to welcome candidates of any nationality, and we advertise our job openings on European and global platforms.

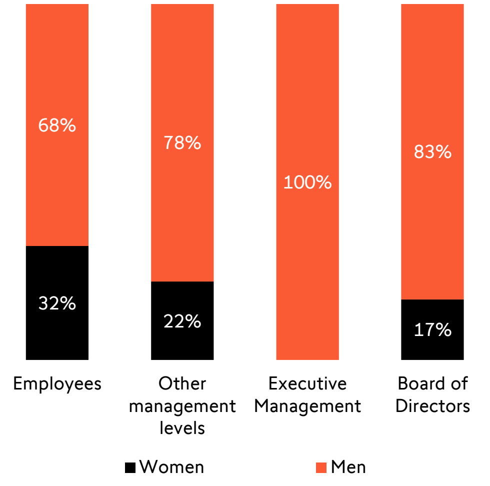
The Swissquote culture ensures a respectful workplace free from discrimination and harassment and supports equal opportunities, compensation and treatment. We have included corresponding rules in our terms and conditions and established a reporting and escalation process to immediately address instances of intolerance, discrimination and harassment.

Salaries are audited by an external party to ensure we abide by the Fair-ON-Pay certification and have no gender discrimination. We support remote working and offer part-time working contracts for men and women, even in management. The Swissquote culture is inclusive, non-discriminatory and makes room for all perspectives. **GRI 103-1, -2 & -3/ GRI 102-8**

» Further details can be found in the section on employee engagement and compensation and benefits

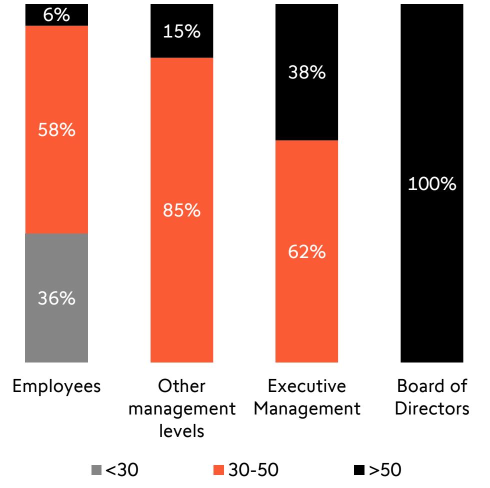
DIVERSITY BY GENDER, 2021

GRI 405-1



DIVERSITY BY AGE GROUP, 2021

GRI 405-1



SOCIAL IMPACT

Positive social impact continues to grow as a hallmark of businesses with long-term purpose and sustainability. We are committed to contributing and supporting the local and regional communities in which we do business.

The Value of Supporting Communities

Being a good corporate citizen creates a positive feedback loop that starts with sharing success with others and comes back to the Company in the form of positive reputation, supportive neighbours, loyal customers and motivated employees.

WHERE WE HAVE SET OUR SIGHTS

- **Foster education and innovation**
- **Improve livelihood of citizens in our communities**

A Look at 2021

As a Swiss tech leader, we accept the responsibility to train young professionals and maintain a healthy ratio of apprentice positions. In 2021, we offered 21 trainee positions to young graduates. We also offered five new apprentice positions in 2021, just like in 2020.

	2021
Number of positions opened during the year	495
Number of candidates applications received during the year	31,552

Swissquote renewed its Trade for Good initiative as part of the Fair Friday initiative, developed by the non-profit organisation Caritas Switzerland, to reduce poverty in Switzerland and care for people in vulnerable situations. The Company donated CHF 1 for each trade executed between the 22nd and 26th of November, resulting in the raising of CHF 100,000 to Caritas Switzerland. Moreover, we donated CHF 3,000 to the non-for-profit organisation "J'aime ma planète" and CHF 4,000 to the G4 foundation. Via the application Yuh, we conducted a similar initiative called "Yuh care, Yuh share", which resulted in a donation of CHF 41,400. Building a new office tower in Gland was one of our key challenges throughout 2021. Despite standing in a constant dialogue with the concerned parties, we failed to reach a mutual agreement. The amendment of the local urban plan will thus be voted on in a popular referendum in May 2022.

How We Are Reaching Our Goals

Our corporate citizenship initiatives focus on fostering education and innovation, but also include local cultural enrichment, ecologically responsible transportation and poverty alleviation.

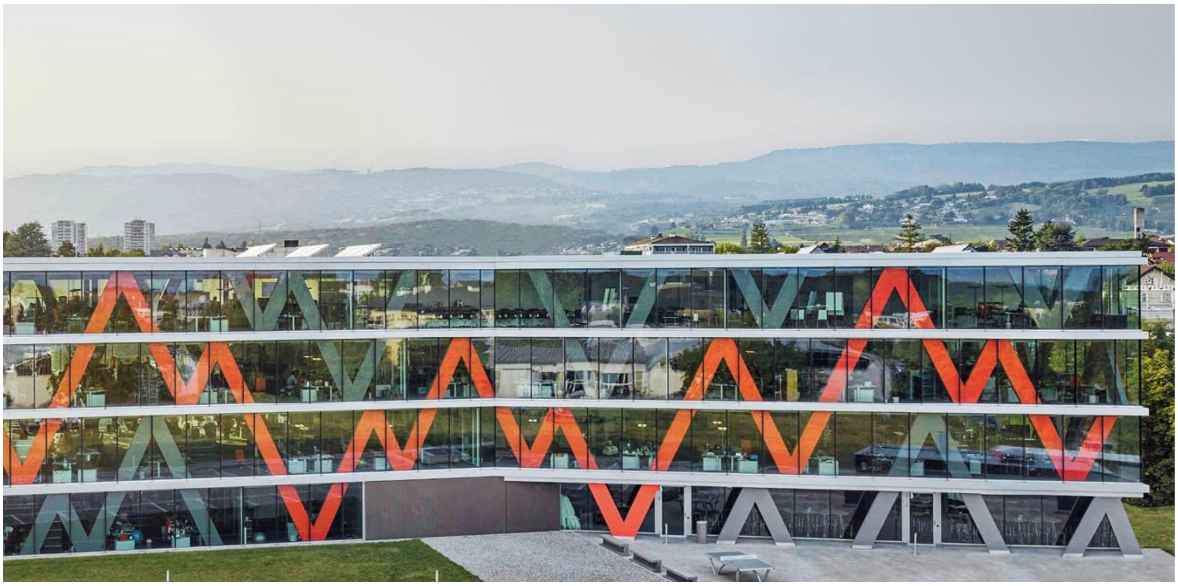
The engagement of Swissquote towards education and innovation initiated in 2009 materialised with the donation of CHF 400,000 per year to the Swissquote Chair in Quantitative Finance at EPFL in Lausanne and to the Center for Digital Trust (C4DT). Moreover, we supported the Fondation pour l'Innovation Technologique (FIT), which provides grants to start-ups that are creating breakthrough innovations. For the 10th consecutive and final year, we donated CHF 100,000.

We also make substantial financial contributions to innovation and higher education in finance, aiming to adequately prepare the next generation of financial professionals to manage and anticipate risk in the financial industry and reduce the impact of economic crises on communities. We continue to sponsor CLIC, the computer science student association at École polytechnique fédérale de Lausanne (EPFL). In 2021, for instance, we supported them with CHF 3,000 to organise social events throughout the year and provide prizes for their online contests.

In 2021, we financially supported local cultural institutions and sports clubs with more than CHF 400,000 (e.g. Servette Football and Hockey club and Montreux Comedy Festival). We also donated CHF 17,500 to fund a Publibike electric bike station in Gland and an additional CHF 4,950 for ten Publibike Business subscriptions to offer a subscription to all interested employees in our headquarters.

We continue to partner with Caritas Switzerland, a charitable foundation that assists Switzerland's most vulnerable and disadvantaged people. **GRI 103-1, -2 & -3 / GRI 203-1**

Further details can be found in the section on employee engagement and compensation and benefits



Why Environmental Responsibility is important to us

Every business can take actions to reduce greenhouse gas emissions and cut back on waste. The year 2021 has made clear that environmental responsibility needs to be a high priority of every business and organisation– for and with our stakeholders. By committing to environmental responsibility, we are doing our part to fight climate change.

The Value of Environmental Responsibility

As a corporate world citizen, Swissquote has a responsibility to respect the environment and counteract the effect our business has on the ecosystem. We strive to minimise our environmental impact and prioritise a strong environmental performance, which strengthens our relationships with stakeholders.

WHERE WE HAVE SET OUR SIGHTS

- **Increase the energy efficiency of our headquarters buildings by 10% over 10 years**
- **Increase our CO_2 savings by approximately 7 tons per year over 10 years**
- **Reduce paper consumption by promoting digital initiatives**
- **Promote recycling within the organisation**

A Look at 2021

We continued to focus on decreasing waste related to the account opening process, and we are extending the digitalisation effort to other processes in various company departments. This effort materialises in the reduction of paper consumption (from 19 pages per new account opened in 2020 to 14 pages per new account opened in 2021 representing a decrease of 27%). Similarly, the new Yuh application, launched by Swissquote and PostFinance, integrates a paying, saving and investing solution in one easy-to-use package and includes an account opening process that is entirely digital.

Noticing the significant waste created by used COVID-19 face masks, we began partnering with recycling innovator Transvoirie to collect, treat and recycle face masks. To make it easy for our employees to recycle used masks, Transvoirie distributed collection bins throughout our buildings.

In our food service area, we collaborate with suppliers who support short supply chains and seasonal products. Our local caterer offers numerous vegan and vegetarian options. In 2021, we replaced the traditional vending machine with a machine offering more local products.

Our organic growth also creates environmental challenges. For example, our data centre will have to be expanded to create additional capacity to meet the growing demand for our services. Such expansion will unquestionably result in an absolute and relative increase in energy consumption.

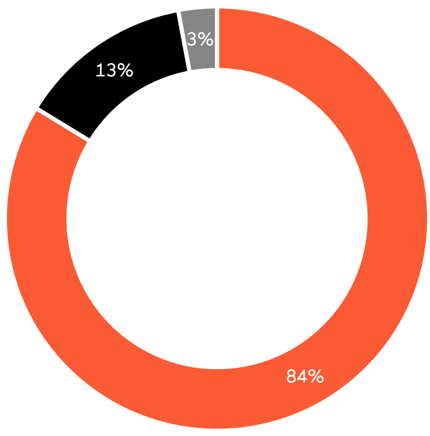
Environmental indicators

Overall consumption of energy in 2021 was approximately 4% more than 2020 consumption, despite a 20% increase in FTEs. Taking the increase in FTEs into account, our 2021 consumption was a stark 13% decrease in kWh of energy consumed per FTE. Greenhouse gas emissions were up 4% overall but decreased by 14% per FTE compared with 2020.
GRI 302-1 / GRI 305-1 & -2

	2021	2020	Delta
Total energy consumption in MWh	**3,133**	**3,018**	**4%**
Electricity	2,623	2,517	4%
Natural gas	418	417	–
District heating	92	84	10%
Energy consumption in kWh per FTE	**3,630**	**4,192**	**–13%**
Greenhouse gas emissions in tCO_2 e	**361**	**349**	**4%**
Scope 1: Natural gas	77	77	–
Scope 2: Electricity & District heating	285	272	5%
Greenhouse gas emissions in $kgCO_2$ e per FTE	**419**	**478**	**–14%**

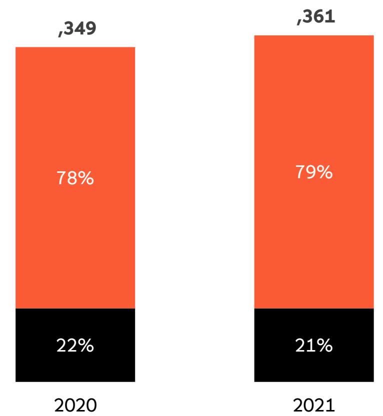
Data in the above table is based on locations in Gland and Luxembourg.
Greenhouse gas inventory calculated in accordance with the Greenhouse Gas Protocol. Emission factors from DEFRA and IEA.

SHARE OF ENERGY CARRIERS 2021



GREENHOUSE GAS EMISSIONS BY SCOPE

t CO_2e



How We Are Reaching Our Goals

We track our energy consumption and constantly seek ways to increase energy efficiency. We officially agreed on energy efficiency objectives for our headquarters buildings with the canton of Vaud in Switzerland in 2016. In the first three years following this agreement, we improved by 9% and are close to meeting our objective well ahead of the set target of 2026. We were able to reduce our energy consumption and our CO_2 consumption by 7 tons per year compared to 2016 despite employing more people and growing our IT infrastructure.

In 2021, the solar thermal collectors installed in 2013 produced nearly 14 MWh of energy that was used to heat up domestic water. We also optimised our server locations to reduce cooling needs and are updating our lighting system to reduce electricity use.

We are replacing all conventional lighting with LED lighting, which is more sustainable and uses less energy. Currently, over 20% of our overall lightning is provided by LED.

Our recycling guidelines promote recycling within the organisation. Moreover, our Swiss offices are located no further than a five-minute walk from a railway station to promote the use of public transportation. One of the Company's short-term objectives is to update its mobility plan and include ambitious measures in order to optimise access to the Gland site for employees by promoting soft mobility. Our electric vehicle parking lots provide charging stations at our offices, offering electricity to employees at discounted rates.

To confirm that we are making regular progress on shrinking our environmental footprint, our facilities are audited by an external party annually according to our agreement with the canton of Vaud on building energy efficiency. As with previous periods, an external third party will audit our progress toward our environmental goals. **GRI 103-1, -2 & -3**

About this Report

The Global Reporting Initiative (GRI) provides the world's most widely used standards for sustainability reporting, offering a structured format to coherently and comprehensively share information about material issues and related performance metrics.

We use the GRI Standards to transparently disclose our sustainability efforts. Our last report was published on 18.03.2021 **GRI 102-51**. There are no significant changes from previous reportings in the list of material topics and topic boundaries **GRI 102-48**. The reporting scope comprises headquarters in Gland in Switzerland and our office in Luxembourg **GRI 102-3 & -4**. We will gradually include our offices in Zurich, Bern, London, Dubai, Hong Kong, Malta, Singapore and Bucharest in the reporting scope over the coming years. Reference is made to page 33 regarding the list of consolidated subsidiaries in the consolidated financial statements **GRI 102-45 GRI 102-9**. Swissquote engages with a variety of business partners to successfully create value. Among others these include: financial counterparties such as banks, stock exchanges, brokers, prime brokers and liquidity providers; datafeed providers; software engineering firms, software and IT infrastructure providers; and other professional service providers such as advertising, sponsoring, consulting and legal firms. In the reporting period, there were neither significant changes to the organisation and its supply chain nor to the list of material topics **GRI 102-49 GRI 102-10**.

The report has been prepared in accordance with the GRI Standards: Core option **GRI 102-54**. The reporting period comprises the calendar year 2021 **GRI 102-50**. Swissquote commits to an annual reporting process **GRI 102-52**. The reporting principles for defining report content and quality have been applied throughout the information collection and report development process **GRI 102-11**. The contents of the sustainability report have not been externally assured **GRI 102-56**.

The contact point for questions regarding the report is Nadja Keller, CEO Assistant / Media Relations, Swissquote, Email: nadja.keller@swissquote.ch **GRI 102-53**.

Memberships and Associations and Commitments to External Initiatives

GRI 102-12 & -13

- Swiss Bankers Association (SBA)
- Association des Banques et Banquiers Luxembourg (ABBL)
- Swiss Funds and Asset Management Association (SFAMA)
- Capital Markets and Technology Association (CMTA)
- Foundation for Technological Innovation (FIT)
- Commission vaudoise pour la formation bancaire (CVFB)

We are committed to the standards, self-regulations or code of conduct of those associations.

GRI Content Index

For the Materiality Disclosures Service, the GRI Services team reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The GRI Materiality Disclosures Service was performed on the English version of the report.

GRI MATERIALITY DISCLOSURES SERVICE 2022

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