Swissquote

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ANNUAL REPORT 2022

swissquote.com

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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

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 GRI Standards.

A dedicated website offers a comprehensive oversight of external reporting and covers an investment case, statements from our CEO and highlights of the year. 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.

Concept/Design: Linkgroup AG, Zurich, www.linkgroup.ch

Annual Report 2022

The Swiss leader in online banking
www.swissquote.com

Key figures

Swissquote is reporting robust and qualitatively strong numbers for the year 2022

	2022	2021	2020	2019	2018
Number of accounts	538,946	487,847	410,248	359,612	329,100
% change	10.5%	18.9%	14.1%	9.3%	6.4%
Net new money in CHFm	7,748	9,600	5,275	4,558	3,115
% change	–19.3%	82.0%	15.7%	46.3%	14.8%
Client assets in CHFm [1]	52,189	55,890	39,773	32,241	23,822
% change	–6.6%	40.5%	23.4%	35.3%	–1.2%
Employees	1,056	952	805	722	662
% change	10.9%	18.3%	11.5%	9.1%	11.6%

[1] 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. The figures presented in the above table exclude the assets from customers of the joint venture Yuh Ltd.

in CHF thousand, except where indicated	2022	2021	2020	2019	2018
Operating income	408,146	471,803	341,337	232,355	223,041
% change	–13.5%	38.2%	46.9%	4.2%	18.8%
Operating expenses	214,957	247,534	211,668	180,052	160,763
% change	–13.2%	16.9%	17.6%	12.0%	13.2%
Operating profit	186,387	223,342	105,642	50,588	53,761
% change	–16.5%	111.4%	108.8%	–5.9%	17.4%
Operating profit margin [%]	45.7%	47.3%	30.9%	21.8%	24.1%
Net profit	157,394	193,113	91,021	44,654	44,603
% change	–18.5%	112.2%	103.8%	0.1%	13.8%
Net profit margin [%]	38.6%	40.9%	26.7%	19.2%	20.0%
Total equity	741,128	615,459	440,181	374,757	352,221
% change	20.4%	39.8%	17.4%	6.4%	19.3%
Capital ratio [%] [1]	24.8%	26.2%	23.0%	21.7%	29.0%

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

133.50 CHF
SWISSQUOTE STOCK PRICE
as at 31 December 2022

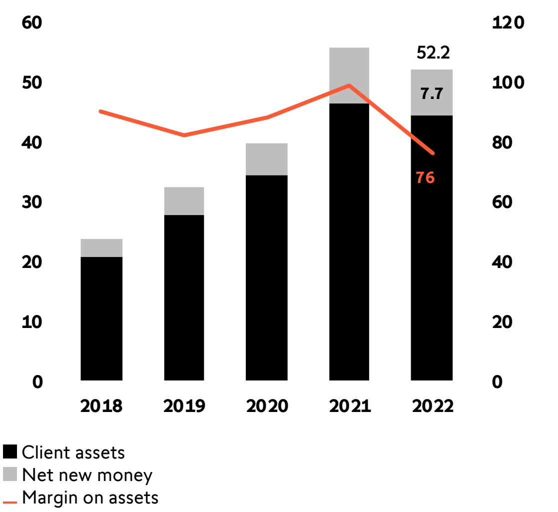
24.8%
CAPITAL RATIO

408.1m CHF
OPERATING INCOME

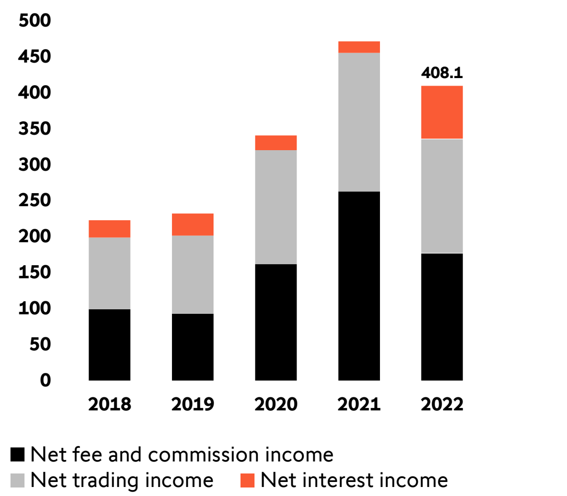
Key figures

CLIENT ASSETS
in CHFbn

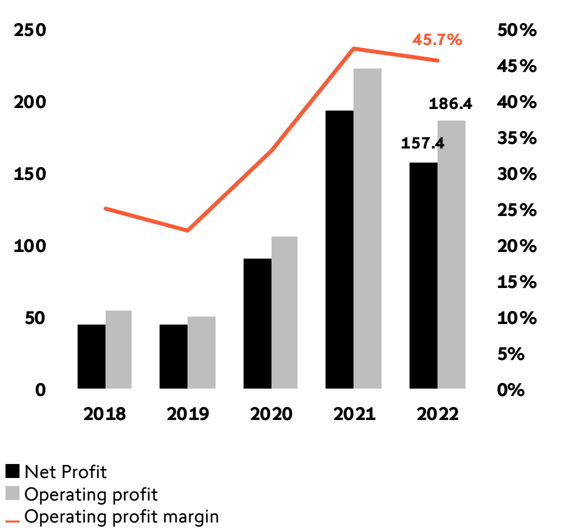
Basis points



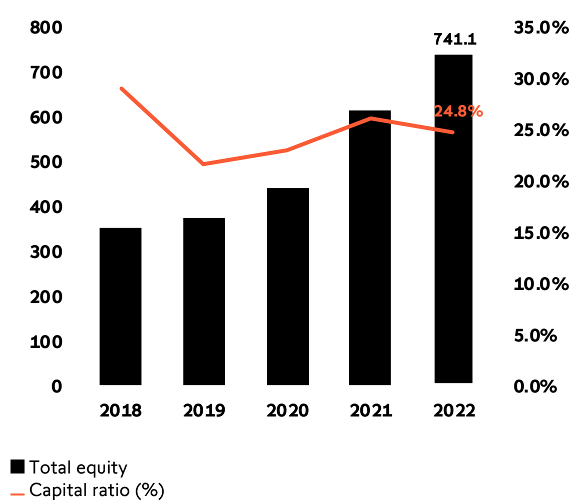
OPERATING INCOME
in CHFm



PROFITABILITY
in CHFm



TOTAL EQUITY AND CAPITAL RATIO
in CHFm



7.7 bn CHF
NET NEW MONEY INFLOW

45.7%
OPERATING PROFIT MARGIN

52.2 bn CHF
CLIENT ASSETS

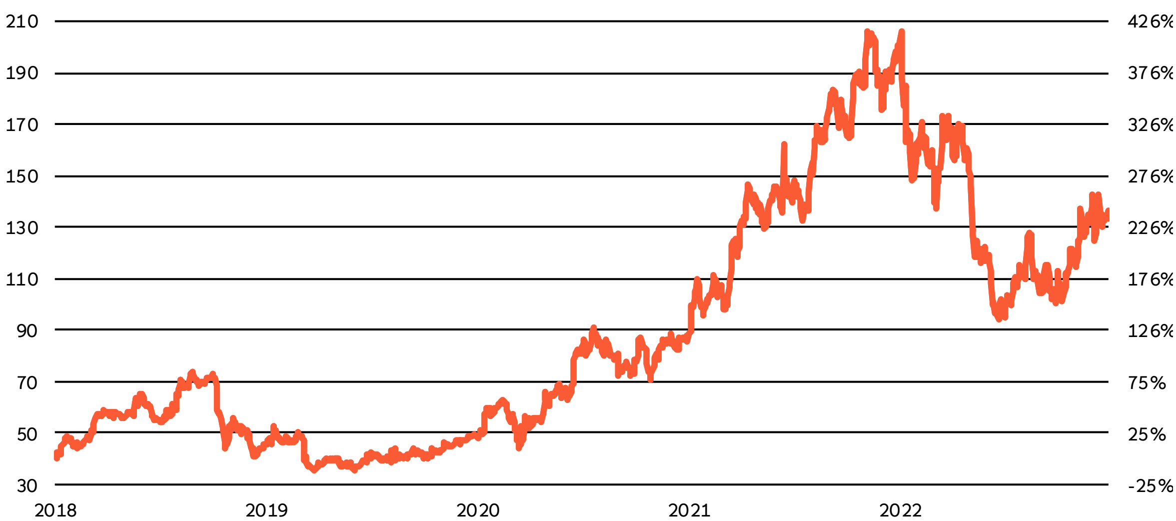
Swissquote share

Stock market trading

The registered shares, each with a nominal value of CHF 0.20, are listed on the 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 2018 – 2022

in CHF



DEVELOPMENT OF STOCK MARKET SHARE PRICE JANUARY TO DECEMBER 2022

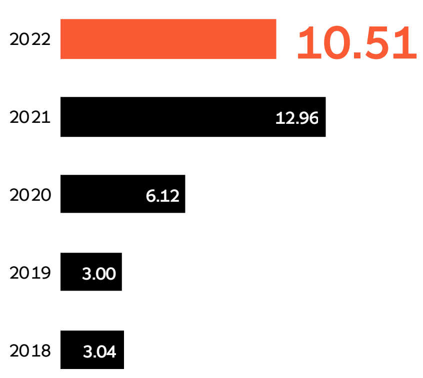
in CHF

Swissquote share

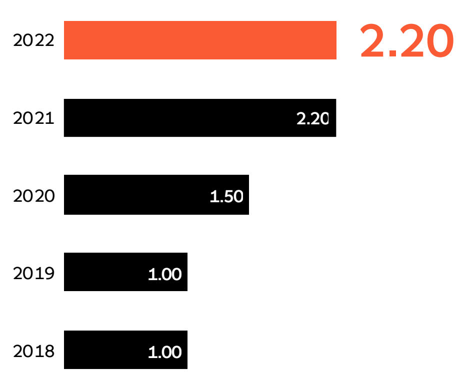
	2022	2021	2020	2019	2018
CLOSING SHARE PRICE IN CHF					
High	206.00	206.00	90.80	53.50	75.80
Low	94.40	88.70	44.28	34.25	38.20
31 December	133.50	200.50	85.90	48.52	45.25
MARKET CAPITALISATION IN CHF MILLION					
High	3,157.6	3,157.6	1,391.8	820.1	1161.9
Low	1,447.0	1,359.6	678.7	525.0	585.5
31 December	2,046.3	3,073.3	1,316.7	743.7	693.6
TOTAL EQUITY IN CHF					
Operating income per share	27.26	31.65	22.96	15.63	15.22
Earnings per share	10.51	12.96	6.12	3.00	3.04
Equity per share	48.35	40.15	28.72	24.45	22.98
Payout per share	2.20[1]	2.20	1.50	1.00	1.00

[1] Proposal of the Board of Directors.

EARNINGS PER SHARE
in CHF



PAYOUT PER SHARE
in CHF



Business model

PRODUCTS AND SERVICES

SECURITIES TRADING
More than 3 million financial products including stocks, ETFs, funds, bonds, options, futures and derivatives

FOREX/CFD
Leverage trading on currencies, commodities, precious metals, indices, stocks and bonds

CRYPTO
More than 35 cryptocurrencies, custody, trading, staking, crypto exchange

BANKING
Payments, mortgages, leasing, loans, interest income

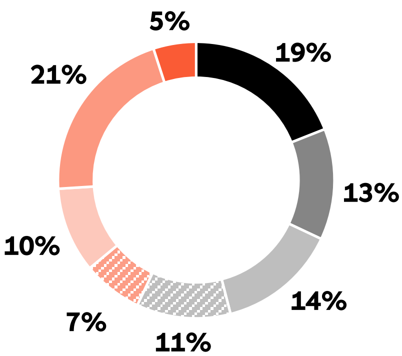
Diversified products and services mix serving all customer profiles

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

Business model

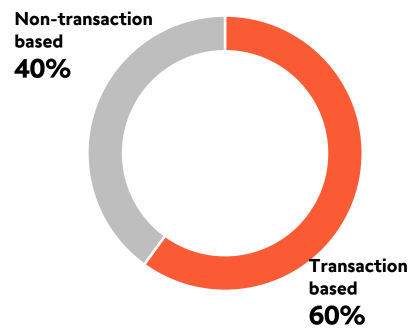
Diversification of revenue streams enabled Swissquote to benefit specifically from the change in short-term interest rates

OPERATING INCOME BY ASSET CLASS

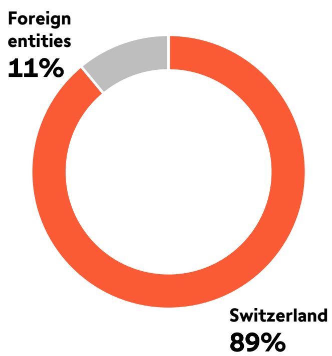


- Cash and fixed income
- Foreign exchange
- Shares
- Funds and similar vehicles and structured products and derivatives
- Crypto assets
- Others
- eFX/CFDs
- Precious metals

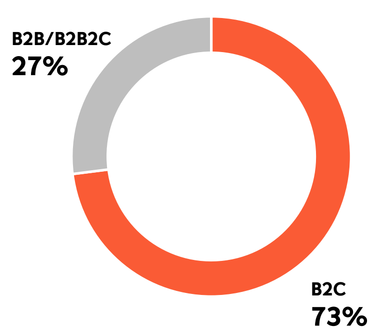
OPERATING INCOME BY NATURE



OPERATING INCOME BY SALES OFFICES



OPERATING INCOME BY CUSTOMER PROFILE



B2B/B2B2C
Asset managers
Money managers
White labels
Investment funds
Fund managers
Banks and brokers

VISION

«We want to be the first bank for digital-first mass affluent traders and investors. We challenge the code to deliver innovative services and products that make financial opportunities accessible to ambitious, self-directed people.»

VALUES

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 culture

VALUE PROPOSITION

TRUST & SECURITY

MULTI-ASSET OFFER

TOP CUSTOMER EXPERIENCE

TECH LEADERSHIP & INNOVATION

TRADING UNIVERSE

+2 Mio Stocks

+60 000 Bonds

22 Multi currency account

+35 Cryptocurrencies & tokens

+90 000 Structured products

+450 CFDs on currencies, commodities, precious metals, indices, stocks and bonds

+40 Themes trading certificates

+1.3 Mio Options & Futures: EUREX, CME, ISE, etc.

+150 000 Derivatives

+60 Stock exchanges

+20 000 Funds

+9 000 ETFs

HIGHLIGHTS 2022

JAN

Swissquote acquires Keytrade Bank Luxemburg

Through its Luxembourg-based subsidiary, the Swissquote Group accquires Keytrade Bank Luxembourg. With this acquisition, Swissquote will become the leading online trading and investing bank in Luxembourg and confirms its ambitious strategy in Europe.

Swissquote now an issuer of structured products

Swissquote has become an issuer of structured products by entering into a cooperation with Leonteq. Swissquote will issue its own structured products under the new product brand "Yield Booster" via Leonteq's white label platform.

MAR

Swissquote confirms record year for 2021 and strong customer growth

Swissquote's annual results confirmed that 2021 was a record year. Operating revenues increased by 49 percent year-on-year to CHF 479.6 million, while pre-tax profit reached a record high of CHF 223.3 million, an increase of 111.4 percent. Profitability, with a pre-tax profit margin of 47.3 percent, increased strongly thanks to higher trading volumes and more customer accounts (+77,599).

MAY

Swissquote welcomes the acceptance of the «La Crétaux» land-use plan

With a majority of 57.5 % of the votes, the population of Gland has accepted the "La Crétaux" land-use plan. Swissquote is delighted with this result, which will enable it to continue its development at the location where it was founded and to transform its long-established headquarters in line with the growth of its business.

AUG

Swissquote publishes its results for the first half of 2022

Despite a challenging environment, Swissquote continued to grow its overall customer base in the first half of 2022. The opening of around 34,200 new client accounts (of which some 8,000 non-organic) stands out as a positive development. The new accounts resulted in net new monies of CHF 5.0 billion (of which CHF 1.7 billion non-organic) for the first half of 2022.

OCT

Swissquote launches its own crypto exchange: SQX

SQX makes for a significantly enhanced customer experience in the areas of trading, execution and liquidity. In terms of services for institutional clients, SQX also represents an increase in competitiveness when it comes to offering trading and custody services to other banks and brokers.

DEC

Swissquote continues national and international expansion

With the establishment of Swissquote Capital Markets in Cyprus, direct access to the Dubai Financial Market and new premises in Zurich-Stettbach, Swissquote is systematically and successfully pursuing its national and international expansion strategy.

Swissquote brings ESG investing to the next level

Invest in what you believe in – Swissquote is launching an innovative way of ESG investing. With the new feature, Swissquote empowers its customers to invest in their true values without compromise. After having launched its own sustainability report and having given its clients the possibility to invest in ESG ETFs and Themes Trading certificates, Swissquote is now upgrading its popular trading platform with a new, comprehensive ESG feature.

Report to the shareholders

Dear shareholders,

Markus Dennler
Chairman of the Board of Directors

Marc Bürki
Chief Executive Officer

With an operating income of CHF 408.1 million, an operating profit of CHF 186.4 million and net new monies of CHF 7.7 billion, Swissquote is reporting robust and qualitatively strong numbers for 2022. Both the operating income and operating profit reached the second-highest levels in history and highlight the strong customer base and product mix in a challenging market environment. The diversification of revenue streams enabled Swissquote to benefit specifically from the change in short term interest rates. In 2022, 51,099 new client accounts (+10.5 percent) contributed to further growth, while total client assets reached CHF 52.2 billion (including CHF 9.2 billion in cash deposits). Swissquote anticipates a promising 2023 with new records in revenues and profit targeted.

Swissquote is reporting robust and qualitatively strong numbers for 2022

Second-highest operating income

Operating income totalled CHF 408.1 million, a decrease of 13.5 percent compared with the previous year (CHF 471.8 million), reflecting the difficult market conditions, but still amount to the second-highest result ever.

Net fee and commission income (excluding crypto assets) decreased by 7.6 percent as the share of non-transaction based revenues was able to compensate for the slowdown in trading activity. Net crypto assets income was impacted significantly by the crypto market turmoil, declining 72.9 percent to CHF 27.7 million (6.8 percent of operating income). Net trading income decreased by 18.0 percent as a result of lower eForex trading volume and lower turnover in asset classes traded in foreign currencies. On the other hand, net interest income increased by 364.7 percent due to rising interest rates across major currencies. Specifically, the CHF policy rate moved from a negative 0.75 percent to a positive 1.0 percent reference rate at the end of 2022.

Overall, Swissquote's operating income show resilience and diversification of revenue sources.

Operating profit margin of 45.7 percent reflecting cost flexibility

At CHF 215.0 million, operating expenses were 13.2 percent lower than in the previous year (CHF 247.5 million), reflecting cost management discipline over several months. As at 31 December 2022, total headcount was up by 104 FTE (of which 14 FTE inorganic) to 1,056 FTE. Half of the recruitment occurred in technology-related fields. Operating profit decreased by 16.5 percent to 186.4 million (CHF 223.3 million), while the operating profit margin remained at a high level of 45.7 percent (47.3 percent) despite a 13.5 percent decline in operating income. Net profit decreased to CHF 157.4 million (CHF 193.1 million), and net profit margin to 38.6 percent (40.9 percent).

Customer growth is uninterrupted

51,099 new client accounts were opened in 2022 (of which 8,000 inorganic), most of them trading accounts, bringing the total number of clients above the 500k threshold for the first time. 60 percent of the net new monies came from outside of Switzerland, showing the growing penetration of the Swissquote brand. Thanks to the UEFA sponsorship, the Swissquote brand is broadcasted in over 200 countries globally, across hundreds channels, with millions views.

The total number of accounts reached 538,946 (+10.5 percent) by the end of 2022, with deposits averaging almost CHF 100,000 per customer. Strong net new monies of CHF 7.7 billion (of which 1.7 billion inorganic) partly compensated for the market-generated decrease in client assets from CHF 55.9 billion to CHF 52.2 billion (down 6.6 percent). Generally, all asset classes saw decreases in value in 2022, but the customer base remained steadily invested even in high-risk asset classes. As of 31 December 2022, total crypto assets under custody declined to CHF 1.0 billion (CHF 2.8 billion) despite the fact that customers have increased their holdings in major crypto assets (5.7 percent increase).

538,946

Total number of accounts

Dividend, equity and further growth

As of 31 December 2022, the balance sheet remained strong and all regulatory ratios were solid (e.g. liquidity ratio at 496%). Thanks to its capital ratio of 24.8 percent (26.2 percent), well above the regulatory limit of 11.2 percent, Swissquote is well-positioned to capture internal and external growth opportunities (as it did with the acquisition of Keytrade Bank Luxembourg SA in 2022). The Board of Directors will propose to the Annual General Meeting an unchanged dividend of CHF 2.20 per share, corresponding to 21 percent of the net profit for 2022.

Growth opportunities

Thanks to the initiatives taken in 2022, Swissquote sees the following growth opportunities for this year:

- European market: In early 2023, Swissquote Bank Europe SA received its depositary fund licence in Luxembourg, further expanding its market access to the B2B sector. This concludes various product and expansion initiatives enabling Swissquote to provide a similar offering and with similar target customers to those in Switzerland.
- Crypto assets: Swissquote's own crypto exchange SQX was successfully launched in September 2022. It is likely that the crypto industry may face an important period of transition with increased regulation. Swissquote sees itself uniquely positioned with SQX.
- Yuh: The mobile finance app already has more than 100,000 users (2022: + 65,000 users) and will further expand its products and services offering in 2023 (e.g. Pillar 3A). For 2023, the growth in accounts should be of a similar magnitude to 2022.

Non-financial reporting upgrades duly rewarded

To continue to serve shifting expectations, Swissquote introduced and implemented a wide range of ESG initiatives in favour of various stakeholders. First, customers can now not only analyse their portfolios with sustainability criteria with the support of innovative new ESG tools but as well invest in new impact investing certificates. Secondly, a fresh new "We are all in" employer value proposition was rolled out in order to position Swissquote as a recognised employer brand in the labour market. Early in 2023, Swissquote was ranked among the best employers in Switzerland (#16) and best in the banking sector by Handelszeitung, le Temps and Statista.

On the non-financial reporting side, Swissquote's Sustainability Report 2022, which is an integral part of Swissquote's Annual Report, provides independent assurance on quantitative data for the first time. In 2022, Swissquote's MSCI ESG rating improved from BBB to AA and Inrate zRating ranked Swissquote as showing the best corporate governance in Switzerland for the financial services industry.

In 2022, the Board of Directors set a series of ESG-related objectives within the framework of the Executive Management Short-Term Incentive Plan (STIP) and gave a 15% overall weight to such objectives. Moreover, the alignment of the objectives set to the Executive Management with the ESG materiality matrix is now further specified. These developments confirm the importance of sustainability for Swissquote's strategy.

Corporate Governance and compensation

During the year, Swissquote further intensified its dialogue with shareholders and had the opportunity to discuss topics such as corporate governance, remuneration and sustainability. Shareholders appreciated the responses to the comments made previously, in particular regarding the vesting period of the stock options granted as part of the Executive Management's Long-Term Incentive Plan. Shareholders also valued, among other things, the enhanced disclosure (for example, with respect to the Executive Management's objectives set as part of the Short-Term Incentive Plan) and the adoption of limits to cover all remuneration components. All the points raised by shareholders were reviewed and evaluated, and, on this basis, further improvements were made to disclosures, including in relation to the Executive Management's objectives and the CEO pay-ratio.

Report to the shareholders

The Board of Directors has already resolved to make a number of future improvements. For example, in next year's Remuneration Report, the metrics of the Executive Management's objectives set for 2023 will be disclosed; this will provide further transparency on these important elements and, as a result, satisfy what may be the most important expectation expressed by shareholders with respect to the Executive Management's STIP. The Board of Directors also decided that, in the future, a portion of the Executive Management's bonus will be paid in blocked shares; this will further confirm the alignment of the interests of Executive Management members with those of the shareholders.

Swissquote greatly appreciated the time and active participation of our shareholders and would like to maintain this exchange in the future.

Upcoming changes in the corporate organisation and AGM

Swissquote announces the following changes to its corporate organisation:

– Esther Finidori will be proposed as a new member of the Board of Directors at the upcoming Annual General Meeting. She is currently Vice President Strategy at Schneider Electric, where she is in particular in charge of sustainability. Esther Finidori has developed a strong expertise in sustainability in general and in environmental aspects and digital transformation specifically, of which Swissquote's Board of Directors will highly benefit in case she is elected.
– Lino Finini, who currently holds the position of Chief Operating Officer, will be stepping down as a member of the Executive Management effective 31 December 2023 to take retirement. On behalf of the Board of Directors and Executive Management, we thank Lino Finini for his significant contributions over his career at Swissquote in delivering a number of major initiatives that supported Swissquote's growth.

The 2023 Annual General Meeting will be held at the Swissquote headquarters, in Gland. On this occasion, the Board of Directors will propose a series of revisions to the Articles of Association, to bring them into line with the revised Swiss Code of Obligations that entered into force on 1 January 2023. The Board of Directors will in particular propose the creation of a capital band valid for a period of five years, which will replace under similar terms the current authorised capital. The latter will expire on 6 May 2023 and is no longer renewable under the revised Swiss Code of Obligations.

Guidance for 2023 and medium-term outlook 2025

Swissquote targets an operating income of CHF 495 million (plus 21 percent) and an operating profit of CHF 230 million (plus 23 percent) for 2023. Despite a cautious stance, Swissquote expects to deliver all-time high results in 2023. Swissquote's medium-term target for 2025, i.e. an operating profit at CHF 350 million, is confirmed.

Thanks

On behalf of the Board of Directors and Executive Management, we would like to thank our clients for their loyalty and contribution to Swissquote's success and long-term solidity. Thanks to their informed feedback, suggestions and requests, we continuously improve and innovate to deliver exceptional and refreshing banking experiences. Furthermore, we thank our shareholders for the trust they place in us, and all our employees for their hard work and personal commitment to push the boundaries time after time. And finally, we extend our thanks to our cooperation partners for their collaboration and unfailing expertise 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 2022	31 December 2021
ASSETS			
Cash and balances with central banks	1	4,492,342,779	5,589,152,222
Treasury bills and other eligible bills	1	1,165,904,963	242,290,309
Due from banks	1/4	1,627,923,294	1,335,970,068
Derivative financial instruments	2	109,201,988	92,688,397
Trading assets	3	2,684,024	5,856,891
Loans	5	814,331,758	819,593,923
Investment securities	6	1,722,032,893	737,203,239
Investment in joint venture	7	4,460,572	11,159,753
Deferred income tax assets	15a	1,393,649	3,839,967
Intangible assets	8	55,784,621	44,527,773
Information technology systems	9	75,258,028	56,764,930
Property, plant and equipment	10	72,506,590	69,966,293
Other assets	11	74,570,589	44,821,745
Total assets		**10,218,395,748**	**9,053,835,510**
LIABILITIES AND EQUITY			
Liabilities			
Deposits from banks	1	366,399,780	247,605,557
Derivative financial instruments	2	57,835,148	53,210,953
Financial liabilities designated at fair value	12	71,313,623	–
Due to customers	13	8,860,519,759	7,955,232,932
Other liabilities	14	90,092,881	151,486,773
Current income tax liabilities	15c	23,048,468	18,160,514
Deferred tax liabilities	15b	1,582,439	1,670,869
Provisions	16	6,475,556	11,008,579
Total liabilities		**9,477,267,654**	**8,438,376,177**
Equity			
Ordinary shares	18.1	3,065,634	3,065,634
Share premium		57,833,801	56,422,625
Share option reserve	18.2	5,338,134	3,154,374
Other reserve	18.3	(9,828,340)	(18,837,928)
Treasury shares	18.4	(40,106,180)	(27,656,922)
Retained earnings	18.5	724,825,045	599,311,550
Total equity		**741,128,094**	**615,459,333**
Total liabilities and equity		**10,218,395,748**	**9,053,835,510**

The notes on pages 26 to 116 are an integral part of these financial statements.

Consolidated income statement

in CHF	Notes	2022	2021
Fee and commission income	19	197,650,607	289,730,497
Fee and commission expense	19	(21,067,568)	(26,495,997)
Net fee and commission income		**176,583,039**	**263,234,500**
Interest income	20	64,629,024	29,569,468
Interest expense (incl. negative interest on assets)	20	(22,479,551)	(31,707,840)
Other interest income	20	35,410,382	19,242,635
Other interest expense	20	(4,089,863)	(1,292,422)
Net interest income		**73,469,992**	**15,811,841**
Net trading income	21	**158,093,438**	**192,756,198**
Operating income		**408,146,469**	**471,802,539**
Credit loss (expense) / release		(103,578)	667,749
Operating expenses	22	(214,956,557)	(247,534,287)
Net result from investment in joint venture	7	(6,699,181)	(1,594,094)
Operating profit		**186,387,153**	**223,341,907**
Income tax expense	15d	(28,993,396)	(30,228,758)
Net profit		**157,393,757**	**193,113,149**
SHARE INFORMATION			
Earnings per share	23	10.51	12.96
Diluted earnings per share	23	10.45	12.82

The notes on pages 26 to 116 are an integral part of these financial statements.

Consolidated statement of comprehensive income

in CHF	Notes	2022	2021
NET PROFIT		**157,393,757**	193,113,149
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 realised gains/(losses) reclassified to the income statement from equity		–	(6,535)
Income tax effect		–	850
Currency translation differences	18.3	(4,694,327)	(1,695,957)
Total other comprehensive income that may be reclassified to the income statement		**(4,694,327)**	**(1,701,642)**
Items that will not be reclassified to the income statement			
Investment securities measured at fair value through other comprehensive income (FVOCI equities):			
Net realised/unrealised gains/(losses)		(2,272,079)	1,661,942
Income tax effect		299,914	(216,053)
Defined benefit obligation:			
Remeasurement	17b	18,060,000	(4,167,000)
Income tax effect		(2,383,920)	541,710
Total other comprehensive income that will not be reclassified to the income statement		**13,703,915**	**(2,179,401)**
Other comprehensive income for the period (net of tax)		**9,009,588**	**(3,881,043)**
Total comprehensive income for the period		**166,403,345**	**189,232,106**

The notes on pages 26 to 116 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 2022		3,065,634	56,422,625	3,154,374	(18,837,928)	(27,656,922)	599,311,550	615,459,333
Net profit of the period		–	–	–	–	–	157,393,757	157,393,757
Investment securities FVOCI equities	6	–	–	–	(2,272,079)	–	372,746	(1,899,333)
Remeasurement of defined benefit obligation	17b	–	–	–	18,060,000	–	–	18,060,000
Income tax effect (aggregated)		–	–	–	(2,084,006)	–	(49,202)	(2,133,208)
Currency translation differences	18.3	–	–	–	(4,694,327)	–	–	(4,694,327)
Total comprehensive income for the period		**–**	**–**	**–**	**9,009,588**	**–**	**157,717,301**	**166,726,889**
Dividend	18.5	–	–	–	–	–	(33,022,905)	(33,022,905)
Employee stock option plan:								
Amortisation of services	18.2	–	–	3,002,859	–	–	–	3,002,859
Stock options exercised, lapsed or forfeited	18.2	–	–	(819,099)	–	–	819,099	–
Treasury shares:								
Purchase	18.4	–	–	–	–	(17,420,411)	–	(17,420,411)
Sale/remittance	18.4	–	1,411,176	–	–	4,971,153	–	6,382,329
Balance as at 31 December 2022		**3,065,634**	**57,833,801**	**5,338,134**	**(9,828,340)**	**(40,106,180)**	**724,825,045**	**741,128,094**

The notes on pages 26 to 116 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 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	–	–	–	1,655,407	–	–	1,655,407
Remeasurement of defined benefit obligation	17b	–	–	–	(4,167,000)	–	–	(4,167,000)
Income tax effect (aggregated)		–	–	–	326,507	–	–	326,507
Currency translation differences	18.3	–	–	–	(1,695,957)	–	–	(1,695,957)
Total comprehensive income for the period		**–**	**–**	**–**	**(3,881,043)**	**–**	**193,113,149**	**189,232,106**
Dividend	18.5	–	–	–	–	–	(22,327,073)	(22,327,073)
Employee stock option plan:								
Amortisation of services	18.2	–	–	2,325,893	–	–	–	2,325,893
Stock options exercised, lapsed or forfeited	18.2	–	–	(1,729,008)	–	–	1,729,008	–
Treasury shares:								
Purchase	18.4	–	–	–	–	(6,396,434)	–	(6,396,434)
Sale/remittance	18.4	–	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 116 are an integral part of these financial statements.

Consolidated statement of cash flows

in CHF	Notes	2022	2021
Cash flow from/(used in) operating activities:			
Fee and commission received		183,873,821	290,896,229
Fee and commission paid		(21,126,027)	(26,249,835)
Interest received		88,259,799	54,174,608
Interest paid		(30,418,484)	(34,901,537)
Net trading income received		157,908,033	191,104,216
Income tax paid		(23,754,700)	(19,125,689)
Payments to employees		(121,026,135)	(103,345,931)
Payments to suppliers		(109,759,201)	(70,208,675)
Cash flow from operating profit before changes in operating assets and liabilities		**123,957,106**	**282,343,386**
Net change in operating assets and liabilities:			
Treasury bills and other eligible bills (above 3 months)		(13,761,420)	118,505,645
Due from banks (above 3 months)		(293,416,747)	(3,617,211)
Derivative financial instruments (assets)		(16,513,591)	20,714,727
Trading assets		2,292,301	(308,157)
Loans		17,455,823	(268,296,747)
Derivative financial instruments (liabilities)		2,068,901	(14,238,165)
Issuance/repayment of financial liabilities designated at fair value		79,699,624	–
Due to customers		589,977,727	1,407,990,676
Net cash from operating activities		**491,759,724**	**1,543,094,154**
Cash flow from/(used in) investing activities:			
Purchase of property, plant and equipment and information technology systems	9/10	(51,730,560)	(28,019,691)
Proceeds from sale and reimbursement of investment securities		134,123,926	81,510,516
Purchase of investment securities		(1,123,706,365)	(339,610,684)
Purchase of subsidiary, net of cash acquired	8	299,844,443	–
Purchase of a joint venture		–	(5,500,000)
Net cash from/(used in) investing activities		**(741,468,556)**	**(291,619,859)**
Cash flow from/(used in) financing activities:			
Repayment of lease liabilities		(3,699,363)	(2,636,295)
Purchase of treasury shares		(17,420,411)	(6,396,434)
Sale of treasury shares		5,542,580	11,723,842
Dividend and reimbursement from reserves	18.5	(33,022,905)	(22,327,073)
Net cash from/(used in) financing activities		**(48,600,099)**	**(19,635,960)**
Net increase in cash and cash equivalents		**(298,308,931)**	**1,231,838,335**
Cash and cash equivalents as at 1 January	1	6,354,966,064	5,122,953,383
Exchange difference on cash and cash equivalents		(8,643,693)	174,346
Cash and cash equivalents as at 31 December [1]	**1**	**6,048,013,440**	**6,354,966,064**
Cash and cash equivalents:			
Cash and balances with central banks		4,492,342,779	5,589,152,222
Treasury bills and other eligible bills (less than 3 months)		1,000,813,368	91,008,644
Due from banks (less than 3 months)		921,257,073	922,410,755
Deposits from banks		(366,399,780)	(247,605,557)
Total as at 31 December [1]	**1**	**6,048,013,440**	**6,354,966,064**

[1] CHF 267.1 million and CHF 305.3 million of cash and cash equivalents were restricted as at 31 December 2022 and 31 December 2021, respectively (see Note 1).

The notes on pages 26 to 116 are an integral part of these financial statements.

Notes to the consolidated financial statements

Section I: General information

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

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

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

The following changes occurred during the year 2022. Firstly on 19 January 2022, a new subsidiary named Swissquote Tech Hub Bucharest S.R.L. was incorporated in Romania. This fully owned subsidiary is active in computer programming, with the aim to provide software development services to the Group. Secondly on 29 April 2022, the Group acquired Keytrade Bank Luxembourg SA, which was subsequently merged with another group entity. Reference is made to Note 8. And thirdly, the Group further expanded its geographical footprint by opening a new subsidiary in Cyprus called Swissquote Capital Markets Ltd offering eForex services mostly to a retail clientele.

The Group employed 1,056 employees (full-time equivalent) at the end of December 2022 (31 December 2021: 952) and 538,946 customers were using the platforms and apps of Swissquote (31 December 2021: 487,847).

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 2022 consisted of 15,328,170 ordinary shares of CHF 0.20 nominal value each (2021: 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 18.1.

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

	2022			2021		
	Shares	Options	Total	Shares	Options	Total
Marc Bürki	11.56%	0.09%	**11.65%**	11.53%	0.10%	**11.63%**
Paolo Buzzi	10.41%	0.05%	**10.46%**	10.48%	0.05%	**10.53%**
PostFinance AG	5.00%	–	**5.00%**	5.00%	–	**5.00%**
ACE Core Convictions Ltd	<3%	–	**<3%**	3.53%	–	**3.53%**
Treasury shares:						
Swissquote Group Holding Ltd (Note 18.4)			**2.52%**			**2.24%**

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 2022. 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 2022 is 73.03% (2021: 72.99%).

The consolidated financial statements were approved for publication by the Board of Directors on 15 March 2023.

Notes to the consolidated financial statements

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

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

1996

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

2000

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

2001

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

2002 2007

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

2008

- A new Swissquote forex trading platform goes live.

2010

- Launch of the Swissquote Magazine;
- 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 and later in 2017 brokerage to non-retail clients.

2014 2016

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

2017

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

2018

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

2020

- 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.

2022

- Launch of SQX, Swissquote's own crypto exchange;
- Swissquote becomes an issuer of structured products;
- Acquisition of Keytrade Bank Luxembourg SA, subsequently merged with Swissquote Bank Europe SA;
- Launch of Swissquote Tech Hub Bucharest S.R.L. and Swissquote Capital Markets Ltd.

As at 31 December 2022, the Group's operations consisted of operating a digital online bank that accepts multi-currency deposits/withdrawals (including crypto assets) and that provides:

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

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

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

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

The Group is not involved in the following banking activities:

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

Reportable segments

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

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

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

Historically, the Group acts as a leader in the online securities trading market and has progressively extended its activities not only by increasing the level of assistance to its customers (Robo-Advisory) but also by adding products and services such as Lombard loans, crypto assets trading and 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 gained a critical mass in the leveraged forex segment (eForex) through both internal and external growth. In this segment, the Group offers to its clientele access to over-the-counter (OTC) foreign exchange markets through technology platforms. The Group primarily operates what is referred to as an agency model to execute client trades. In the leveraged forex segment, the regulations also affect how the Group is able to market and provide its services to customers. If the regulations are continually evolving, the regulatory environment is less restrictive in comparison to the securities trading segment. The Group revenues are mainly generated by adding a mark-up to the price provided by the market.

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

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

– Securities trading;
– Leveraged forex (eForex).

Based thereon, the analysis of reportable segments for 2022 and 2021 is as follows:

in CHF	2022	2021
OPERATING INCOME BY GEOGRAPHY		
Securities trading		
Switzerland	277,102,996	321,113,914
Europe	18,677,603	16,465,374
Middle East	6,596,210	11,358,715
Asia Pacific	1,850,315	1,559,180
Subtotal securities trading	**304,227,124**	**350,497,183**
Leveraged forex		
Switzerland	84,650,945	99,681,718
Europe	1,865,247	2,746,092
Middle East	10,528,263	11,625,113
Asia Pacific	6,874,890	7,252,433
Subtotal leveraged forex	**103,919,345**	**121,305,356**
Total operating income	**408,146,469**	**471,802,539**
Total unallocated expenses	(221,759,316)	(248,460,632)
Operating profit	**186,387,153**	**223,341,907**

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

in CHF	2022	2021
OPERATING INCOME BY PRODUCT		
Securities trading		
Cash and fixed income	77,795,219	19,263,447
Shares	58,007,140	87,874,375
Foreign exchange	54,449,131	70,432,877
Crypto assets	27,695,135	102,084,288
Structured products and derivatives	24,543,370	26,492,834
Funds and similar vehicles	22,591,681	22,522,403
Others	39,145,448	21,826,959
Subtotal securities trading	**304,227,124**	**350,497,183**
Leveraged forex		
Foreign exchange	60,433,810	62,657,325
Contracts-for-differences	23,699,240	34,058,914
Precious metals	19,786,295	24,589,117
Subtotal leveraged forex	**103,919,345**	**121,305,356**
Total operating income	**408,146,469**	**471,802,539**
Total unallocated expenses	(221,759,316)	(248,460,632)
Operating profit	**186,387,153**	**223,341,907**

The diversified sources of revenues and the higher share of non-transaction-based revenues led to an improved split by product in 2022. Comparative figures for 2021 were changed accordingly.

Notes to the consolidated financial statements

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

The consolidated financial statements for the year 2022 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 2022

There are no IFRS or IFRIC interpretations, effective for the first time for the financial year beginning 1 January 2022, with a material impact on the Group.

B Standards and interpretations issued, but not yet effective

Certain new accounting standards and interpretations published are not mandatory for 31 December 2022 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 2022.

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 and liabilities measured at fair value through profit or loss or through other comprehensive income, derivative financial instruments and share-based payments measured at revalued amounts or fair values as explained in the accounting policies as well as precious metals (Other assets) measured at fair value less cost to sell.

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

B Consolidation

B1 Subsidiaries and investments in associates/joint ventures

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

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

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

B2 Acquisition

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

B3 List of group entities

Group entities	Office/country	Status	Interest as at 31 December 2022	2021
Swissquote Bank Ltd	Gland/Switzerland	Active	100%	100%
Swissquote Bank Europe SA	Luxembourg/Luxembourg	Active	100%	100%
Swissquote Financial Services (Malta) Ltd	Valletta/Malta	Active	100%	100%
Swissquote Ltd	London/UK	Active	100%	100%
Swissquote Capital Markets Ltd	Limassol/Cyprus	Active	100%	–
Swissquote Tech Hub Bucharest S.R.L.	Bucharest/Romania	Active	100%	–
Swissquote MEA Ltd	Dubai/UAE	Active	100%	100%
Swissquote Pte. Ltd	Singapore/Singapore	Active	100%	100%
Swissquote Asia Ltd	Hong Kong/China	Active	100%	100%
Swissquote Trade Ltd	Gland/Switzerland	Dormant	100%	100%
Yuh Ltd	Gland/Switzerland	Active	50%	50%

On 19 January 2022, a new subsidiary named Swissquote Tech Hub Bucharest S.R.L. was incorporated in Romania. This fully owned subsidiary is active in computer programming, with the aim to provide software development services to the Group. Moreover, with the purpose of further developing its eForex activity in Europe, the Group incorporated a fully owned subsidiary in Cyprus called Swissquote Capital Markets Ltd. This entity obtained its Cyprus Investment Firm licence on 6 December 2022 from the Cyprus Securities Exchange Commission (CySEC) and is expected to deliver over-the-counter trading of foreign exchange and contracts-for-differences mainly to a retail European clientele.

C Foreign currency translation

C1 Functional and presentation currency

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

	2022		2021	
Foreign currency translation	Closing rates	Average rates	Closing rates	Average rates
AED	0.2517	0.2596	0.2483	0.2491
AUD	0.6303	0.6604	0.6630	0.6838
CAD	0.6824	0.7311	0.7211	0.7301
CNY	0.1336	0.1411	0.1433	0.1420
DKK	0.1331	0.1348	0.1396	0.1451
EUR	0.9898	1.0029	1.0379	1.0792
GBP	1.1183	1.1739	1.2340	1.2574
HKD	0.1185	0.1217	0.1170	0.1177
JPY	0.0070	0.0073	0.0079	0.0083
NOK	0.0945	0.0993	0.1035	0.1060
RON	0.2001	0.2033	n/a	n/a
SEK	0.0888	0.0941	0.1008	0.1061
SGD	0.6895	0.6918	0.6766	0.6810
TRY	0.0495	0.0578	0.0689	0.1029
USD	0.9245	0.9535	0.9121	0.9149

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 entities

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

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

D Segment reporting

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

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

– Securities trading;
– Leveraged forex.

E Offsetting financial instruments

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

F Financial assets
F1 Classification
The Group classifies its financial assets in the following three measurement categories:
- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL).

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

F2 Recognition, modification and derecognition
Regular way purchases and sales of financial assets are recognised on a trade date basis. Financial assets are derecognised when the contractual rights to receive cash flows have expired or when they are transferred. When modifications happen (change in contractual cash flows), the Group assesses whether the new terms are substantially different from the original terms.

F3 Measurement
At initial recognition, the Group measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of a financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statement.

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

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

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

Other financial assets
All other financial assets are measured at FVTPL and consist of held-for-trading assets, assets mandatorily measured on a fair value basis and derivative financial instruments, except to the extent that they are designated in a hedging relationship

(in which case the IAS 39 hedge accounting requirements continue to apply).

G Impairment of financial assets

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

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

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

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

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

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

Significant increase of credit risk (SICR)

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

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

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

Default and credit impairment

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

Write-off and recovery

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

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

Simplified approach

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

H Derivative financial instruments and hedging activities

Derivative financial instruments include those held for trading purposes and those used for risk management purposes. Derivatives held for trading arise from proprietary trading activity and from customer-based activity. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group may designate certain derivatives as either:

- Hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedge);
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

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

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

a Fair value hedge

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

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

b Cash flow hedge

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

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

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

I Intangible assets

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

J Information technology systems

J1 Software third-party licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life.

J2 Proprietary software

Costs associated with maintaining computer software programs are recognised as an expense when incurred. However, expenditure that enhances or extends the benefits of computer software programs beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software under the item "Proprietary software". Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives.

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

J3 Hardware & telecom systems

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

Assets	Depreciation method	
Software third-party licences	Straight-line	3 to 10 years
Proprietary software	Straight-line	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). All issued structured products are designated as Financial liabilities designated at fair value. The fair value option is applied to these issued products to reduce the accounting mismatch between the related investment securities at amortised cost or at fair value through profit or loss and related derivative financial instruments (total return swaps). Changes in the fair value of financial liabilities designated at fair value attributable to changes in the own credit risk, if any, is presented in other comprehensive income. The remaining amount of the gain or loss is included in the income statement.

O Deferred income taxes

Deferred income taxes are provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income 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, or transferred to retained earnings, together with the deferred gain or loss.

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

P Pension obligations

As at 31 December 2022, the Group operates various post-employment schemes, including defined benefit and defined contribution pension plans (2021: 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 (difference between the strike price and the acquisition cost of the treasury shares).

T Treasury shares (equity)

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

U Net fee and commission income

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

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

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

V Net interest income

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

W Net trading income

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

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

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

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

Y Cash and cash equivalents

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

Notes to the consolidated financial statements

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 2022, 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 2022, the carrying amount of goodwill amounted to CHF 55.8 million (2021: CHF 44.5 million). During the year under review, the Group acquired Keytrade Bank Luxembourg SA, whose goodwill was allocated to the existing cash-generating unit of Swissquote Bank Europe SA (see Note 8).

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

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

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

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

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

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

B Employee benefits

As at 31 December 2022, the defined benefit obligation amounted to CHF 85.5 million (2021: CHF 101.2 million) which resulted in a net liability of CHF 9.1 million (2021: CHF 28.8 million) after deduction of the fair value of the plan's assets.

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

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

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

C Measurement of the expected credit loss and impairment allowance

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

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

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

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

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

A Introduction

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

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

A1 Financial risk factors

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

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

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

A2 Risk governance and risk organisation

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

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

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

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

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

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

A3 Climate-related financial risks

Climate risks are becoming more important for companies. In this regard, a new climate reporting legislation was adopted in 2022 by the Swiss Federal Council under the name of Ordinance on Climate Disclosures. This legal regime will enter into force on 1 January 2024 for large Swiss companies and make the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) binding. The Group is currently assessing the impacts and implications in terms of governance, strategy, risk management and objectives.

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

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

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	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**	

C Fair value of financial assets and liabilities

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

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

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

Fair value hierarchy

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

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

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

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

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

Classification within the fair value hierarchy

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

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

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

C Fair value of financial assets and liabilities (continued)

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

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

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

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 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)

Financial 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).

Financial assets and liabilities not measured at fair value

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

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

D1 Capital management framework (unaudited)

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

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

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

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

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

As at 31 December 2022, Swissquote Group is classified in the supervisory category 4 (category 1 being the one with the highest requirements). Banks included in supervisory category 4 are obliged to hold 8.0% of total capital ratio and an additional 3.2%, known as "capital conservation buffer" (total: 11.2%). Banks included in category 4 are not required, under conditions, to publish the exhaustive range of disclosures set in FINMA circulars (partial disclosure).

To enter into the next supervisory category (category 3), the Group would have to meet or exceed a total balance sheet amount of CHF 15 billion and total capital requirements of CHF 250 million. Category 3 banks must also hold 8.0% of total capital ratio, but the "capital conservation buffer" is set at 4.0%, totaling 12.0%.

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

	31 December 2022 and 2021
Credit risk	International Standard Approach – AS-BRI
Market risk	Standardised Approach
Operational risk	Basic Indicator Approach

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

D2 Risk-weighted assets (unaudited)

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

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

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

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

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

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

in CHF	Risk-weighted assets		Required capital	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Credit risk:				
Sovereign	17,351,000	61,004,000	1,388,080	4,880,320
Banks	747,511,000	483,137,000	59,800,880	38,650,960
Corporates	365,590,000	253,383,000	29,247,200	20,270,640
Other institutions	72,563,000	69,342,000	5,805,040	5,547,360
Retail	218,443,000	158,326,000	17,475,440	12,666,080
Others	126,379,000	124,914,500	10,110,320	9,993,160
Non-counterparty risk	147,764,618	126,731,222	11,821,169	10,138,498
Market risk	157,662,500	93,975,500	12,613,000	7,518,040
Operational risk	763,303,938	655,323,455	61,064,315	52,425,876
Total	**2,616,568,056**	**2,026,136,677**	**209,325,444**	**162,090,934**

D3 Eligible capital and capital ratios (unaudited)

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

in CHF	31 December 2022	31 December 2021
ELIGIBLE CAPITAL		
Ordinary shares	3,065,634	3,065,634
Share premium	57,833,801	56,422,625
Share option reserve	5,338,134	3,154,374
Other reserve	(9,828,340)	(18,837,928)
Treasury shares	(40,106,180)	(27,656,922)
Retained earnings	724,825,045	599,311,550
Subtotal	**741,128,094**	**615,459,333**
Adjustments		
Future expected dividend	(33,721,974)	(33,721,974)
Intangible assets	(55,784,621)	(44,527,773)
Others	(2,304,859)	(6,723,342)
Total common equity tier 1 capital (CET1 capital)	**649,316,640**	**530,486,244**
Total tier 2 capital (T2)	420,170	1,307,644
Total eligible capital	**649,736,810**	**531,793,888**

	Capital ratios		Minimum requirements		
	31 December 2022	31 December 2021	Basel III minimum requirement	Capital conservation buffer	Total minimum requirement
Common equity tier 1 ratio (CET1)	24.8%	26.2%	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 (%)	**24.8%**	**26.2%**	**8.0%**	**3.2%**	**11.2%**
CET1 available after meeting Basel III minimum requirement (8.0%)	16.8%	18.2%			
CET1 available after meeting total minimum requirement (11.2%)	13.6%	15.0%			

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 and off-balance sheet items.

in CHF thousand, except where indicated	31 December 2022	31 December 2021
Tier 1 capital	649,317	530,486
Total leverage ratio exposure	10,363,511	9,211,292
Leverage ratio (%)	**6.3%**	**5.8%**
Minimum requirement (%)	3.0%	3.0%

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

D5 Liquidity coverage ratio (unaudited)

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

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

The 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 2022	Q2 2022	Q3 2022	Q4 2022	Q4 2021
Total high-quality liquid assets (HQLA)	5,755,862	5,419,422	5,183,936	5,542,174	5,248,093
Cash outflows	2,396,149	2,219,423	2,091,153	2,019,692	2,031,627
Cash inflows	(686,021)	(592,168)	(724,959)	(739,278)	(419,357)
Net cash outflows	1,710,128	1,627,255	1,366,194	1,280,414	1,612,270
Liquidity Coverage Ratio (LCR in %)	**337%**	**333%**	**379%**	**433%**	**326%**
Minimum requirement (%)	100%	100%	100%	100%	100%

During 2022, the LCR was influenced by two factors: the amount of high-quality liquid assets (HQLA) and the mix of weightings to be applied to customer cash balances (due to customers and deposits from banks) when determining the cash outflows.

D6 Net stable funding ratio (unaudited)

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

in CHF thousand, except where indicated	31 December 2022	31 December 2021
Available stable funding	7,070,778	6,162,667
Required stable funding	2,637,844	1,869,198
Net stable funding ratio (NSFR in %)	**268%**	**330%**
Minimum requirement (%)	100%	100%

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

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

E Compliance with depositor protection rules

E1 Switzerland

The Swiss Federal Law on Banks and Savings Banks states that in the event of a bank collapsing, deposits up to CHF 100,000 per depositor will be treated as "preferential debt", thus taking priority over the claims of other creditors. This preferential status means that these "privileged deposits" will be paid out of the insolvent bank's assets and will therefore take priority over claims by other (non-preferential) creditors. In order to secure these privileged deposits, banks are required to hold 125% of total privileged deposits in adequate eligible assets. Swissquote Bank Ltd met those requirements as at 31 December 2022, with a coverage of 184% (31 December 2021: 200%).

E2 Luxembourg

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

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

F Credit risk

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

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

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

F1 Credit risk measurement

(I) Loans

Loans are principally in the form of:

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

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

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

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

F1 Credit risk measurement (continued)

(I) Loans (continued)

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

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

(II) Due from banks

Due from banks comprises:

– 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				
	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
CREDIT RISK EXPOSURE RELATING TO FINANCIAL ASSETS SUBJECT TO IMPAIRMENT:					
Cash and balances with central banks	4,492,342,779	–	–	4,492,342,779	5,589,152,222
Treasury bills and other eligible bills	1,165,937,641	–	–	1,165,937,641	242,371,499
Due from banks	1,629,104,211	–	396,836	1,629,501,047	1,336,827,345
Loans	814,700,048	–	48,762,756	863,462,804	867,782,729
Investment securities	1,720,891,701	2,132,528	–	1,723,024,229	737,835,639
Gross carrying amount (A)	**9,822,976,380**	**2,132,528**	**49,159,592**	**9,874,268,500**	**8,773,969,434**
ECL allowance	(2,495,443)	(77,778)	(49,159,592)	(51,732,813)	(49,759,673)
Carrying amount	**9,820,480,937**	**2,054,750**	**–**	**9,822,535,687**	**8,724,209,761**
CREDIT RISK EXPOSURE RELATING TO FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT:					
Derivative financial instruments	109,201,988	–	–	109,201,988	92,688,397
Others (trading assets and other assets)	46,699,071	–	–	46,699,071	23,918,860
Carrying amount (B)	**155,901,059**	**–**	**–**	**155,901,059**	**116,607,257**
Total financial assets as at 31 December	**9,976,381,996**	**2,054,750**	**–**	**9,978,436,746**	**8,840,817,018**
CREDIT RISK EXPOSURE RELATING TO OFF-BALANCE SHEET ASSETS ARE AS FOLLOWS:					
Capital expenditure commitments				107,976,618	–
Loan commitments (depositor protection contribution – Art. 37H BA)				40,268,000	36,744,000
Funding commitments				9,500,000	9,500,000
Finance lease commitments				–	1,329,316
Total credit exposure off-balance sheet (C)				**157,744,618**	**47,573,316**
Total credit exposure (A) + (B) + (C) as at 31 December	**9,978,877,439**	**2,132,528**	**49,159,592**	**10,187,914,177**	**8,938,150,007**

As at 31 December 2022, 44.6% of total credit exposure is related to Swiss National Bank and Banque centrale du Luxembourg (2021: 62.5%), for which no ECL allowance was required.

During 2022, the Group did not purchase any credit-impaired financial assets.

As at 31 December 2022, 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	2022	2021
Collateral at fair value to support loans	1,841,539,561	2,290,414,672
Collateral at fair value to support reverse repurchase transactions	2,100,157,451	13,682,408
Cash deposits to support derivative financial instruments	459,847,036	436,859,878
Total as at 31 December	**4,401,544,048**	**2,740,956,958**

F6 Due from banks and loans

in CHF	31 December 2022		31 December 2021	
	Due from banks	Loans	Due from banks	Loans
Neither past due nor impaired	1,629,104,211	814,236,430	1,336,435,819	819,551,893
Past due but not impaired	–	463,618	–	147,539
Impaired	396,836	48,762,756	391,526	48,083,297
Gross balance	**1,629,501,047**	**863,462,804**	**1,336,827,345**	**867,782,729**
Impairment allowance	(1,577,753)	(49,131,046)	(857,277)	(48,188,806)
Net balance	**1,627,923,294**	**814,331,758**	**1,335,970,068**	**819,593,923**

Due from banks are spread over 68 distinct counterparties (2021: 69). Loans are spread over 34,484 distinct customers (2021: 31,244), 81.2% of whom are domiciled in Switzerland (2021: 81.9%).

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–	250,806,764	194,617,432	–	–	445,424,196
	From A+ to A–	243,265,858	270,696,697	–	–	513,962,555
	From BBB+ to BBB–	135,372,042	43,126,192	24,712,297	–	203,210,531
SPECULATIVE GRADE	From BB+ to BB–	–	–	–	–	–
	From B+ to B–	2,089,226	–	–	–	2,089,226
	From CCC+ to CCC–	–	–	–	–	–
	From CC+ to C–	–	–	–	–	–
UNRATED	Not applicable	289,270,514	173,966,272	–	–	463,236,786
Total as at 31 December 2022		**920,804,404**	**682,406,593**	**24,712,297**	**–**	**1,627,923,294**

As at 31 December 2022, the balance of CHF 2.1 million identified as speculative grade entirely consists of balances with European banks. Unrated counterparties relate mainly to Swiss cantonal banks for CHF 290.7 million (2021: CHF 211.4 million) and to various Swiss and Luxembourg based financial institutions for CHF 107.7 million (2021: CHF 115.3 million).

No credit limits were exceeded during 2022 and 2021.

At year-end, up to CHF 267.1 million (2021: CHF 305.3 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–	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**

F7 Investment securities, treasury bills and other eligible bills

Investment securities (CHF 1,722.0 million), treasury bills and other eligible bills (CHF 1,165.9 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–	295,131,072	356,765,325	378,488,575	145,871,129	1,176,256,101
	From A+ to A–	162,820,063	196,618,891	140,194,781	27,403,326	527,037,061
	From BBB+ to BBB–	67,555,170	133,927,360	22,383,704	4,697,490	228,563,724
SPECULATIVE GRADE	From BB+ to BB–	–	2,052,802	–	–	2,052,802
	From B+ to B–	309,712	–	–	–	309,712
	From CCC+ to CCC–	–	–	–	–	–
	From CC+ to C–	–	–	–	–	–
UNRATED	Not applicable	918,401,650	26,895,376	7,502,234	919,196	953,718,456
Total as at 31 December 2022		**1,444,217,667**	**716,259,754**	**548,569,294**	**178,891,141**	**2,887,937,856**

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

The balance identified as unrated mainly consists of tradable money market debt issued by Swiss National Bank for CHF 799.6 million (2021: nil) and loans to Swiss municipalities and cantons for CHF 91.5 million (2021: CHF 79.9 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 2022, investment securities, treasury bills and other eligible bills for an amount of CHF 538.6 million (2021: CHF 412.6 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–	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**

F8 Geographical concentration of financial assets

The Group has credit exposures outside Switzerland:

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

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

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

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**

F9 Industry sector concentration of assets

The industry sector concentration is analysed below and reflects industry sector categories used for nostro credit risk management as at balance sheet date. Comparative figures have been amended accordingly.

in CHF	Cash and treasury bills	Derivative financial instruments	Due from banks and loans	Investment securities	Total as at 31 December 2022	Total as at 31 December 2021
Financials	149,675,608	45,760,009	1,639,079,295	547,080,110	2,381,595,022	1,754,026,954
Central banks	5,291,889,392	–	–	–	5,291,889,392	5,589,152,222
Sovereign and municipalities	216,682,742	–	7,000,000	647,457,473	871,140,215	364,869,623
Subtotal	**5,658,247,742**	**45,760,009**	**1,646,079,295**	**1,194,537,583**	**8,544,624,629**	**7,708,048,799**
Communications	–	–	–	36,100,471	36,100,471	23,102,001
Consumer Discretionary	–	–	50,029,561	67,423,204	117,452,765	52,740,805
Consumer Staples	–	–	–	124,408,619	124,408,619	52,753,048
Energy	–	–	–	11,469,244	11,469,244	13,005,336
Healthcare	–	–	–	98,931,208	98,931,208	41,726,462
Individuals	–	63,441,979	746,146,196	–	809,588,175	816,671,277
Industrials	–	–	–	63,345,753	63,345,753	30,908,392
Materials	–	–	–	41,592,971	41,592,971	34,760,827
Real Estate	–	–	–	2,117,918	2,117,918	–
Supranational	–	–	–	25,559,820	25,559,820	1,418,424
Technology	–	–	–	32,293,192	32,293,192	25,265,507
Utilities	–	–	–	24,252,910	24,252,910	16,497,280
Subtotal	**–**	**63,441,979**	**796,175,757**	**527,495,310**	**1,387,113,046**	**1,108,849,359**
Other assets with no industry sector concentration					286,658,073	236,937,352
Total assets					**10,218,395,748**	**9,053,835,510**

F10 Offsetting

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

in CHF	Gross amounts of recognised financial assets	Presented in statement of financial position	Related amounts not set off/collateral (Due to customers)	Net credit exposure
DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)				
Currency forwards, precious-metals forwards and CFD derivatives	93,169,327	93,169,327	459,847,036	5,720,577
Foreign exchange swaps	15,440,032	15,440,032	2,628,808	12,811,224
Currency options	381,588	381,588	–	381,588
Total return swaps	211,041	211,041	–	211,041
Credit default swaps	–	–	–	–
Balance as at 31 December 2022	**109,201,988**	**109,201,988**	**462,475,844**	**19,124,430**
Currency forwards, precious-metals forwards and CFD derivatives	82,920,641	82,920,641	436,859,878	8,251,170
Foreign exchange swaps	9,418,376	9,418,376	1,485,705	7,932,671
Currency options	349,380	349,380	–	349,380
Credit default swaps	–	–	–	–
Balance as at 31 December 2021	**92,688,397**	**92,688,397**	**438,345,583**	**16,533,221**

in CHF	Gross amounts of recognised financial liabilities	Presented in statement of financial position
DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)		
Currency forwards, precious-metals forwards and CFD derivatives	31,919,164	31,919,164
Foreign exchange swaps	21,791,078	21,791,078
Currency options	397,270	397,270
Total return swaps	3,694,726	3,694,726
Credit default swaps	32,910	32,910
Balance as at 31 December 2022	**57,835,148**	**57,835,148**
Currency forwards, precious-metals forwards and CFD derivatives	30,270,649	30,270,649
Foreign exchange swaps	22,458,410	22,458,410
Currency options	312,449	312,449
Credit default swaps	169,445	169,445
Balance as at 31 December 2021	**53,210,953**	**53,210,953**

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 459.8 million (2021: CHF 436.9 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	2022	2021
MOVEMENTS, GROSS OF TAX, THAT DO REDUCE THE CARRYING AMOUNT OF FINANCIAL ASSETS:						
Impairment allowance under IFRS 9 as at 1 January 2022	**1,176,398**	**108,452**	**48,474,823**	**49,759,673**	**–**	**–**
Addition through acquisition	410,636	–	981,364	1,392,000	–	–
Transfers from stage 1 to stage 3	–	–	1,604,088	1,604,088	(1,604,088)	(11,135)
Transfers from stage 1 to stage 2	(2,251)	17,453	–	15,202	(15,202)	(86,662)
Derecognitions and new purchases	1,177,797	(7,095)	–	1,170,702	(1,170,702)	(24,551)
Changes in assumptions (PD, EAD and LGD)	(367,137)	(41,032)	–	(408,169)	408,169	144,584
Write-offs	–	–	(896,653)	(896,653)	–	–
Recoveries and other movements	100,000	–	(1,004,030)	(904,030)	2,278,245	645,179
Impairment allowance under IFRS 9 as at 31 December 2022	**2,495,443**	**77,778**	**49,159,592**	**51,732,813**	**–**	**–**
MOVEMENTS, GROSS OF TAX, THAT DO NOT REDUCE THE CARRYING AMOUNT OF FINANCIAL ASSETS:						
Impairment allowance under IFRS as at 1 January 2022	**–**	**–**	**–**	**–**	**–**	**–**
Derecognitions	–	–	–	–	–	334
Changes in assumptions (PD, EAD and LGD)	–	–	–	–	–	–
Total as at 31 December 2022	**2,495,443**	**77,778**	**49,159,592**	**51,732,813**	**–**	**–**
Total as at 1 January 2022	1,176,398	108,452	48,474,823	49,759,673	–	–
Credit loss (expense) / release					**(103,578)**	**667,749**

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

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 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)**

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

Currency forwards, precious-metals forwards and CFD derivatives (indices, stocks, bonds and commodities) are mainly related to open transactions of leveraged forex clientele as at 31 December 2022. 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 2021						
Assets						
Derivatives held for trading						
Currency forwards	45,885,038	7,169,743	9,150,360	–	–	62,205,141
Precious-metals forwards	15,636,093	–	–	–	–	15,636,093
Foreign exchange swaps	2,742,288	1,590,804	5,085,284	–	–	9,418,376
CFD derivatives	5,079,407	–	–	–	–	5,079,407
Currency options	53,512	128,674	167,194	–	–	349,380
Credit default swaps	–	–	–	–	–	–
Total	**69,396,338**	**8,889,221**	**14,402,838**	**–**	**–**	**92,688,397**
Liabilities						
Derivatives held for trading						
Currency forwards	8,096,981	6,853,825	8,708,010	–	–	23,658,816
Precious-metals forwards	4,888,204	–	–	–	–	4,888,204
Foreign exchange swaps	10,757,367	4,344,261	6,859,723	497,059	–	22,458,410
CFD derivatives	1,723,629	–	–	–	–	1,723,629
Currency options	11,874	116,496	184,079	–	–	312,449
Credit default swaps	–	–	50,828	118,617	–	169,445
Total	**25,478,055**	**11,314,582**	**15,802,640**	**615,676**	**–**	**53,210,953**

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 2022				
Capital expenditure commitments	5,273,622	93,497,754	9,205,242	107,976,618
Loan commitments	40,268,000	–	–	40,268,000
Funding commitments	9,500,000	–	–	9,500,000
Total	**55,041,622**	**93,497,754**	**9,205,242**	**157,744,618**
AS AT 31 DECEMBER 2021				
Loan commitments	36,744,000	–	–	36,744,000
Funding commitments	4,500,000	5,000,000	–	9,500,000
Finance lease commitments	1,329,316	–	–	1,329,316
Total	**42,573,316**	**5,000,000**	**–**	**47,573,316**

Capital expenditure commitments

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

Loan commitments

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

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 the other venturer.

Finance lease commitments

Finance lease commitments represent unused but firm and irrevocable commitments to grant finance lease credits.

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 2022. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

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

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**

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

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 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
Financial liabilities designated at fair value	–	–	–	–	–
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**

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 2022			
+ 5% variation	USD	EUR	Others
Net impact before income tax expense	**(32)**	**(16)**	**(79)**
– 5% variation			
Net impact before income tax expense	**32**	**16**	**79**

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)**

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 (2021: 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 2022	Income statement (profitability effect)	Equity (net present value effect)	Income statement (profitability effect)	Equity (net present value effect)
CHF	68,970	32,671	(36,552)	(30,829)
EUR	11,534	1,781	(5,120)	1,093
USD	20,271	14,559	(19,110)	(12,981)
Others	2,814	(2,218)	(3,532)	2,225
Total impact before income tax expense	**103,589**	**46,793**	**(64,314)**	**(40,492)**
As at 31 December 2021	63,500	15,584	(16,253)	(11,241)

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

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

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

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

H4 Equity market risk

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

Trading assets mainly comprise 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 35.3 billion (2021: CHF 40.5 billion) while fiduciary placements with third-party institutions amount to CHF 4.0 billion (2021: CHF 2.3 billion).

I2 Cryptocurrencies/crypto exchange trading, custody and staking services

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

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

Certain cryptocurrencies enable holders to earn rewards by participating in the governance protocol of their blockchain network, such as through staking activities. In this context, the Group may delegate to third-party service providers the staking services. These third-party service providers operate staking nodes on blockchain networks utilising cryptocurrencies and pass through rewards received to our customers.

Notes to the consolidated financial statements

Section VII: Other notes to the consolidated financial statements

1 Cash and cash equivalents

in CHF	2022	2021
Cash and balances with central banks	4,492,342,779	5,589,152,222
Treasury bills and other eligible bills	1,165,904,963	242,290,309
Due from banks	1,627,923,294	1,335,970,068
Deposits from banks	(366,399,780)	(247,605,557)
Total net	**6,919,771,256**	**6,919,807,042**
Less: treasury bills and other eligible bills (above 3 months)	(165,103,623)	(151,294,278)
Less: due from banks (above 3 months)	(707,118,890)	(413,906,338)
Plus: impairment allowance	464,697	359,638
Cash and cash equivalents as at 31 December	**6,048,013,440**	**6,354,966,064**

Cash and balances with central banks comprise CHF 2.3 billion deposits with Swiss National Bank (2021: CHF 5.5 billion), CHF 108.6 million with Banque centrale du Luxembourg (2021: CHF 53.5 million) and CHF 2.1 billion reverse repurchase agreements transacted with Swiss National Bank (2021: nil). These reverse repurchase agreements show maturities usually of one day to one week and ensure an interest rate that is close to the central bank policy rate.

Treasury bills and other eligible bills comprise CHF 799.6 million of Swiss National Bank bills (designated as "SNB bills") (2021: nil) and CHF 91.5 million of short-term receivables (below 12 months) from Swiss municipalities and cantons (2021: CHF 79.9 million). The SNB bills are money market debt register claims issued by the Swiss National Bank, with a 2-4-week term in general.

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 267.1 million (2021: CHF 305.3 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			
Currency forwards	65,680,428	25,067,827	2,746,715,570
Precious-metals forwards	15,621,919	5,168,930	669,945,320
Foreign exchange swaps	15,440,032	21,791,078	3,039,187,463
CFD derivatives	11,866,980	1,682,407	440,122,097
Currency options	381,588	397,270	3,411,793
Total return swaps	211,041	3,694,726	74,726,843
Credit default swaps	–	32,910	115,563,750
Total as at 31 December 2022	**109,201,988**	**57,835,148**	**7,089,672,836**

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

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

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

3 Trading assets

in CHF	2022	2021
Investment funds	1,882,326	2,340,462
Equities	302,412	2,652,207
Structured products and other trading assets	499,286	864,222
Total trading assets as at 31 December	**2,684,024**	**5,856,891**

4 Due from banks

in CHF	2022	2021
Due from banks	1,629,501,047	1,336,827,345
Impairment allowance	(1,577,753)	(857,277)
Total due from banks as at 31 December	**1,627,923,294**	**1,335,970,068**

5 Loans

a. Loans

in CHF	2022	2021
Lombard loans and similar loans	653,386,663	711,935,180
Finance lease receivables	99,846,850	44,799,957
Others (including loans to public authorities)	110,229,291	111,047,592
Impairment allowance	(49,131,046)	(48,188,806)
Total loans as at 31 December	**814,331,758**	**819,593,923**

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

b. Finance lease receivables

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

in CHF	Total minimum lease payments[1]	Unearned finance income	Present value
2023	16,140,255	2,553,066	13,587,189
2024-2027	91,438,531	5,178,870	86,259,661
Total as at 31 December 2022	**107,578,786**	**7,731,936**	99,846,850
Total as at 31 December 2021	48,333,948	3,533,991	44,799,957

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

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

The increase in investment securities was mainly driven by purchases of high credit quality bonds, bringing the average duration of the investment securities portfolio to approximately 3 years. The difference between the carrying value and the fair value is mainly explained by the impact of the changes in interest rate environment.

7 Investment in joint venture

As at 31 December 2022, the Group holds 50% interest in a Swiss-based company designated as Yuh Ltd (2021: 50%). The investment in the joint venture is considered not material in regards to the Group's consolidated financial figures. The carrying amount of the investment in the consolidated financial statements is presented below:

in CHF	2022	2021
Carrying amount as at 1 January	11,159,753	–
Additions	–	12,753,847
Net result from investment in joint venture	(6,699,181)	(1,594,094)
Carrying amount as at 31 December	**4,460,572**	**11,159,753**

8 Intangible assets and business combination

in CHF	Goodwill	Customer relationships	Total
GROSS VALUE			
As at 1 January 2021	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
Addition	11,940,800	–	11,940,800
Currency translation differences	(683,952)	–	(683,952)
Other changes	–	–	–
As at 31 December 2022	**55,784,621**	**–**	**55,784,621**
ACCUMULATED DEPRECIATION			
As at 1 January 2021	–	(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	–	–	–
Depreciation/amortisation	–	–	–
Other changes	–	–	–
As at 31 December 2022	**–**	**–**	**–**
Net book value as at 31 December 2022	**55,784,621**	**–**	**55,784,621**
Net book value as at 31 December 2021	44,527,773	–	44,527,773

The addition of CHF 11.9 million relates to the acquisition of Keytrade Bank Luxembourg SA (see next page).

8 Intangible assets and business combination (continued)

Acquisition of Keytrade Bank Luxembourg SA

On 29 April 2022, the Group completed the acquisition of 100% of the share capital of Keytrade Bank Luxembourg SA ("Keytrade"). Keytrade was subsequently merged with Swissquote Bank Europe SA ("SQBE"), an existing Group entity also incorporated in Luxembourg. At the same time, Keytrade's customers were migrated to Swissquote's platform.

The business combination was carried out as part of the European growth strategy of the Group. With approximately 8,000 customers and total client assets of CHF 1.7 billion, this acquisition enabled the Group to establish its regional footprint and gain market share in the European Union.

Consideration agreed for the acquisition was EUR 35.2 million (CHF 36.1 million) and was paid fully in cash at closing date. The result of the acquisition is detailed as follows:

in CHF	Fair value
Cash and balances with central bank	235,472,767
Due from banks	100,511,541
Loans	15,173,537
Deferred income tax assets	152,339
Other assets	103,488
Due to customers	(325,594,228)
Other liabilities	(690,926)
Current income tax liabilities	(720,525)
Provisions	(208,928)
Net assets acquired	**24,199,065**
Goodwill (intangible assets)	11,940,800
Total consideration	**36,139,865**
of which satisfied by cash	36,139,865
Purchase consideration settled in cash	36,139,865
Cash and cash equivalents in subsidiary acquired	335,984,308
Cash inflow on acquisition	**299,844,443**

The Group measured separately the recognisable identified assets acquired and the liabilities assumed as of the acquisition date in accordance with the requirement of IFRS 3. The total identifiable net assets of Keytrade were measured at CHF 24.2 million and the goodwill was valued at CHF 11.9 million (EUR 11.6 million). None of the goodwill recognised is expected to be deductible for income tax purposes.

For the purpose of impairment testing, the goodwill related to Keytrade business combination was allocated to the existing cash-generating unit of SQBE, which is expected to benefit from the synergies of the corresponding business combination.

Acquisition-related costs amounted to approximately CHF 1.2 million and were recognised in operating expenses (out of which CHF 0.8 million in 2022).

8 Intangible assets and business combination (continued)

The Group performed impairment tests of goodwill at the end of the 2021 and 2022 financial years. For the purpose of impairment testing, goodwill has been allocated to the relevant cash-generating unit which is expected to benefit from the synergies of the corresponding business combination.

The impairment tests are based on calculations of value in use. Cash flow projections are based on actual operating results and financial budgets. Cash beyond the considered period is extrapolated using estimated long-term growth rates (if applicable). Future cash flows are discounted based on the weighted average cost of capital (WACC) or cost of equity respectively, taking into account risks that are specific to the cash-generating unit tested for impairment and historical industry average. As at 31 December 2022, the discount rates used were based on relevant observable market long-term government bonds plus a risk premium.

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

Type	Goodwill	Goodwill
Date of acquisition	2010, 2013	2019, 2022
Business acquired	ACM Advanced Currency Markets Ltd MIG Bank Ltd	Swissquote Bank Europe SA [1] and Keytrade Bank Luxembourg SA [1]
Carrying amount	CHF 38,989,066 (2021: same)	CHF 16,795,555 (2021: CHF 5,538,707)
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	5 years + terminal value
Long-term growth rate of free cash flows	1.00%	2.00%
Discount rate	9.01% (2021: 7.50%)	9.97% (2021: 7.50%)
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 2022, the estimated recoverable amount exceeds the carrying amount (2021: 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 2021	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	–	(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**
Addition and others	2,209,610	37,751,859	3,845,789	43,807,258
Other changes	(1,134,376)	(16,797,777)	(1,985,582)	(19,917,735)
As at 31 December 2022	**6,748,036**	**118,508,578**	**10,162,797**	**135,419,411**
ACCUMULATED DEPRECIATION				
As at 1 January 2021	(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)**
Depreciation/amortisation	(1,311,376)	(20,920,537)	(3,082,247)	(25,314,160)
Other changes	1,134,376	16,797,777	1,985,582	19,917,735
As at 31 December 2022	**(1,841,197)**	**(53,256,144)**	**(5,064,042)**	**(60,161,383)**
Net book value as at 31 December 2022	**4,906,839**	**65,252,434**	**5,098,755**	**75,258,028**
Net book value as at 31 December 2021	4,008,605	48,421,112	4,335,213	56,764,930

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 2022, additions to information technology systems include an amount of CHF 25.0 million (2021: CHF 14.5 million) representing own costs capitalised according to IAS 38.

Other changes of CHF 19.9 million (2021: CHF 19.5 million) are related to fully depreciated items which are derecognised because no future economic benefits are expected from their use.

10 Property, plant and equipment

in CHF	Land and buildings	Right-of-use assets	Leasehold improvements	Equipment	Total
GROSS VALUE					
As at 1 January 2021	73,304,148	17,153,283	3,391,883	2,651,078	96,500,392
Addition	–	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**
Addition and others	3,523,782	2,070,199	3,064,555	1,334,965	9,993,501
Other changes	–	(376,950)	(96,028)	(91,721)	(564,699)
As at 31 December 2022	**76,827,930**	**22,574,410**	**7,178,238**	**4,589,131**	**111,169,709**
ACCUMULATED DEPRECIATION					
As at 1 January 2021	(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)**
Depreciation/amortisation	(2,100,697)	(3,814,470)	(906,256)	(631,781)	(7,453,204)
Other changes	–	376,950	96,028	91,721	564,699
As at 31 December 2022	**(25,552,383)**	**(9,246,225)**	**(2,115,302)**	**(1,749,209)**	**(38,663,119)**
Net book value as at 31 December 2022	**51,275,547**	**13,328,185**	**5,062,936**	**2,839,922**	**72,506,590**
Net book value as at 31 December 2021	49,852,462	15,072,456	2,904,637	2,136,738	69,966,293

As at 31 December 2022, right-of-use assets mainly comprise of CHF 13.2 million (2021: CHF 14.9 million) relating to leased office space.

Other changes of CHF 0.6 million (2021: CHF 1.2 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.

Reference is made to Note 25 for the contractual capital expenditure commitments relating to the extension of the Group's headquarters in Gland, Switzerland.

11 Other assets

in CHF	2022	2021
Trade receivables	21,063,121	6,122,695
Accrued income	13,522,394	3,842,015
Prepaid expenses	5,655,993	4,464,422
Recoverable withholding tax	3,773,539	3,632,837
Precious metals	30,555,542	26,759,776
Total as at 31 December	**74,570,589**	**44,821,745**

12 Financial liabilities designated at fair value

in CHF	2022	2021
Self-issued structured products - listed	43,621,624	n/a
Self-issued structured products - unlisted	27,691,999	n/a
Total as at 31 December	**71,313,623**	**n/a**

The Group started issuing structured products in 2022, mostly barrier reverse convertibles (BRC).
As the redemption amount on the structured products is linked to changes in the underlying instruments, the Group cannot determine the difference between the carrying amount and the amount the Group would be contractually required to pay at maturity to the holder of the structured products.

13 Due to customers

in CHF	2022	2021
Securities trading accounts	8,400,672,723	7,518,373,054
Leveraged forex accounts	459,847,036	436,859,878
Total as at 31 December	**8,860,519,759**	**7,955,232,932**

14 Other liabilities

in CHF	2022	2021
Accrued expenses	33,690,435	54,781,924
Social security, pension plan and other social charges	15,447,104	42,329,029
Account payables	13,838,858	21,555,053
Lease liabilities	13,489,798	15,331,273
Withholding tax to be paid and other taxes	10,840,596	12,814,014
Deferred revenues	2,786,090	4,675,480
Total as at 31 December	**90,092,881**	**151,486,773**

Accrued expenses comprise an amount of CHF 10.1 million related to variable remuneration (2021: CHF 23.3 million).

15 Taxation

a Deferred income tax assets

in CHF	Sources of deferred taxes: Pension-plan-related provision	Sources of deferred taxes: Other temporary differences	Total
BALANCE AS AT 1 JANUARY 2021	2,861,168	147,272	3,008,440
In connection with remeasurement of defined benefit obligation	887,640	–	887,640
In connection with remeasurement of impairment allowance and other accounting policies	–	(56,113)	(56,113)
Balance as at 31 December 2021	**3,748,808**	**91,159**	**3,839,967**
In connection with remeasurement of defined benefit obligation	(2,607,264)	–	(2,607,264)
In connection with remeasurement of impairment allowance and other accounting policies	–	101,125	101,125
In connection with change in tax rate	57,674	2,147	59,821
Balance as at 31 December 2022	**1,199,218**	**194,431**	**1,393,649**

in CHF	2022	2021
Difference in connection with remeasurement of pension plan	1,199,218	3,748,808
Difference in connection with remeasurement of impairment allowance and other accounting policies	194,431	91,159
Total	**1,393,649**	**3,839,967**

b Deferred tax liabilities

in CHF	Sources of deferred taxes: Temporary differences	Total
BALANCE AS AT 1 JANUARY 2021	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**
		–
Difference in applicable tax rate	10,393	10,393
Differences in the capitalisation, depreciation and other accounting policies	(98,823)	(98,823)
Balance as at 31 December 2022	**1,582,439**	**1,582,439**

in CHF	2022	2021
Fair-valued assets of acquisition of subsidiaries (business combination)	436,947	490,175
Differences in the capitalisation, depreciations and other accounting policies[1]	1,145,492	1,180,694
Total as at 31 December	**1,582,439**	**1,670,869**

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

15 Taxation (continued)

c Current income tax liabilities

in CHF	2022	2021
Related to parent company	3,012,053	2,861,375
Related to Swissquote Bank Ltd	16,308,600	13,955,245
Related to other subsidiaries	3,727,815	1,343,894
Total as at 31 December	**23,048,468**	**18,160,514**

As at 31 December 2022, unrecognised tax loss carryforwards represented an equivalent amount of CHF 4.4 million and had an expiry period of at least 5 years (2021: CHF 3.2 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	2022	2021
Current-year income tax expense	28,844,310	29,714,700
Change in deferred income tax assets	(62,398)	289,817
Change in deferred tax liabilities	211,484	224,241
Total	**28,993,396**	**30,228,758**

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

in CHF	2022	2021
RECONCILIATION OF TAXES		
Operating profit	186,387,153	223,341,907
Income tax expense computed at average tax rate in Switzerland (13.2%)	24,603,104	29,034,448
Increase/(decrease) in income taxes resulting from:		
Higher/(lower) taxed income	140,415	219,281
Non-Swiss tax rates differing from Swiss tax rate	1,651,837	302,972
Tax effect of losses not recognised in foreign locations	118,508	(272,981)
Non-deductible tax expenses	1,219,901	667,102
Additional taxable income	197,565	277,936
Tax provision adjustment	1,100,000	–
Remeasurement of deferred tax – change in tax rate	(37,934)	–
Total	**28,993,396**	**30,228,758**

In 2022, the average tax rate was 13.2% (2021: 13.0%). The average tax rate may vary depending on the profit mix across the various jurisdictions. The effect of non-Swiss tax rates differing from Swiss tax rate is predominantly explained by the Luxembourg-based entity.

16 Provisions

in CHF	2022	2021
BALANCE AS AT 1 JANUARY	**11,008,579**	8,053,334
Increase	897,597	3,571,573
Used/reversed	(5,332,977)	(520,502)
Exchange differences	(97,643)	(95,826)
Balance as at 31 December	**6,475,556**	**11,008,579**

Provisions relate to provisions for litigation, legal, regulatory and similar matters. The risk of loss associated with these matters is the result of the increasingly complex legal and regulatory environment in which the Group operates. The outcome of many of these matters, the timing of resolutions, and the potential effects of resolutions on financial results are extremely difficult to predict. In 2022, the Group could release provisions that were assessed as not economically necessary anymore due to passage of time.

17 Pension
a Pension plan

The Group operates a defined benefit plan in Switzerland and defined contribution plans in foreign locations. All plan assets are held in trusts that are governed by local regulations and practice in each country. As at 31 December 2022, 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 2022, this rate was 1.00% per annum (2021: similar).

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

	2022	2021
Discount rate	2.20%	0.25%
Rate of future increase in compensations	1.75%	1.00%
Interest rate credited on savings accounts	2.20%	1.00%
Pension indexation	0.00%	0.00%
Inflation rate	1.50%	0.75%
Mortality tables	BVG 2020GT	BVG 2020GT
Retirement age	65 (male)/64 (female)	65 (male)/64 (female)
Turnover	10.5% on average	10.5% on average

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

Pension obligations and costs are presented as negative amounts.

17 Pension (continued)
b Defined benefit pension plans

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

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	(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)		

17 Pension (continued)

b Defined benefit pension plans (continued)

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

c Categories of plan assets (fair value)

in CHF thousand	2022	2021
Debt instruments (listed)	43,706	38,545
Equity instruments (listed)	18,363	14,388
Cash	6,510	12,184
Real estate (listed)	5,212	4,376
Qualified insurance policies	1,228	1,583
Commodities (listed)	1,356	1,253
Total as at 31 December	**76,375**	**72,329**

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 2022, the discount rate is based on an average duration of 19.9 years, which corresponds to the modified duration calculated based on the future expected benefit payments.

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

As at 31 December 2022, the actuarial analysis established that an increase or a decrease of 0.25% in discount rate would lead to a maximum change of CHF 3.4 million (2021: CHF 5.6 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 0.9 million (2021: CHF 1.5 million).

The estimates of Employer's contributions and Employees' contributions for 2023 are expected to be close to the contributions identified in 2022 with the assumption of a stable Swiss headcount scenario.

18 Equity
18.1 Share capital
a Number of shares in 2022

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

b 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	–	0.20
Amount authorised (CHF)	**400,000**	**(100,000)**	**–**	**300,000**

18 Equity (continued)
18.2 Share option reserve (employee stock options plan)
a Components of share option reserve

	Share option reserve components			
in CHF	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	2022	2021
BALANCE AS AT 1 JANUARY	7,036,832	(3,882,458)	3,154,374	2,557,489
Stock options lapsed, forfeited or exercised	(819,099)	–	(819,099)	(1,729,008)
Fair value of current-year allocation	4,528,691	(4,528,691)	–	–
Amortisation of services	–	3,002,859	3,002,859	2,325,893
Balance as at 31 December	**10,746,424**	**(5,408,290)**	**5,338,134**	**3,154,374**

The fair value of stock options granted during 2022 was CHF 4,528,691 when the Group recognised a share option expense of CHF 3,002,859.

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	2022	2021
19	3/3	–	–	–	56,242
20	2/3	–	–	–	119,222
20	3/3	157,050	–	157,050	207,397
21	1/3	–	–	–	124,067
21	2/3	131,060	–	131,060	221,795
21	3/3	324,636	–	324,636	341,949
22	1/3	351,156	–	351,156	432,600
22	2/3	576,696	–	576,696	464,843
22	3/3	619,544	(127,869)	491,675	295,076
23	1/3	998,380	–	998,380	395,596
23	2/3	1,388,777	(424,243)	964,534	275,151
23	3/3	1,670,434	(897,706)	772,728	220,436
24	n/a	4,528,691	(3,958,472)	570,219	–
As at 31 December		**10,746,424**	**(5,408,290)**	**5,338,134**	**3,154,374**

18 Equity (continued)

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

b Employee stock option plan – historical allocations

The Group operates a stock option plan under which it makes options in common stock available to the Group's employees at the discretion of the Board. Since the creation of the plan in 1999, a total of 24 allocation schemes (out of which five are still unexpired) have been offered. Optionees whose work contract is terminated lose their rights to options outstanding unless the Board resolves otherwise.

Before 2022, the options were subject to a three-year vesting schedule with 1/3 of the options becoming exercisable on the first, second and third anniversaries of grant.

Since 2022, the three-year vesting schedule remains but all of the options become exercisable on the third anniversary of the grant. Also, the exercise period is two years.

The terms and maturities of the non-lapsed allocations as at 31 December 2022 are summarised below.

				Exercise period		Analysis of status		
Allocation	Tranche	Strike price (CHF)	Oustanding stock options	Start	End	In the money	In exercise period	In the money & exercise period
20	3/3	68.81	15,650	August 21	August 23	15,650	15,650	15,650
21	2/3	49.89	22,562	August 21	August 23	22,562	22,562	22,562
	3/3	49.89	57,668	August 22	August 24	57,668	57,668	57,668
22	1/3	95.00	28,276	August 21	August 23	28,276	28,276	28,276
	2/3	95.00	47,747	August 22	August 24	47,747	47,747	47,747
	3/3	95.00	53,861	August 23	August 25	53,861	–	–
23	1/3	185.00	54,326	August 22	August 24	–	54,326	–
	2/3	185.00	54,510	August 23	August 25	–	–	–
	3/3	185.00	54,498	August 24	August 26	–	–	–
24	n/a	145.00	184,920	August 25	August 27	–	–	–
Total			**574,018**			**225,764**	**226,229**	**171,903**

18 Equity (continued)

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

c Twenty-forth 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 2022 allocation). One option grants the right to acquire one share.

Date of grant	15 August 2022
Strike price (CHF)	145.00
Start of exercise period (years from date of grant)	3
Max. duration of exercise period (years)	2

Data on options granted and option price:	
Total number of options initially granted	184,920
Of which granted to Executive Management	17,500
Of which granted to other employees	167,420
Spot price at grant (CHF)	128.00
Volatility	36.72%
Fair value per option (CHF)	24.49

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

18 Equity (continued)
18.2 Share option reserve (employee stock options plan) (continued)
d Movement in stock options granted

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

	Allocation								
	18th	19th	20th	21st	22nd	23rd	24th	Total	Conditional shares available for exercise
Strike price (CHF)	**25.95**	**34.02**	**68.81**	**49.89**	**95.00**	**185.00**	**145.00**		
Share price as at 31 December 2022 (CHF)	**133.50**	**133.50**	**133.50**	**133.50**	**133.50**	**133.50**	**133.50**		
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**
BALANCE AS AT 1 JANUARY 2022	–	10,701	32,474	135,345	146,312	166,359	–	491,191	960,000
Grants	–	–	–	–	–	–	184,920	184,920	–
Exercises covered by:									
The issue of new shares	–	–	–	–	–	–	–	–	–
Treasury shares	–	(10,113)	(16,689)	(54,369)	(14,081)	–	–	(95,252)	–
Lapsed/forfeited	–	(588)	(135)	(746)	(2,347)	(3,025)	–	(6,841)	–
Balance as at 31 December 2022	**–**	**–**	**15,650**	**80,230**	**129,884**	**163,334**	**184,920**	**574,018**	**960,000**
Conditional shares available for exercise									960,000
Less: outstanding stock options									(574,018)
Intermediary balance (including conditional shares)									**385,982**
Number of treasury shares available as at 31 December 2022									386,763
Balance of shares available for future grants									**772,745**

As at 31 December 2022, the 574,018 outstanding options are related to employee stock option plan (out of which 171,903 are in the money and exercise period). This plan is mainly covered by treasury shares.

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

in CHF	Allocation							
	18th	19th	20th	21st	22nd	23rd	24th	Total
BALANCE AS AT 1 JANUARY 2021	58,593	311,379	960,620	1,206,561	2,075,168	–	–	4,612,321
Grants	–	–	–	–	–	4,153,519	–	4,153,519
Exercises: new shares	–	–	–	–	–	–	–	–
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**
BALANCE AS AT 1 JANUARY 2022	–	56,243	326,619	774,247	1,746,973	4,132,750	–	7,036,832
Grants	–	–	–	–	–	–	4,528,691	4,528,691
Exercises: new shares	–	–	–	–	–	–	–	–
Exercises: treasury shares	–	(53,153)	(168,206)	(314,289)	(172,307)	–	–	(707,955)
Lapsed/forfeited	–	(3,090)	(1,363)	(4,262)	(27,270)	(75,159)	–	(111,144)
Balance as at 31 December 2022	**–**	**–**	**157,050**	**455,696**	**1,547,396**	**4,057,591**	**4,528,691**	**10,746,424**

f Strike value of stock options outstanding and movements

in CHF	Allocation							
	18th	19th	20th	21st	22nd	23rd	24th	Total
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**
BALANCE AS AT 1 JANUARY 2022	–	364,047	2,234,537	6,752,362	13,899,640	30,776,415	–	54,027,001
Grants	–	–	–	–	–	–	26,813,400	26,813,400
Exercises: new shares	–	–	–	–	–	–	–	–
Exercises: treasury shares	–	(344,044)	(1,148,371)	(2,712,469)	(1,337,695)	–	–	(5,542,579)
Lapsed/forfeited	–	(20,003)	(9,290)	(37,218)	(222,965)	(559,625)	–	(849,101)
Balance as at 31 December 2022	**–**	**–**	**1,076,876**	**4,002,675**	**12,338,980**	**30,216,790**	**26,813,400**	**74,448,721**

18 Equity (continued)

18.3 Other reserve

in CHF	FVOCI & FVOCI equities	Defined benefit obligation	Currency translation differences	Total
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)**
BALANCE AS AT 1 JANUARY 2022	2,865,780	(17,348,539)	(4,355,169)	(18,837,928)
Revaluation of FVOCI equities – gross	(2,272,079)	–	–	(2,272,079)
Revaluation of FVOCI equities – tax effect	299,914	–	–	299,914
Remeasurement of defined benefit obligation – gross	–	18,060,000	–	18,060,000
Remeasurement of defined benefit obligation – tax effect	–	(2,383,920)	–	(2,383,920)
Currency translation differences	–	–	(4,694,327)	(4,694,327)
Balance as at 31 December 2022	**893,615**	**(1,672,459)**	**(9,049,496)**	**(9,828,340)**

18 Equity (continued)
18.4 Treasury shares

	2022	2021
Beginning of the year (shares)	**343,227**	**513,890**
Purchase	**144,734**	**45,076**
Unit price ranging from CHF	90.75 to 183.20	87.85 to 181.20
Sale	–	–
Unit price ranging from CHF		
Remittance to optionees/grant of shares	**(101,198)**	**(215,739)**
Unit price ranging from CHF	34.02 to 200.50	25.95 to 163.60
End of the year (shares)	**386,763**	**343,227**
Total as at 31 December (CHF)	**40,106,180**	**27,656,922**
% of the issued shares	2.52%	2.24%

The balance of 386,763 treasury shares is primarily held for the purpose of covering employees' share and option plans (outstanding options: 574,018). During 2022, the Group granted and allocated for free a total of 5,946 shares (2021: 5,124) to employees (blocked for a 5-year period) and Board members (blocked for a 3-year period).

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

in CHF	2022	2021	2020	2019	2018
Payout per share	2.20[1]	2.20	1.50	1.00	1.00

[1] Proposal of the Board of Directors

19 Net fee and commission income

in CHF	2022	2021
Brokerage and related income	130,740,083	245,069,613
Custody and other account services fees	28,835,980	25,040,989
Management fees and referral fees	11,522,812	9,446,492
Platform, technology and support services fees	18,800,709	6,247,718
Other commission income	7,751,023	3,925,685
Total fee and commission income	**197,650,607**	**289,730,497**
Fee and commission expenses	(21,067,568)	(26,495,997)
Total net fee and commission income	**176,583,039**	**263,234,500**

In 2022, the presentation of this note was improved to better reflect the types of fee and commission income. Comparative figures for 2021 were changed accordingly.

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

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

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

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

20 Net interest income

in CHF	Activities excluding FX swaps	FX swaps	2022	2021
Interest income				
Cash and balances with central banks	3,118,272	–	3,118,272	–
Treasury bills and other eligible bills	1,386,032	–	1,386,032	–
Due from banks	19,134,308	–	19,134,308	1,871,574
Loans and due to customers	25,997,372	–	25,997,372	21,640,335
Investment securities	14,993,040	–	14,993,040	6,057,559
Total interest income	**64,629,024**	**–**	**64,629,024**	**29,569,468**
Interest expense				
Cash and balances with central banks, treasury bills and loans	(6,133,267)	(10,718,341)	(16,851,608)	(26,142,459)
Due to banks and due from banks	(3,601,531)	–	(3,601,531)	(4,000,618)
Investment securities	(1,202,137)	–	(1,202,137)	(1,346,336)
Due to customers and others	(824,275)	–	(824,275)	(218,427)
Total interest expense	**(11,761,210)**	**(10,718,341)**	**(22,479,551)**	**(31,707,840)**
Other interest income				
Derivative financial instruments	–	35,170,312	35,170,312	18,716,385
Loans	240,070	–	240,070	526,250
Total other interest income	**240,070**	**35,170,312**	**35,410,382**	**19,242,635**
Other interest expense				
Derivative financial instruments	(1,114,469)	(2,975,394)	(4,089,863)	(1,292,422)
Total other interest expense	**(1,114,469)**	**(2,975,394)**	**(4,089,863)**	**(1,292,422)**
Total net interest income	**51,993,415**	**21,476,577**	**73,469,992**	**15,811,841**

As at 31 December 2022, negative interest impact is as follows:

in CHF	2022	2021
Negative interest on liabilities	3,507,711	3,828,043
Negative interest on assets	(20,081,513)	(30,337,918)
Total	**(16,573,802)**	**(26,509,875)**
Cost of negative interest rates (excluding FX swaps)	(5,855,461)	(7,343,462)

Net interest income benefitted from rises in market interest rates (e.g. CHF reference rates started the year at –0.75% and ended at +1.0%). In this context, negative interest impact was much lower than previous year. Negative interest on liabilities is included in interest income and negative interest on assets is part of interest expense and relates mainly to CHF.

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

21 Net trading income

in CHF	2022	2021
Foreign exchange revenues:		
From leveraged forex	103,919,345	121,305,356
From other foreign exchange income	54,449,131	70,432,877
Unrealised fair value gains/(losses):		
From trading assets	(590,669)	265,438
From others	(156,267)	(54,312)
Realised gains/(losses):		
From trading assets and investment securities	471,898	806,839
Net trading income	**158,093,438**	**192,756,198**

Foreign exchange revenues from leveraged forex represent mainly spreads paid by customers in respect of the opening and closing of positions in contracts-for-differences and in over-the-counter foreign exchange. Out of CHF 103.9 million (2021: CHF 121.3 million), CHF 17.8 million (2021: CHF 20.9 million) are related to the funding charges paid by clients when holding contracts and represent non-transaction based income.

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

Disaggregation of revenues: of the total balance of net trading income of CHF 158.1 million, CHF 103.9 million was allocated to the reportable segment designated as "Leveraged forex" (remaining balance: Securities trading).

22 Operating expenses

in CHF	2022	2021
Payroll and related expenses	103,128,004	124,592,036
Other operating expenses	55,126,547	55,830,102
Depreciation and amortisation	32,767,364	31,295,822
Marketing expenses	27,015,196	29,943,672
Provisions	(3,080,554)	5,872,655
Total	**214,956,557**	**247,534,287**

During 2022, the Group could release part of the provision for litigation, legal, regulatory and similar matters.

Payroll and related expenses consist of:

in CHF	2022	2021
Wages and salaries	111,964,893	120,476,637
Social security costs	11,754,284	11,072,697
Pension costs (defined benefit and defined contribution)	4,430,176	7,509,305
Subtotal	**128,149,353**	**139,058,639**
Less: capitalised costs	(25,021,349)	(14,466,603)
Total	**103,128,004**	**124,592,036**
Headcount (FTE) - year-end average	1,004	878

With the development of international activities of the Group, wages and salaries comprise a balance of CHF 14.4 million, which is not subject to Swiss social security (2021: CHF 13.9 million).

The capitalised costs relate to internally generated computer software capitalised according to IAS 38 (Note 9). The increase in 2022 is mainly linked to the increase in the FTE in the technology-related teams, combined with the increase in the number of strategic projects during the year.

23 Earnings per share

Basic

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

	2022	2021
Net profit (CHF)	157,393,757	193,113,149
Weighted average number of ordinary shares in issue	14,973,139	14,904,791
Earnings per share (CHF)	**10.51**	**12.96**

Diluted

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

	2022	2021
Net profit (CHF)	157,393,757	193,113,149
Weighted average number of ordinary shares	14,973,139	14,904,791
Adjustments for share options	93,198	163,773
Weighted average number of ordinary shares for diluted earnings per share	15,066,337	15,068,564
Diluted earnings per share (CHF)	**10.45**	**12.82**

24 Related-party transactions

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

Transactions with key management personnel

in CHF	2022	2021
KEY MANAGEMENT COMPENSATION		
Short-term employee benefits	5,425,871	6,581,930
Post-employment benefits	688,630	888,673
Total	**6,114,501**	**7,470,603**
Of which:		
Share-based payment (market value)	**675,150**	**763,975**
Loans	6,158,858	5,098,419
Due to customers	11,081,655	12,486,350
Interest income	213,607	220,587
Interest expense	301	36

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

Transactions with joint ventures

in CHF	2022	2021
Contributions	–	12,753,847
Outstanding receivables	11,346,330	265,643
Due to customers	11,220	5,248
Revenues	14,696,972	4,062,097
Funding commitments	9,500,000	9,500,000

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

Transaction with other related parties

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

25 Off-balance sheet commitments

in CHF	2022	2021
Capital expenditure commitments	107,976,618	–
Loan commitments	40,268,000	36,744,000
Funding commitments	9,500,000	9,500,000
Finance lease commitments	–	1,329,316
Total	**157,744,618**	**47,573,316**

Capital expenditure commitments

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

The value of the contract is CHF 112.7 million, including applicable VAT. The construction should start at the earliest in 2024 and last three years, but is subject to the delivery by public authorities of the required construction permits. Reference is made to Note G4.

Up to 31 December 2022, the Group made an aggregate payment of CHF 4.7 million to the construction company. Swissquote has the right to withdraw from the contract at anytime, subject to the payment by Swissquote of an amount of the work already performed up to the date of withdrawal.

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.

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 the other venturer.

Finance lease commitments

Finance lease commitments represent unused but firm and irrevocable commitments to grant finance lease credits.

Client assets

Reference is made to Note 26.

26 Client assets

Assets under management (FINMA definition)

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

in CHF	2022	2021
Assets with management/investment advisory mandate	330,203,082	421,866,809
Assets in self-managed collective investments instruments	39,168,209	48,514,295
Total as at 31 December	**369,371,291**	**470,381,104**
Of which double counts	–	–

in CHF	2022	2021
Change attributable to net new money	(3,541,581)	49,673,005
Change attributable to market value	(97,468,232)	122,157,075
Total change in assets under management	**(101,009,813)**	**171,830,080**

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. The figures presented in the table below exclude the assets from customers of the joint venture Yuh Ltd.

in CHF	2022	2021
Trading assets [1]	51,094,264,905	54,696,040,336
Saving assets	230,907,949	245,754,646
eForex assets	459,847,036	436,859,878
Robo-Advisory assets	403,949,859	511,066,186
Total client assets as at 31 December	**52,188,969,749**	**55,889,721,046**
Assets not deposited with the Group	(1,210,801,681)	(1,285,687,934)
Total assets under custody as at 31 December	**50,978,168,068**	**54,604,033,112**

[1] Of which crypto assets: CHF 1.0 billion (2021: CHF 2.8 billion)

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

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

			Number of stock options				
	Number of shares 2022	Number of shares 2021	2023	2024	2025	2026	2027
SHAREHOLDINGS							
Markus Dennler, Chairman of the Board	32,549	32,148	–	–	–	–	–
Monica Dell'Anna, member of the Board	2,592	2,000	–	–	–	–	–
Demetra Kalogerou, member of the Board	232	–	–	–	–	–	–
Beat Oberlin, member of the Board	4,036	3,786	–	–	–	–	–
Jean-Christophe Pernollet, member of the Board	4,610	4,342	–	–	–	–	–
Michael Ploog, member of the Board	45,498	45,266	3,867	2,666	1,000	–	–
Paolo Buzzi, member of the Board	1,595,377	1,606,145	1,250	3,832	2,167	917	–
Martin Naville, former member	11,707	11,707	–	–	–	–	–
Marc Bürki, CEO	1,771,511	1,767,070	4,117	3,832	2,167	917	2,500
Yvan Cardenas, CFO	320	320	–	3,832	2,167	917	2,500
Gilles Chantrier, CRO	340	340	2,550	3,832	2,167	917	2,500
Alexandru Craciun, CTO	1,716	1,716	–	2,624	1,625	917	2,500
Jan De Schepper, CSO	2,093	2,093	3,583	3,832	2,167	917	2,500
Lino Finini, COO	1,820	1,820	1,250	3,832	2,167	917	2,500
Morgan Lavanchy, CLO	840	340	2,050	3,832	2,167	917	2,500
Closely related persons[1]	39,373	37,269	426	716	452	294	800
Total	**3,514,614**	**3,516,362**	**19,093**	**32,830**	**18,246**	**7,630**	**18,300**

[1] The data reported in the table above is based on the Group's best knowledge of the number of shares and options owned by close relatives of the members of the Board and members of the Executive Management. Close relatives consist of spouse or partner, parents, children, siblings, fathers-in-law, mothers-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law and any person (other than domestic employees and irrespective of any family bond) who shares the individual's home. As at 31 December 2022 and 31 December 2021, close relatives are mainly related to Marc Bürki (CEO) and Paolo Buzzi (member of the Board).

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 2022, 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.

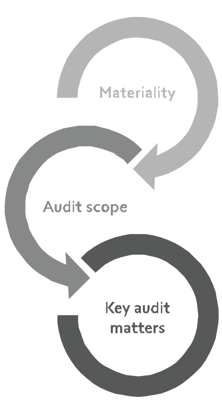
In our opinion, the consolidated financial statements (pages 20 to 116) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

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

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

Our audit approach
Overview



Overall Group materiality: CHF 9'319'000
We conducted full scope audit work at Swissquote Group Holding Ltd and Swissquote Bank Ltd both in Gland.
As key audit matter the following area of focus has been identified:

- **Goodwill impairment assessment**

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

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

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

Overall Group materiality	CHF 9'319'000
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 931'900 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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

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

Key audit matters
Key audit matters are those matters that, in our professional 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 the goodwill balance (CHF 55.8 million) as well as considerable judgement with respect to the assumptions used in calculation of the value in use, including the future results of the business and the discount rate applied to future cash flow forecasts.	We performed the following procedures: • We evaluated the cash flow forecasts included in the models (used to determine the value in use of the cash generating units) and the process by which they were developed (including verifying the mathematical accuracy of the underlying calculations). We also compared the forecasts to the latest budget approved by the Board of Directors. We found that the forecasts used in the value in use calculations were consistent with the Board of Directors approved budget, and that the key assumptions were subject to oversight by the members of the Board of Directors; • We compared the current year actual results (2022) with the figures included in the prior year's forecast (2021) to consider whether they included assumptions that, with hindsight, may have been optimistic. We found that the forecast was in line with the current year results. • 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 reperformed sensitivity analyses around the key assumptions (revenue growth and expense projections as well as discount rate) to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired. We found that headroom remained between the stress-tested value-in-use calculations and the carrying value in the consolidated financial statements. 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

The Board of Directors is responsible for the other information. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the statutory financial statements, 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 and we do not express any form of assurance conclusion thereon.

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

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

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which 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, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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, 15 March 2023

Statutory financial statements

Statutory balance sheet

in CHF	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and banks		242,017	245,853
Receivable from subsidiaries	1	44,912,065	84,474,418
Total current assets		**45,154,082**	**84,720,271**
Investment in subsidiaries	2	212,513,556	174,259,686
Total non-current assets		**212,513,556**	**174,259,686**
Total assets		**257,667,638**	**258,979,957**
LIABILITIES AND EQUITY			
Tax payable		3,032,957	2,881,346
Total short-term liabilities		**3,032,957**	**2,881,346**
Total liabilities		**3,032,957**	**2,881,346**
Equity			
Share capital	3	3,065,634	3,065,634
Legal capital reserves			
Reserves from capital contributions		349,776	349,776
Other capital reserves		6,109,093	6,109,093
Retained earnings	4	242,619,302	206,650,824
Net profit		42,597,056	67,580,206
Treasury shares	5	(40,106,180)	(27,656,922)
Total equity		**254,634,681**	**256,098,611**
Total liabilities and equity		**257,667,638**	**258,979,957**

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

Statutory income statement

in CHF	Notes	2022	2021
Royalties		19,040,625	22,318,932
Dividend received from subsidiaries		28,000,000	49,000,000
Other revenues		4,528,691	4,153,519
Operating expenses		(1,734,891)	(1,229,504)
Marketing expenses		(4,282,541)	(3,314,875)
Operating profit		**45,551,884**	**70,928,072**
Income tax expense		(2,954,828)	(3,347,866)
Net profit		**42,597,056**	**67,580,206**

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 2022, the Company did not employ more than 10 full-time equivalents (2021: 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):

	2022			2021		
	Shares	Options	Total	Shares	Options	Total
Marc Bürki	11.56%	0.09%	**11.65%**	11.53%	0.10%	**11.63%**
Paolo Buzzi	10.41%	0.05%	**10.46%**	10.48%	0.05%	**10.53%**
PostFinance AG	5.00%	–	**5.00%**	5.00%	–	**5.00%**
ACE Core Convictions Ltd	<3%	–	**<3%**	3.53%	–	**3.53%**
Treasury shares:						
Swissquote Group Holding Ltd			**2.52%**			**2.24%**

The statutory financial statements were approved for issue by the Board of Directors of the Company on 15 March 2023.

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 44,912,065 (2021: CHF 84,474,418) is related to cash deposited into a bank account opened with Swissquote Bank Ltd.

2 Investments in subsidiaries

in CHF	Office/country	2022		2021	
Swissquote Bank Ltd	Gland/Switzerland	100.00%	137,560,002	100.00%	137,560,002
Swissquote Bank Europe SA	Luxembourg/Luxembourg	100.00%	70,907,430	100.00%	34,583,730
Swissquote Financial Services (Malta) Ltd	Valletta/Malta	99.90%	1,877,004	99.90%	1,877,004
Swissquote Capital Markets Ltd	Limassol/Cyprus	100.00%	1,930,170	n/a	n/a
Swissquote Trade Ltd	Gland/Switzerland	100.00%	238,950	100.00%	238,950
Total as at 31 December			**212,513,556**		**174,259,686**

During the year, the Company :

– increased the capital of Swissquote Bank Europe SA for an amount of EUR 35.0 million (CHF 36.0 million) on 16 March 2022; and
– incorporated a fully owned subsidiary in Cyprus called Swissquote Capital Markets Ltd. This entity obtained its Cyprus Investment Firm licence on 6 December 2022 from the Cyprus Securities Exchange Commission (CySEC) and is expected to deliver over-the-counter trading of foreign exchange and contracts-for-differences mainly to a retail European clientele.

3 Share capital

in CHF	2022	2021
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	300,000

Authorised and conditional share capital
The provision ruling the utilisation of the authorised capital provides details on the capital increase process and exercise of preferential subscription rights and stipulates 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. With the new company law entered in force on 1 January 2023, the concept of authorised capital will be replaced with the new concept of "capital band", which will allow the Board of Directors (subject to the General Meeting's approval) to increase or decrease the stated share capital within a set range of the registered share capital for a period not exceeding five years.

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 2022 and 2021 were as follows:

	Shares					
	2022			2021		
	Number	Market value	Tax value	Number	Market value	Tax value
Members of the Board	**1,847**	**246,575**	**207,030**	**1,085**	**217,543**	**182,653**

4 Retained earnings

in CHF	2022	2021
Retained earnings	206,650,824	188,571,649
Net profit (previous year)	67,580,206	38,420,988
1 January	**274,231,030**	**226,992,637**
Dividend paid on behalf of previous year	(33,022,905)	(22,327,073)
Realised gain on treasury shares	1,411,177	1,985,260
31 December	**242,619,302**	**206,650,824**

5 Treasury shares

in CHF	2022	2021
Beginning of the year (shares)	**343,227**	**513,890**
Purchase	**144,734**	**45,076**
Unit price ranging from CHF	90.75 to 183.20	87.85 to 181.20
Sale	–	–
Unit price ranging from CHF		
Remittance to optionees/grant of shares	**(101,198)**	**(215,739)**
Unit price ranging from CHF	34.02 to 200.50	25.95 to 163.60
End of the year (shares)	386,763	343,227
Total as at 31 December (CHF)	**40,106,180**	**27,656,922**
% of the issued shares	2.52%	2.24%

Proposed appropriation of retained earnings

Proposal of the Board of Directors for appropriation of retained earnings as at 31 December 2022

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

in CHF	2022
Net profit for the year	42,597,056
Retained earnings carried forward	242,619,302
Retained earnings available for appropriation	**285,216,358**

ALLOCATION OF AVAILABLE RETAINED EARNINGS	
Available retained earnings as at 31 December 2022	285,216,358
Proposed dividend (CHF 2.20 per share)	(33,721,974)
Retained earnings to be carried forward	**251,494,384**

Amount of proposed dividend is based on the number of shares issued as at 31 December 2022. However, no distribution is allocated to the treasury shares.

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Swissquote Group Holding Ltd (the Company), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 122 to 129) comply with Swiss law and the company's articles of association.

Basis for opinion

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

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

Our audit approach

Materiality

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

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

Overall materiality	CHF 2'277'000
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 227'700 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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

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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.

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

Key audit matters

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

Other information

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

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

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

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

Board of Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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 retained earnings complies with Swiss law and the company's articles of association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Christophe Kratzer	Jonathan Derungs
Audit expert Auditor in charge	Audit expert

Lausanne, 15 March 2023

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.

Key elements of 2022

In 2022, the Company continued intensifying 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 specific key skills and experience (see Section 3.5), the Board's evaluation (see Section 3.6) and the Board's composition and succession planning (see Section 3.7). The Board plans to maintain the stimulating and constructive exchange with the shareholders, the time and active participation of whom were highly appreciated.

Concerning the composition of the Board and its committees, Martin Naville, who had been a member of the Board since 2007, did not stand for re-election at the annual General Meeting ("AGM") of 6 May 2022. On the same occasion, Paolo Buzzi, co-founder of the Company and member of the Executive Management from 1999 to March 2022, and Demetra Kalogerou, former Chairwoman of the Cyprus Securities & Exchange Commission, joined the Board. The latter's election enabled the Board to get closer to its target set at 30% with respect to the underrepresented gender. The Board plans to propose a female candidate for election at the AGM 2023; in case the candidate is elected, the above-mentioned target will be achieved.

Changes in the composition of the Board committees were made accordingly. The General Meeting approved the new composition of the Nomination & Remuneration Committee. The Audit & Risk Committee was further strengthened with the appointment of Michael Ploog, the former CFO of the Company (from 1999 to 2019). When revisiting the composition of the Audit & Risk Committee, an appropriate level of independence was ensured.

At the level of the Executive Management, the only change in 2022 concerned Paolo Buzzi (see above). Since then, the Executive Management counts seven members.

In terms of Group organisation, the only relevant change pertains to Swissquote Capital Markets Limited: the latter is an investment firm incorporated in Cyprus, which was granted a licence to operate at the end of 2022.

In 2022, the COVID-19 pandemic did not have any significant negative impact on the Group's corporate governance. Nevertheless, 2022 was challenging for the Company like for most international companies in view of the political and economic situation around the world. The Russian-Ukrainian conflict (including the application of the vast sanction regimes against Russia), energy shortage threats, supply chain issues, high inflation and economic slowdown, to name a few, impacted the activities of the Company as well as the markets in which it operates. These special circumstances were at the centre of the Board's oversight activities. Overall, the Board considers that the Company navigated safely through these turbulences.

Outlook for the 2023 AGM

The 2023 AGM is planned to be held physically. This will be the first time since the 2019 AGM and the Board is very much looking forward to meeting with the Company's shareholders on this occasion.

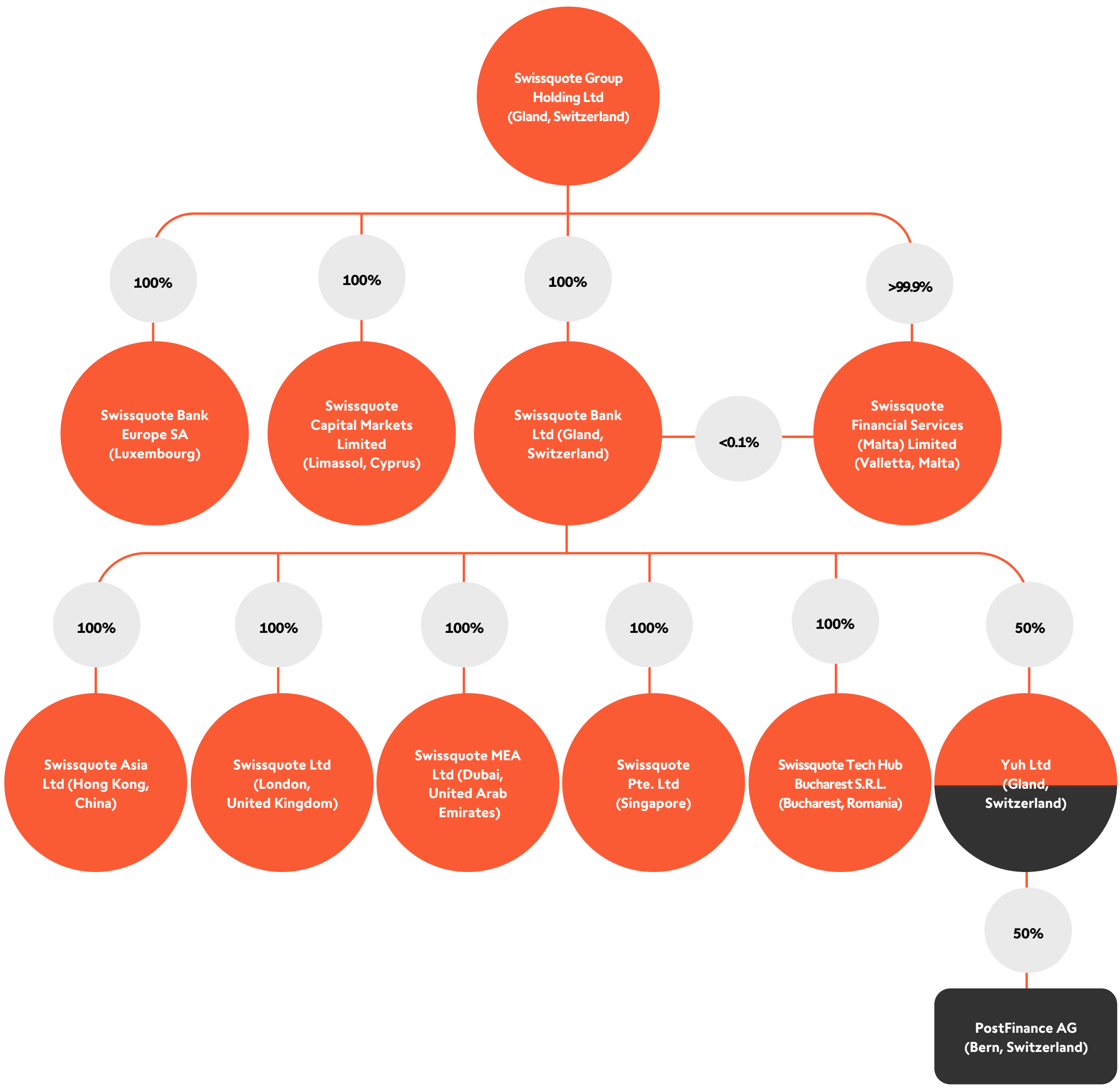
Corporate Governance Report

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 2022:



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 2022, the market capitalisation of the Company amounted to approximately CHF 2 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 divided into 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 67,000,000 divided into 67,000 shares without nominal value.

Swissquote Capital Markets Limited has been a limited liability company incorporated in Cyprus since 2 September 2021. Swissquote Capital Markets Limited is a Cyprus Investment Firm that has been authorised since 21 November 2022 to provide investment services under the supervision of the Cyprus Securities and Exchange Commission (CySEC). The share capital of Swissquote Capital Markets Limited amounts to EUR 750,000 divided into 1,000 ordinary shares with a nominal value of EUR 749 and 1,000 ordinary shares with a nominal value of EUR 1.

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 1,500,000, divided into 1,499,999 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 licenced 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 divided into 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 divided into 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 divided into 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 amounts to SGD 7,300,000 divided into 7,300 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 divided into 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 divided into 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 relevant disclosure in the Annual Report, on page 272.

1.2 Significant shareholders

Under the Swiss Financial Market Infrastructure Act (FMIA), any person holding interest in a company whose equity securities are listed on a Swiss stock exchange 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 2022 are as follows:

	2022		
	Shares	Options	Total
Marc Bürki[1]	11.56%	0.09%	11.65%
Paolo Buzzi[1]	10.41%	0.05%	10.46%
PostFinance AG[2]	5.00%	–	5.00%

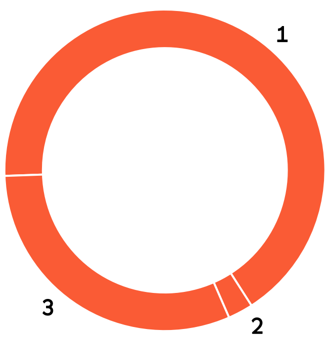
[1] This reflects information received by the Company from the relevant shareholder.
[2] The beneficial owner pursuant to Art. 120 FMIA is the Swiss Confederation.

For further information on stock options, reference is made to the Remuneration Report, commencing on page 180.

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

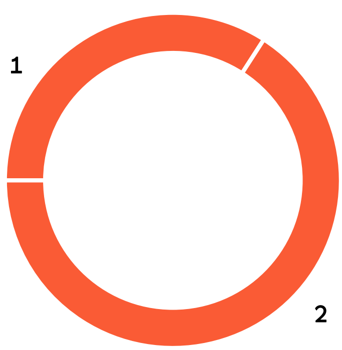
1.2 Significant shareholders (continued)

As at 31 December 2022, 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 10,189,618 and the Company owned 386,763 treasury shares. The distribution of the shareholdings in the Company as of 31 December 2022 is reflected below:



1 Shares registered in the share register (66.5%)
2 Treasury shares (2.5%)
3 Other shares not registered in the share register (31.0%)

Furthermore, the registered shareholders as at 31 December 2022 are broken down as follows:



1 Board members and Executive Management members (34.1%)
2 Other registered shareholders (65.9%)

1.3 Cross-shareholdings

There are no cross-shareholdings.

2 Capital structure

2.1 Capital

Under Swiss company law[1], the general meeting of shareholders (the "General Meeting") approves increases or decreases of the share capital, whether on a stand-alone basis or as an authorisation to the Board to issue new shares or instruments that convert into shares.

As at 31 December 2022, 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 386,763 treasury shares. In addition, as at 31 December 2022, 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 2022, the free float determined pursuant to the regulations of SIX Swiss Exchange represented 73.0% of the Company's issued shares (2021: 73.1%).

2.2 Conditional and authorised capital in particular

In this section and in the remainder of the Corporate Governance Report, the Articles of Association of the Company, last amended on 6 May 2021 and applicable as at 31 December 2022, available at https://en.swissquote.com/company/investors#corporate-documents in the French original version together with an English free translation, shall be referred to as the "AoA".

Art. 4bis of the AoA 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.

Art. 4ter of the AoA 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 AoA also apply to the new shares. The authorised capital will expire on 6 May 2023 and cannot be renewed due to the reform of the company law, whereby the authorised capital has been replaced with the new concept of "capital band".

For further information on the conditional and authorised capital, reference is made to Art. 4bis and 4ter of the AoA.

[1] Swiss company law was modified with effect on 1 January 2023, i.e. after the end of the reporting period covered by this Corporate Governance Report. Unless otherwise indicated, the description of Swiss law refers to the law as in effect during the reporting period.

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 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**
As at 1 January 2022	**15,328,170**	**960,000**	**1,500,000**	**17,788,170**
Exercise of employees' stock options	–	–	–	–
Increase/(decrease) in capital	–	–	–	–
As at 31 December 2022	**15,328,170**	**960,000**	**1,500,000**	**17,788,170**

2.4 Shares and participation certificates

Pursuant to Art. 5 of the AoA, the Company may issue its registered shares in the form of single certificates, global certificates or uncertified securities. As at 31 December 2022, 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. 7 Para. 1 of the AoA, 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 AoA, the Company may reject a request for entry into the share register within 20 days.

The AoA 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 2022.

Pursuant to Art. 14 Para. 1 of the AoA, 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

To date, the Company has not issued any bonds, convertible bonds or warrants.

Information on the Group's stock option plan is provided in the Remuneration Report, commencing on page 180.

Corporate Governance 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 AoA provides that the Board must be composed of at least five members and not more than nine members. At the AGM of 6 May 2022, Martin Naville did not stand for re-election, all other five incumbent members of the Board were re-elected and the General Meeting newly elected Paolo Buzzi and Demetra Kalogerou. As a result, as at 31 December 2022, the Board consisted of seven members, all non-executive.

All members are considered independent by the Board, 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, and Paolo Buzzi, owing to his major shareholding in the Company and to his service as Chief Technology Officer of the Company from 1999 to 2021 and as Deputy Chief Executive Officer from 2021 to 2022.

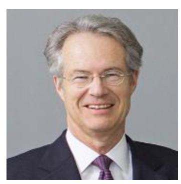
Board of Directors

Paolo Buzzi

Monica Dell'Anna

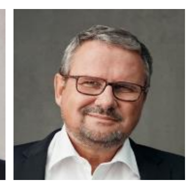
Jean-Christophe Pernollet

Chairman

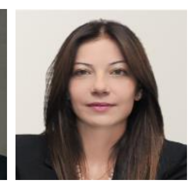


Markus Dennler

Beat Oberlin



Michael Ploog



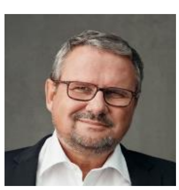
Demetra Kalogerou

Audit & Risk Committee

Demetra Kalogerou

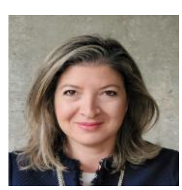
Chairman

Jean-Christophe Pernollet



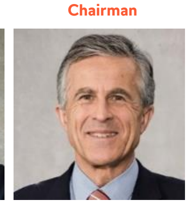
Michael Ploog

Nomination & Remuneration Committee

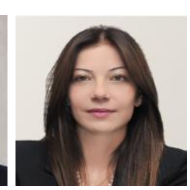


Monica Dell'Anna

Chairman



Beat Oberlin



Demetra Kalogerou

3.1 Members of the Board of Directors
3.1.1 Current 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 mandates in listed companies

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

Specific key skills and experience

Business strategy / Banking and financial services / Finance – Accounting – Audit / Risk management – Internal control system / Legal – Compliance – Regulatory / HR – Remuneration / Sustainability – Corporate governance / Experience in an executive committee / International business experience

Jean-Christophe Pernollet

(1966 / French national / domiciled in Switzerland / non-executive / independent)
Member of the Board of Swissquote Group Holding Ltd since May 2015
Vice Chairman of the Board of Swissquote Bank Ltd since May 2022
(member 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[1]
Since 2021	Chairman of the Audit & Risk Committee, Edmond de Rothschild (United Kingdom) Ltd[1]

Current mandates in associations, charitable organisations, foundations, trusts or occupational pension foundations

Since 2015	Chairman of the Board, Edmond de Rothschild Pension Fund[1]
Since 2022	Chairman of the Board, Fondation Observatoire de la Finance

Specific key skills and experience

Business strategy / Banking and financial services / Finance – Accounting – Audit / Risk management – Internal control system / Legal – Compliance – Regulatory / HR – Remuneration / Technology – IT – Cybersecurity / Sustainability – Corporate governance / Experience in an executive committee / International business experience

[1] These mandates result from Mr Pernollet's executive position at Edmond de Rothschild.

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

Specific key skills and experience

Business strategy / Banking and financial services / Finance – Accounting – Audit / Risk management – Internal control system / Legal – Compliance – Regulatory / HR – Remuneration / Innovation / Sustainability – Corporate governance / Experience in an executive committee

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 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 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
Since 2022	Member of the Advisory Board, Accenture Switzerland

Current mandates in associations, charitable organisations, foundations, trusts or occupational pension foundations

Since 2021	President (until August 2022, member of the Board), Italian Chamber of Commerce for Switzerland

Specific key skills and experience

Business strategy / HR – Remuneration / Technology – IT – Cybersecurity / Innovation / Sustainability – Corporate governance / Experience in an executive committee / International business experience

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
Member of the Audit & Risk Committee

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

Specific key skills and experience

Business strategy / Banking and financial services / Finance – Accounting – Audit / Risk management – Internal control system / Legal – Compliance – Regulatory / HR – Remuneration / Technology – IT – Cybersecurity / Innovation / Sustainability – Corporate governance/ Experience in an executive committee / International business experience

Paolo Buzzi

(1961 / Swiss national / domiciled in Switzerland / non-executive / non-independent)
Member of the Board of Swissquote Group Holding Ltd since May 2022
Member of the Board of Swissquote Bank Ltd since May 2022
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
2021–2022	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
2002–2022	Chairman of the Board, Swissquote Trade Ltd, Gland, Switzerland
2012–2022	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

Specific key skills and experience

Business strategy / Banking and financial services / HR – Remuneration / Technology – IT – Cybersecurity / Innovation / Experience in an executive committee / International business experience

Demetra Kalogerou

(1969 / Greek-Cypriot national / domiciled in Cyprus / non-executive / independent)
Member of the Board of Swissquote Group Holding Ltd since May 2022
Member of the Board of Swissquote Bank Ltd since May 2022
Member of the Audit & Risk Committee
Member of the Nomination & Remuneration Committee

Educational background

1990	Bachelor of Science in Economics and Social Studies in Business Administration, University of Wales, United Kingdom
1991	Master of Arts in Economics of Public Policy, University of Leicester, United Kingdom
1994	MPhil in Business Studies via research, City University Business School, London, United Kingdom

Professional experience

2001–2011	Senior Officer, Cyprus Stock Exchange (CSE), Nicosia, Cyprus
2013–2014	Member of the Resolution Authority, Central Bank of Cyprus, Nicosia, Cyprus
2011–2021	Executive Chairwoman, Cyprus Securities and Exchange Commission (CySEC), Nicosia, Cyprus

Previous mandates

2011–2021	Member of the Board of Supervisors of the European Securities and Markets Authority (ESMA), Paris, France
2012–2021	Member of the Cyprus Public Audit Oversight Board (CyPAOB), Nicosia, Cyprus
2019–2020	Chairwoman, adhoc Tripartite Committee, Cyprus Investment Program (CIP)
2020–2021	Member of a four-party committee formed by the Attorney General of the Cyprus Investment Program (CIP)

Current mandates in listed companies

Since 2022	Independent non-executive Member of the Board, INX Ltd, New York, USA

Current mandates in non-listed companies

Since 2022	Independent non-executive Member of the Board, ECOMMBX Ltd, Nicosia, Cyprus

Specific key skills and experience

Business strategy / Banking and financial services / Finance – Accounting – Audit / Risk management – Internal control system / Legal – Compliance – Regulatory / HR – Remuneration / Innovation / Sustainability – Corporate governance / Experience in an executive committee / International business experience

3.1.2 Former member of the Board of Directors

Martin Naville[1]

(1959 / Swiss national / domiciled in Switzerland / non-executive / independent)
Member of the Board of Swissquote Group Holding Ltd from April 2007 to May 2022
Vice Chairman of the Board of Swissquote Bank Ltd from May 2019 to May 2022
Member of the Board of Swissquote Bank Ltd from April 2007 to May 2019

[1] For additional information on Martin Naville, reference is made to the Corporate Governance Report 2021 (available at https://en.swissquote.com/company/investors#corporate-documents).

3.2 Other activities and vested interests

None of the Board members undertakes activities, holds mandates or has vested interests (as defined in the applicable SIX Swiss Exchange regulations) other than the ones described in Section 3.1. In particular, except as may be disclosed in that Section, they did not hold any permanent management or consultancy function for an important Swiss and foreign interest group or any official functions or political posts in 2022. Furthemore, unless disclosed 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. 16[bis] of the AoA, 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

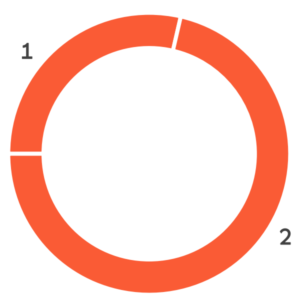
The table below summarises the mandates that each Board member was assuming in superior governing or administrative bodies of legal entities outside of the Group as at 31 December 2022 (unless otherwise indicated in the table):

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
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 - Chairman of the Board, Fondation Observatoire de la Finance
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
Monica Dell'Anna	None	- Chairwoman of the Board, B Capital Partners AG - Member of the Advisory Board, Accenture Switzerland	- President, Italian Chamber of Commerce for Switzerland
Michael Ploog	None	None	None
Paolo Buzzi	None	- Member of the Board, NetGuardians	- Member of the Strategic Advisory Board, EPFL
Demetra Kalogerou	- Independent non-executive Member of the Board, INX Ltd	- Independent non-executive Member of the Board, ECOMMBX Ltd	None
Maximum permitted mandates	**4**		**10**
	9		

3.5 Diversity and skills

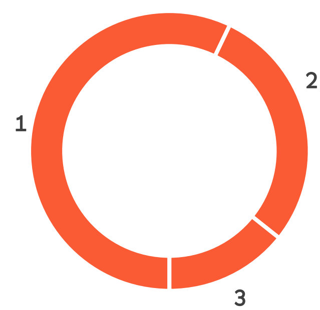
The charts below present the composition of the Board by gender, tenure and nationality:

Gender



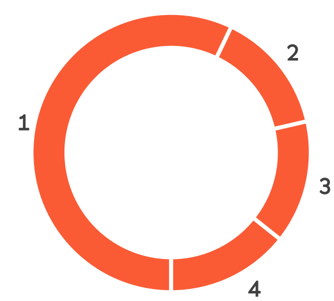
1 Female (28.6%)
2 Male (71.4%)

Tenure



1 0-5 years (57.1%)
2 5-10 years (28.6%)
3 10+ years (14.3%)

Nationality



1 Swiss (57.1%)
2 Swiss and Italian (14.3%)
3 French (14.3%)
4 Greek-Cypriot (14.3%)

In 2022, as part of the ongoing enhancement of its succession planning capabilities, the Company revisited the list of skills and experiences used to assess the qualifications of each Board member. The new list of skills and experiences is reflected in the chart below. The individual outcome is newly disclosed at the end of each Board member's CV.

Specific key skills and experience

3.6 Board evaluation

Each year, the Board proceeds to an anonymous evaluation of the Board's, the Committees' and the Chairman's respective performance. The evaluation is based on a detailed questionnaire filled in by each Board member. The questions are inter alia based on the tasks for the Board, the Committees and the Chairman as described in FINMA Circular 2017/1 "Corporate governance – banks". The questionnaires are reviewed by the Secretary, who then provides an anonymised report to the Chairman. The outcome is discussed at the next Board meeting. Where required or appropriate, an action plan is defined to treat the concerned findings.

3.7 Board composition and 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 experiences available within the Board, the Board evaluation, the need for refreshment as well as diversity and independence aspects are taken into consideration. After the Company increased internationality, technology skills and gender diversity in the Board's composition in 2022, the Nomination & Remuneration Committee has identified the key elements of development for the future composition, which can be summarised with the following timeline:

2023

Further strengthen the Board's expertise and experience and increase gender diversity (and, as a result, exceed the 30% threshold)

2025 at the latest

Reach optimum Board size to accompany growth and increased requirements (8 or 9 members)

Milestones

3.8 Elections and terms of office

Pursuant to Art. 16 Para. 1 of the AoA, the minimum number of members of the Board is five and the maximum number of members is nine. Pursuant to Art. 16 Para. 2 of the AoA, 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 AoA, 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.

3.9 Internal organisational structure

3.9.1 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#corporate-documents in the French original version) and other internal regulations and is summarised in the Regulation relating to responsibilities and financial powers.

3.9.2 Overall Board organisation

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 2022, 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 2022, the Board met ten times (four physical meetings and six (video-)conference calls), out of which one meeting was a strategic meeting and another one the so-called Annual Conference on Risks (see Section 3.12). Meetings, either physical or via (video-)conference calls, lasted in average for four hours. All Board members attended all Board meetings in 2022. 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.

3.9.3 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 AoA 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 AoA, 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 over-indebtedness;
- 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 AoA, the internal regulations or a resolution of the Board provide otherwise.

3.9.4 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.

3.9.5 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 AoA, 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 AoA (in particular Art. 17) and to Art. 6 of the Organisation Regulations.

3.9.6 Audit & Risk Committee

As at 31 December 2022, Jean-Christophe Pernollet (Chairman), Michael Ploog and Demetra Kalogerou are members of the Audit & Risk Committee.

The Audit & Risk Committee's primary function is to assist the Board in fulfilling its oversight responsibilities defined by law, the AoA, 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 audit;
- 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 audit;
- 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 (including IT security risks and, especially, cyber risks) 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; and
- Monitor and assess the qualifications, independence and performance of the internal audit.

3.9.6 Audit & Risk Committee (continued)

- Assess and take note of (as applicable) the internal audit's risk assessment, audit plans, audits reports relating to Swissquote Bank Ltd and, with respect to the other Group entities, summaries of audit reports and/or descriptions of key findings.
- Supervise the actions taken by the Management (i) following the internal audit's reports relating to Swissquote Bank Ltd and (ii) with respect to key findings reported by the internal audit in relation to the Group entities other than Swissquote Bank Ltd;
- Assess and take note of (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 audit; and
- Assist the Board in fulfilling its responsibilities relating to risk management, including those resulting from the application of the Group risk management policies and other relevant internal regulations.

The Audit & Risk Committee meets at least once per quarter. In 2022, it met nine times; six meetings were held via (video-)conference calls. The meetings lasted on average for two hours and fifteen minutes. In 2022, Jean-Christophe Pernollet attended all the meetings, Martin Naville and Monica Dell'Anna attended five meetings before the AGM of 6 May 2022, and Michael Ploog and Demetra Kalogerou attended four meetings after their nomination to the Audit & Risk Committee. All the other Board members attended all meetings as guests and members of the Executive Management were invited to all the meetings as guests as well. The auditors and the internal audit were present at five meetings. No external counsels attended the meetings.

3.9.7 Nomination & Remuneration Committee

As at 31 December 2022, Beat Oberlin (Chairman), Monica Dell'Anna and Demetra Kalogerou are members of the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee meets at least twice a year. In 2022, it met eight times; four meetings were held via (video-)conference calls. The meetings lasted on average one hour. In 2022, Beat Oberlin and Monica Dell'Anna attended all meetings, Martin Naville attended three meetings before the AGM of 6 May 2022, and Demetra Kalogerou attended five meetings after her nomination to the Nomination & Remuneration Committee. The other Board members attended all meetings as guests, except for one Nomination & Remuneration Committee meeting in which Michael Ploog could not participate. Members of the Executive Management were invited to all the meetings as guests as well, 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, commencing on page 180.

3.10 Board and committee meetings

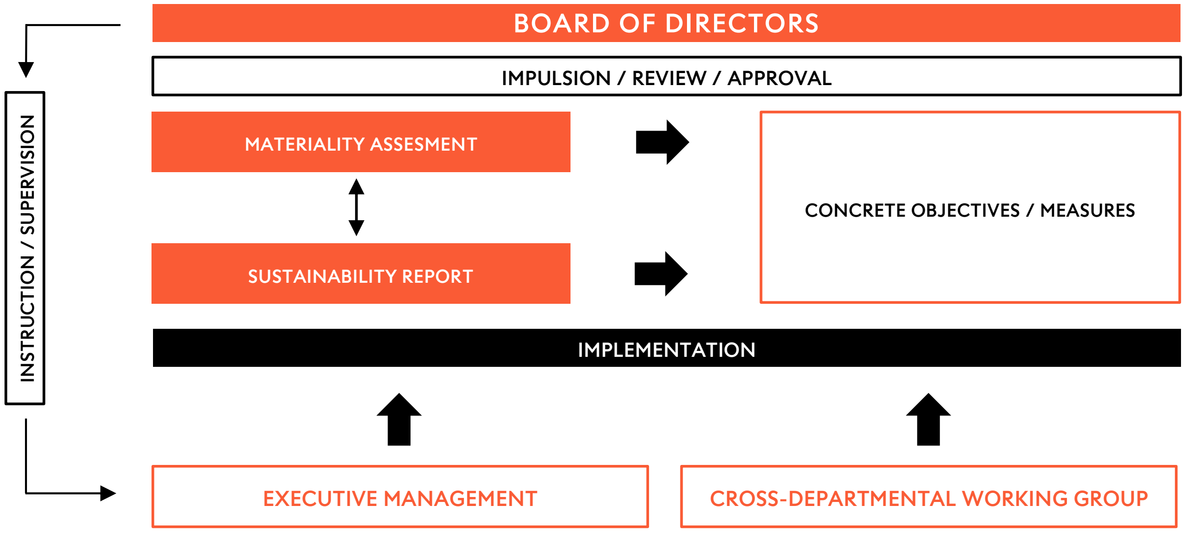
The table below summarises the number of meetings that the Board and each of its committees held in the course of 2022, as well as the Board (or committee) members having attended such meetings.

NUMBER OF BOARD AND COMMITTEE MEETINGS AND ATTENDANCE[1]	Board of Directors	Audit & Risk Committee	Nomination & Remuneration Committee
Markus Dennler, Chairman	10		
Jean-Christophe Pernollet	10	9	
Beat Oberlin	10		8
Monica Dell'Anna	10	5	8
Michael Ploog	10	4	
Paolo Buzzi[2]	5		
Demetra Kalogerou[2]	5	4	5
Martin Naville[3]	5	5	3
2022	10	9	8

[1] 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.
[2] Paolo Buzzi and Demetra Kalogerou were newly elected at the AGM of 6 May 2022.
[3] Martin Naville did not stand for re-election at the AGM of 6 May 2022.

3.11 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:



3.12 Definition of areas of responsibility

In accordance with Art. 20 of the AoA, 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#corporate-documents 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;
- Keep the Chairman of the Board of Directors informed of the Company's business and affairs, as well as of any significant event outside the ordinary course of business;
- 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 (in particular in the Organisation 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 2023	Functions and Group entities
Marc Bürki, CEO	Dubai / Hong Kong / Luxembourg / Singapore
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 / Romania
Jan De Schepper, CSO	Customer Care / Cyprus / 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 Onboarding & 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.

3.13 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 (including IT security risks and, especially, cyber risks), internal control systems and risk management processes. The Executive Management (including the persons responsible for the Risk Control Function and the Compliance Function) 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 audit, 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 audit are governed by the Ordinance on Banks and Savings Banks, FINMA Circular 2017/1 "Corporate governance – banks" and the applicable internal regulations. The internal audit analyses the compliance of business activities with legal and regulatory requirements and applicable internal regulations. The internal audit 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 audit 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 audit 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 audit 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 2022, the Executive Management consisted of seven members:

MEMBERS OF THE EXECUTIVE MANAGEMENT 2022	Nationality	Year of birth	Year of appointment to the Executive Management
Marc Bürki, 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 is a founding shareholder of the Company and a major shareholder as at 31 December 2022.

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

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]
Since 2022	Member of the Board, Swissquote Capital Markets Limited, Cyprus

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. Furthermore, reference is made to page 138 of the Annual Report.

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

Previous mandates in associations, charitable organisations, foundations, trusts or occupational pension foundation

2016–2022	Member of the Committee, EXPERTsuisse – Section Vaud

Current mandates in associations, charitable organisations, foundations, trusts or occupational pension foundation

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
Since 2022	Member of the Investment Committee of the Social Insurances 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 Polytehnica 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

Current mandates in companies that are controlled by Swissquote Group Holding Ltd

Since 2022	Chairman of the Board, Swissquote Tech Hub Bucharest S.R.L., Bucharest, Romania

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 in companies that are controlled by Swissquote Group Holding Ltd

Since 2022	Member of the Board, Swissquote Capital Markets Limited, Limassol, Cyprus

Current mandates in 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 2022	Chairman of the Board (2015-2022: Member), Swissquote Financial Services (Malta) Limited, Valletta, Malta

Previous board mandates in non-listed companies

2021-2022	Member of the Board, Kasko2go Holding AG, Vaduz, Liechtenstein

Current mandates in non-listed companies

Since 2019	Member of the Board, Groupement Hospitalier de l'Ouest Lémanique (GHOL), Nyon, Switzerland

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 applicable SIX Swiss Exchange regulations) other than the ones in Section 4.1. In particular, they did not hold any permanent management or consultancy function for an important Swiss and foreign interest group or any official functions or political posts in 2022.

4.3 Number of permitted activities

Pursuant to Art. 16bis of the AoA, 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 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. 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 2022:

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	- Chairman of the Board, Yuh Ltd (at the request of the Company)	- Member of the Board, ETH Domain
Yvan Cardenas, CFO	None	None	- Member of the Tax Commission, Chambre vaudoise du commerce et de l'industrie - Member of the Board of the Social Insurances Committee AVS/AI/APG/AG, Chambre vaudoise du commerce et de l'industrie - Member of the Investment Committee of the Social Insurances AVS/AI/APG/AF, Chambre vaudoise du commerce et de l'industrie
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
Lino Finini, COO	None	- Member of the Board, Groupement Hospitalier de l'Ouest Lémanique (GHOL)	None
Morgan Lavanchy, CLO	None	None	- Member of the Executive Committee, Capital Markets and Technology Association
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 information and consultation (Art. 697 and 697a CO), the right to a special audit (Art. 697c ff 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 AoA;
- 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. 14bis of the AoA;
- Resolve on the delisting of the Company; and
- Pass resolutions on all matters reserved to the General Meeting by law or the AoA.

For further information on the General Meeting, reference is made to Art. 9, 10 and 11 of the AoA.

6.2 Voting rights and representation

Pursuant to Art. 12 of the AoA, 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. In accordance with Art. 7 of the AoA, 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 AoA do not contain any express provisions for granting exceptions to this limitation.

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. 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.

Except as may be described above, the AoA do not contemplate restrictions on the exercise of voting rights. The general rules of the Swiss Code of Obligations apply to determine at which conditions such restrictions may be abolished.

6.3 Quorums and majority requirements under the Articles of Association

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

In accordance with Art. 13 of the AoA, except when the law and/or the AoA 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 AoA and Swiss company law, 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 Art. 10 and 11 of the AoA.

6.5 Inclusion of items on the agenda

Pursuant to Art. 11 of the AoA, 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 Art. 11 of the AoA.

6.6 Entries in the share register

Pursuant to Art. 6 of the AoA, 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 AoA, 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 Art. 6 and 7 of the AoA.

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.

The articles of association of companies in scope of the mandatory offer rule can contain clauses to waive the mandatory offer obligation (opting-out) or increase to up to 49% the threshold of voting rights above which an offer is to be made to all shareholders (opting-up). The AoA 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 AoA.

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 taking 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 2022. The rotation frequency of the lead auditor is maximum seven years. Christophe Kratzer has been the lead auditor of the Group since the 2021 AGM.

8.3 Audit fees and additional fees

The total fees charged by the auditors to the Group in 2022 are analysed as follows:

in CHF	2022	2021
Audit fees	1,147,714	1,072,032
Additional fees:		
Audit-related fees	71,285	77,689
Tax advice	60,000	55,000
Legal advice	–	15,471
Total	**1,278,999**	**1,220,192**

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 2022, 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 charged for 2021 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 2022, the auditors met five times 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 AoA; 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

The Company publishes annual and half-year financial statements. They 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). The Annual Report 2022 will also be available at the head office of Swissquote Group Holding Ltd, Chemin de la Crétaux 33, 1196 Gland, Switzerland, from 5 April 2023.

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 2023, it will be held on 10 May. The Company's half-year report is expected to be published on 9 August 2023.

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 Sustainability Report, on page 272.

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 (so-called "trading ban").

Holders of stock options are not authorised to exercise such stock options during closed periods and intermediary periods. Notwithstanding the foregoing, stock options may exceptionally be exercised "in shares" during those periods if the stock options would otherwise lapse before the end of the relevant period.

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, apart from the exercise of stock options issued by the Company, any transaction on options, warrants or CFDs with the Swissquote share as a significant underlying asset 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 2022.

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 in its version as of 1 January 2022 (the "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. Following the reform of the company law that entered into force on 1 January 2023, next year's Remuneration Report will be prepared in accordance with the revised Swiss Code of Obligations.

In 2022, we further intensified our dialogue with shareholders and had the opportunity to discuss topics such as corporate governance, remuneration and sustainability. We noted that shareholders appreciated the Company's response to the comments made previously, in particular regarding the vesting period of the stock options granted as part of the Executive Management's long-term incentive plan. Shareholders also valued the enhanced disclosure (for example, with respect to the Executive Management's objectives), the inclusion of ESG criteria in the Executive Management's objectives for 2022, the adoption of limits to cover all remuneration components and the clear link between the variable compensation structure and the stakeholders' interests. We reviewed and evaluated all the points raised by shareholders and, on this basis, further improved disclosure and resolved on a number of additional improvements. We greatly appreciated the time and active participation of our shareholders. We would like to maintain 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

In 2022, Swissquote posted solid results with net revenues amounting to CHF 408.0 million and a pre-tax profit of CHF 186.4 million. The roll-out of our strategy, the determination of our employees and the rise in the interest rates contributed to a successful year, despite significant adverse circumstances and geopolitical uncertainty in the wake of the Russian-Ukrainian war.

In general, the COVID-19 pandemic has not had a negative impact on Swissquote in 2022. The positive evolution of the pandemic in Switzerland and other countries in which the Group is located enabled a long-awaited return to normal, from many perspectives. I note that, since the beginning of the pandemic, no public subsidies were requested and no redundancies or short-time working/exemption (furlough) schemes were necessary at Swissquote.

Executive Management's long-term incentive plan

In 2022, the Board reassessed once again the Executive Management's long-term incentive plan ("LTIP"), which consists of a stock option plan. Based on the comments received from shareholders and its own review, the Board confirmed its conclusion 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 2022, the strike price of the stock options granted to all eligible employees (including the members of the Executive Management) was 13.3% above the market price of the Company's shares at the time of grant. As announced in last year's Remuneration Report, the Board adopted a three-year cliff vesting for the stock options granted in 2022: this implementation strengthened the long-term component of the LTIP and should satisfy the most important expectation expressed by shareholders with respect to this plan.

The Board also contemplated an amendment to the LTIP concerning the CEO, who is also a major shareholder. A limited number of investors had noted that the possibility to exercise stock options in shares enabled the CEO to further increase his shareholding. However, based on the discussions held with shareholders, the Board once again came to the conclusion that 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 change made with respect to the vesting of the stock options, 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 but will continue to regularly review it in light of the comments from the shareholders and, hence, does not exclude further 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"). In the Remuneration Report 2021, additional transparency was provided on the achievements of the objectives set to the Executive Management. Indeed, for the first time, the Remuneration Report 2021 included the full list of objectives, the exact weighting of such objectives and the achievement per objective and category of objectives. We are pleased that such additional transparency has been very well received by our investors. This year, we further improved the disclosure by explaining precisely the alignment of the objectives with the Company's strategy and guidance and, more specifically, with the ESG Materiality Matrix available in the Sustainability Report. We will continue to observe market practices in Switzerland with a view to continue meeting the highest standards of transparency. The Board has already resolved to make a number of improvements as from the year 2023. First, in next year's Remuneration Report, we will disclose the metrics of the Executive Management's objectives set for 2023. This will provide further transparency on these important elements and, as a result, satisfy what may be the most important expectation expressed by shareholders with respect to the Executive Management's STIP. Then, the Board also decided that a portion of the Executive Management's bonus will be paid in blocked shares; this will further confirm the alignment of the interests of Executive Management members with those of the shareholders.

While Swissquote showed resilience in 2022 and was able to achieve robust results despite significant adverse circumstances and, in particular, the geopolitical uncertainty and economic slowdown prompted by the Russian-Ukrainian war, such results were not fully in line with the objectives set. Consequently, the bonus of the Executive Management and of all employees is significantly lower than the one that was paid in 2022 with respect to 2021, which was a record year for Swissquote. The details can be found in Sections 4.2 and 6 of the Remuneration Report.

Various

After having introduced a committee chair fee structure in 2021, the Board will, as announced last year, introduce a full board and committee fee structure as from the annual general meeting ("AGM") 2023, i.e. the fees of all Board members will also depend on their participation in committees (as member or as chair). On this occasion, the fixed remuneration of the Board will be slightly increased to take into account Swissquote's growth, the increasing complexity of Swissquote's activities, the continuous expansion and strengthening of the regulation and external requirements. I note that, due to these additional duties, the workload (including in terms of preparation of the board and committee meetings) and the liability risks have increased. These circumstances explain the above-mentioned anticipated increase.

In 2022, the fixed remuneration of the Executive Management members was slightly increased, to take into account their development in their position and the extension of their responsibilities. Furthermore, to demonstrate the alignment of Executive Management pay with the wider workforce and in the interest of best practice standards, we have extended the information on the CEO pay-ratio introduced last year, in line with the GRI Standards. We trust that 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.

In 2022, 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 2022 and those coming in 2023, I respectfully ask our shareholders to approve our Remuneration Report 2022 at the annual general meeting on 10 May 2023.

On behalf of the Nomination & Remuneration Committee and of the Board, I would like to thank our shareholders for the constructive and open exchanges in 2022. 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

Remuneration Report

Summary

Board remuneration structure

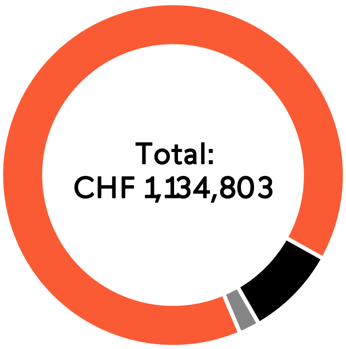
	Fixed remuneration	Contributions and benefits	Fixed indemnity
VEHICLE	– 80% cash, paid quarterly – 20% shares (blocked for 3 years)	– Pensions and social insurances	– Cash
PURPOSE	– Pay for the day-to-day duties performed and responsibilities taken on – Align interests of Board members with shareholders' 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 – 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

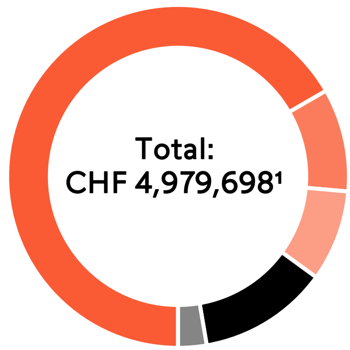
Remuneration Report

2022 Board remuneration



- Fixed remuneration: CHF 1,041,286
- Contributions and benefits: CHF 76,291
- Other remuneration: CHF 17,226

2022 Executive Management remuneration



- Fixed remuneration in cash: CHF 3,319,875
- Short-term incentive plan (STIP): CHF 484,999 (14.6%[2])
- Long-term incentive plan (LTIP): CHF 428,575 (12.9%[2])
- Contributions and benefits: CHF 612,339 (18.4%[2])
- Other remuneration: CHF 133,910 (4.0%[2])

1 The maximum total remuneration approved at the AGM 2021 is CHF 7,900,000.
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 Association (the "AoA"), available at https://en.swissquote.com/company/investors#corporate-documents 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 AoA, the Organisation Regulations (available at https://en.swissquote.com/company/investors#corporate-documents 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 AGM that follows their election. Members of the NRC can be re-elected indefinitely.

At the AGM that was held on 6 May 2022, Martin Naville did not stand for re-election, Demetra Kalogerou was newly elected as member of the NRC and 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 2022, the NRC met eight times (four physical meetings and four (video-)conference calls). The meetings lasted on average one hour. In 2022, Beat Oberlin, Monica Dell'Anna, Demetra Kalogerou and the other Board members (as guests) attended all NRC meetings, except for one in which Michael Ploog could not participate. 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 2022, 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 3.7 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 laws 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 AoA 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. 14^{bis} of the AoA for what regards the remuneration of the Board and Executive Management, and for the amendments to the provisions of the AoA relating to remuneration; and
- Make recommendations to the Board regarding the Remuneration Report.

Further information on the NRC can be found in the AoA (in particular in Art. 20^{bis}).

2.2 Board of Directors

Subject to the prerogatives of the General Meeting and in line with the applicable laws and Art. 14^{bis} of the AoA, 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, 14^{bis} Para. 1, 21^{bis} and 21^{ter} of the AoA 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 2022, the following maximum aggregate amounts were approved:

- CHF 1,300,000 for the Board (covering the period running from the AGM of 6 May 2022 to the AGM of 10 May 2023); and
- CHF 8,000,000 for the Executive Management (covering the financial year 2023).

Further information on the binding vote on pay can be found in the AoA, in particular in Art. 14^{bis}.

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. As the Executive Management's variable remuneration is voted on prospectively by the General Meeting, the Remuneration Report 2023 and all future Remuneration Reports will have to be submitted to a consultative vote to the General Meeting in accordance with the recent corporate law reform.

3 Remuneration components

3.1 Generalities

As at 31 December 2022, 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 AoA 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 AoA 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 AoA 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 2022, 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 AoA 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:

– 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 2022, 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 cliff vesting;
– The exercise period 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.

In 2022, 184,920 options representing a fair value of CHF 4,528,691 (2021: 167,195 options representing a fair value of CHF 4,153,519) 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 18.2 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 AoA, 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 AoA 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 AoA, 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 4.1). In accordance with agreements between the European Union (the "EU") and Switzerland on the coordination of the social security system, social contributions may be paid by the Board members residing in the EU and not by the Company, depending on the circumstances. In any event, 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 AoA, 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 AoA 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, i.e. financial objectives, growth objectives, defensive/conservative objectives and other objectives; the latter category included ESG-related objectives. Considering the increasing importance of sustainability for the Company and its stakeholders, the Board decided to focus even more on this subject and to create a category of objectives dedicated to ESG. Furthermore, defensive/conservative considerations are no longer used to set objectives but are still taken into account when assessing whether a downwards deviation from the strict application of the formula is warranted. Such defensive/conservative considerations typically relate to risk management and compliance and more specifically cover the following topics from the ESG Materiality Matrix: Business Continuity, IT Resilience; Customer Data Security, Privacy and Protection; and Compliance, Governance and Ethics.

As a result, in 2022, the objectives set to the Executive Management were classified in three categories:

- financial objectives;
- growth objectives; and
- ESG objectives.

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 2022 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 AoA, 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. Since 2022, the vesting of the options occurs three years after their grant (three-year cliff vesting). Furthermore, as indicated in Section 3.1 above, 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 2022, the number of options granted to the Executive Management was 17,500 (2021: 22,000) representing 9.5% (2021: 13.2%) 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 2022, the strike price of the stock options granted was set 13.3% above the market price of the Company's shares at the time of grant (2021: 13.1%).

The Company aims that existing shareholders are not being diluted as a result of the stock option plan. As a result, although the AoA 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 2022, the number of stock options exercised by Executive Management members corresponds to 0.1% of the share capital (0.3% in 2021 and 0.1% in 2020).

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 AoA, 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 2022, there had been only two departures from the Executive Management in the past 10 years, and that concerned shifts 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, the feedback received during the engagement programme and the fact that the General Meeting has, since the entry into force in 2014 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 and in order to ensure that the interests of the Executive Management members are aligned with those of the shareholders.

4 Remuneration for 2022

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 2022 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 2022 and 2021. 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 2022					
Markus Dennler, Chairman	180,000	44,948	16,725	2,000	243,673
Jean-Christophe Pernollet, member	120,000	30,040	13,689	2,000	165,729
Beat Oberlin, member	112,000	28,022	9,895	2,000	151,917
Monica Dell'Anna, member	104,000	26,005	11,869	2,000	143,874
Michael Ploog, member	106,774	26,005	12,307	2,000	147,086
Paolo Buzzi, member[1]	67,936	26,005	6,206	1,306	101,453
Demetra Kalogerou, member[2]	67,936	26,005	–	5,226	99,167
Martin Naville, former member[3]	36,065	–	5,600	694	42,359
Subtotal	**794,711**	**207,030**	**76,291**	**17,226**	**1,095,258**
Difference between tax value and IFRS fair value of shares granted to the Board					39,545
Total remuneration 2022					**1,134,803**

[1] Paolo Buzzi was newly elected to the Board at the AGM 2022.
[2] Demetra Kalogerou was newly elected to the Board at the AGM 2022.
[3] Martin Naville did not stand for re-election at the AGM 2022.

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.

Apart from the amount paid to Martin Naville for his office time until the AGM 2022, 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 2021					
Markus Dennler, Chairman	169,007	44,948	14,753	2,000	230,708
Jean-Christophe Pernollet, member	112,671	29,965	12,124	2,000	156,760
Beat Oberlin, member	107,466	27,945	8,896	2,000	146,307
Monica Dell'Anna, member	102,260	25,925	11,173	2,000	141,358
Michael Ploog, member[1]	72,877	27,945	6,657	1,306	108,785
Martin Naville, former member	102,260	25,925	11,173	2,000	141,358
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**

[1] Michael Ploog was newly elected to the Board at the AGM 2021.

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.

Board remuneration changes from 2021 to 2022

Overall, the total remuneration increased from CHF 960,166 to CHF 1,134,803, representing an increase of 18.2% as a result of the fee increase made in 2021 (as reported in last year's Remuneration Report) and the extension of the Board's composition from six to seven members.

More specifically, the total fixed remuneration in cash increased from CHF 666,541 to CHF 794,711, representing an increase of 19.2% and the shares' total tax value increased from CHF 182,653 to CHF 207,030, representing an increase of 13.3%. Furthermore, the total social insurance contributions increased from CHF 64,776 to CHF 76,291, representing an increase of 17.8% and the other remuneration increased from CHF 11,306 to CHF 17,226, representing an increase of 52.4%.

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 2022						
Marc Bürki, CEO (highest paid)	550,000	94,050	61,225	106,862	21,600	833,737
Aggregate of all members of the Executive Management	**3,319,875**	**484,999**	**428,575**	**612,339**	**133,910**	**4,979,698**

The aggregate cash bonus (STIP) represents 14.6% of the aggregate fixed remuneration. The sum of the aggregate cash bonus and of the value of the grants under the LTIP represents 27.5% of the aggregate fixed remuneration. Reference is made to Section 6 for further information.

The total remuneration 2022 includes the remuneration of Paolo Buzzi, who was a member of the Executive Management until March 2022. Except for that, in 2022, no remuneration was paid to former members of the Executive Management. Furthermore, in 2022, 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 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 (STIP) represents 51.8% of the aggregate fixed remuneration. The sum of the aggregate cash bonus and of the value of the grants under the LTIP represents 68.4% of the aggregate fixed remuneration.

The total remuneration 2021 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, 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 2021 to 2022

The total fixed remuneration slightly increased from CHF 3,290,408 to CHF 3,319,875, representing an increase of 0.9%. In the context of Paolo Buzzi's departure from the Executive Management, this is particularly explained by the fact that the fixed remuneration of the Executive Management members was slightly increased, as a result of their ongoing development in their respective positions and the evolution of their responsibilities.

In line with the level of achievement of the objectives set to the Executive Management for 2022, the total cash bonus significantly decreased from CHF 1,703,000 to CHF 484,999, representing a decrease of 71.5%. Reference is made to Section 6 for further information on the assessment of the achievement of the objectives set to the Executive Management.

Compared to 2021, the fair value of the stock options granted decreased from CHF 546,432 to CHF 428,575, representing a decrease of 21.6%. The total social insurance contributions and pension fund contributions and benefits decreased from CHF 823,897 to CHF 612,339, representing a total decrease of 25.7%. Reference is made to Section 8.2 for further information. The other remuneration slightly decreased from CHF 146,700 to CHF 133,910, representing a decrease of 8.7%. The changes in these three above-mentioned posts essentially result from the changes made to the Executive Management's composition.

Overall, the total remuneration significantly decreased from CHF 6,510,437 to CHF 4,979,698, representing a total decrease of 23.5%, which mainly results from the decrease of the cash bonus compared to 2021.

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 2022 was CHF 133.5. The market price of the shares granted to the Board in 2021 was CHF 200.5.

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 2022 are blocked for three years from their grant date and their tax value amounts to CHF 112.1 per share. This tax value represents the market price of the share on grant date (i.e. CHF 133.5) discounted by 16.0%.

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%.

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 2022, the fair value amounts to CHF 24.5 per option on grant date. For the financial year 2021, the fair value amounts to CHF 24.8 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 AoA, 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 2022 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	2022	2021
MEMBERS OF THE BOARD		
Markus Dennler, Chairman	–	–
Jean-Christophe Pernollet, member	–	–
Beat Oberlin, member	–	–
Monica Dell'Anna, member	–	–
Michael Ploog, member	–	–
Paolo Buzzi, member[1]	–	–
Demetra Kalogerou, member[2]	–	–
Martin Naville, former member[3]	–	–
Closely related persons	32,624	22,490
Former members	–	–
Total as at 31 December	**32,624**	**22,490**

in CHF	2022	2021
MEMBERS OF THE EXECUTIVE MANAGEMENT		
Marc Bürki, CEO	6,126,233	5,058,458
Yvan Cardenas, CFO	–	–
Gilles Chantrier, CRO	–	–
Alexandru Craciun, CTO	–	17,471
Jan De Schepper, CSO	–	–
Lino Finini, COO	–	–
Morgan Lavanchy, CLO	–	–
Closely related persons	1,952,124	1,823,943
Former members	–	–
Total as at 31 December	**8,078,357**	**6,899,872**

[1] Paolo Buzzi was newly elected to the Board at the AGM 2022. He previously served as member of the Executive Management of the Company from 1999 to March 2022.
[2] Demetra Kalogerou was newly elected to the Board at the AGM 2022.
[3] Martin Naville did not stand for re-election at the AGM 2022.

5 Reconciliation of remuneration with the approval of the General Meeting

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 paid out for this period was CHF 1,001,440, which is in line with what was approved at the AGM of 6 May 2021. 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 2022, the shareholders approved a maximum aggregate remuneration of the Board amounting to CHF 1,300,000 for the period of office from the AGM of 6 May 2022 until the completion of the AGM of 10 May 2023. 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 2022. The final amount that will be paid will be disclosed in the Remuneration Report 2023.

With respect to the remuneration of the Executive Management, the shareholders approved at the AGM of 6 May 2021 a maximum aggregate remuneration of CHF 7,900,000 for the financial year 2022, taking into consideration an Executive Management comprising eight members. The total amount of remuneration paid out and accrued for this period was CHF 4,979,698 for the entire Executive Management in 2022, which is in line with what was approved at the AGM of 6 May 2021.

At the AGM of 6 May 2022, the shareholders approved a maximum aggregate remuneration for the Executive Management amounting to CHF 8,000,000 for the financial year 2023. 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 2022. The final amount that will be paid and accrued will be disclosed in the Remuneration Report 2023.

6 Objectives for 2022 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 table below describes the objectives that were set for the financial year 2022, together with their respective weighting and level of achievement, as assessed by the Board upon the NRC's recommendation. The objectives are aligned with the Company's strategy and guidance communicated to the public and, more specifically, with the ESG Materiality Matrix published in the Sustainability Report.

Category of objectives	Weight	Objective*	Alignment with the ESG Materiality Matrix	Achievement	
Financial	60%	Net revenues	Financial performance	Partially achieved	83%
		Pre-tax profit	Financial performance	Partially achieved	
Growth	25%	Successful launch of the crypto exchange (SQX)	Innovation / Customer experience	Achieved	100%
		Successful launch of securities lending in Europe	Innovation / Customer experience	Overachieved	
		Implementation of the first part of the revised European strategy	Financial performance / Product focus	Achieved	
		Addition of payment features to move one step closer to universal banking	Customer experience / Product focus / Credibility in the market	Partially achieved	
ESG	15%	Offering of a comprehensive set of ESG tools to Swissquote clients	Innovation / Customer experience / Product focus	Overachieved	115%
		High customer satisfaction measured with a Net Promoter Score (NPS)	Customer experience	Overachieved	
		Improved tracking of greenhouse gas emissions to enable the setting of objectives	Environmental responsibility	Achieved	
		Successful implementation of a new employer value proposition	Employee engagement / Talent development	Overachieved	
				Total achievement in 2022	92.2%
				Target award value (100% achievement)	**25% of fixed remuneration**
				Award for 2022	**17.1% 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.

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 as soon as the level of achievement of the objectives reaches 125%. For 2022, the level of achievement was below the target and the cash bonus was set at 17.1% 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 2022 and assessment of their achievement (continued)

- The level of achievement for each category of objectives takes into account the 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). In 2022, no such deviation was made.
- 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 for 2021 and 2022 on the ratio between the CEO's remuneration and the average and median employee remuneration. The CEO's remuneration is calculated in accordance with different rules than those used for the amounts disclosed in Section 4.2, as explained below. This Section confirms that the CEO's remuneration is sound and sensible.

in CHF thousands	2021	2022
CEO (highest paid) remuneration	933.2	963.9
Evolution of CEO remuneration	Not available*	3.3%
Average employee remuneration	154.9	154.6
Evolution of average employee remuneration	Not available*	-0.2%
CEO pay-ratio based on average employee remuneration	603%	623%
Evolution of CEO pay-ratio based on average employee remuneration	Not available*	3.3%
Median employee remuneration	133.6	134.4
Evolution of median employee remuneration	Not available*	0.6%
CEO pay-ratio based on median employee remuneration	699%	717%
Evolution of CEO pay-ratio based on median employee remuneration	Not available*	2.6%

* Part of the relevant information is outside the applicable period.

For the purposes of calculating the ratios, the gross remuneration paid in the year under review (the "YUR") (including the cash bonus paid in the YUR with respect to the YUR-1) was taken into consideration. The same applies similarly for the previous years: for example, for the YUR-1, the gross remuneration taken into consideration was the one paid in the YUR-1 (including the cash bonus paid in the YUR-1 with respect to the YUR-2).

The evolution of the CEO remuneration from 2021 to 2022 is essentially explained by the cash bonus paid in 2022 with respect to 2021, which was a record year for the Company. The average and median employee remuneration did not change materially from 2021 to 2022. In general, absent particular drivers (e.g. significant change in the bonus), minor (downwards or upwards) changes in the average and median employee from one year to another are normal. This results from the fact that employees concretely included in the sample change every year.

To define the most relevant sample of employees, the following rules have been used:

Included	Excluded
– Employees: - working for a Group entity located in Switzerland; - having a permanent contract; - eligible for a cash bonus; and - employed since January YUR-1 and still employed in December YUR[1].	– CEO (highest paid)[2]; – employees of the sales force under a commission scheme; and – apprentices.

[1] This rule aims at ensuring an appropriate comparison in terms of cash bonus.
[2] In order to comply with the GRI Standards, the calculation methodology has slightly been adapted compared with the one used for the Remuneration Report 2021 in the sense that the other members of the Executive Management are now part of the sample against which the CEO's pay is compared with. The figures for 2021 have therefore been recalculated accordingly.

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:

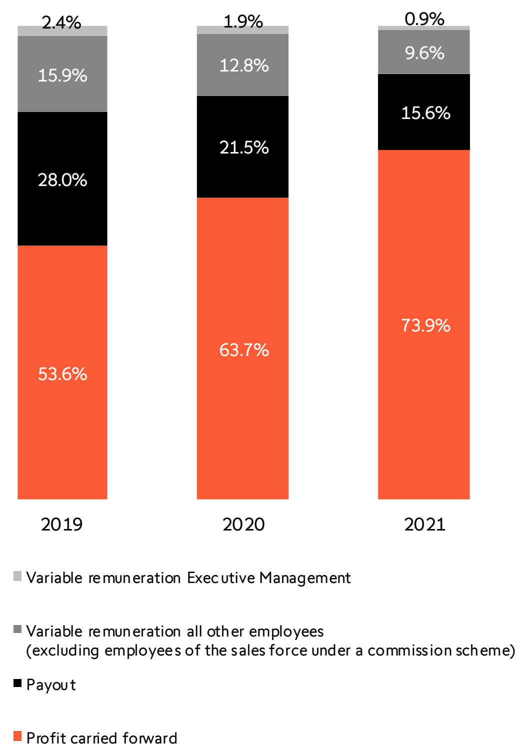
- The shareholders, via the dividend or any other form of payout;
- The Executive Management members, via the variable remuneration;
- The other employees of the Group, via the variable remuneration; and
- The Group itself, which may benefit from an increased equity base thanks to the profit carried 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 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 2019 to 2021. Since the dividend for the year 2022 still needs to be approved by the General Meeting, the situation for 2022 will be provided in the Remuneration Report 2023:

Distribution of base profit



The above chart shows that, in 2021, 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 2022, the number of shares and options held by current Board members, members of the Executive Management and closely related persons, was 3,608,025 or 23.5% of the share capital.

The following tables were produced in accordance with Art. 663c CO and are also available in Note 28 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.

MEMBERS OF THE BOARD	Number of shares as at 31 December 2022	Number of shares as at 31 December 2021
Markus Dennler, Chairman	32,549	32,148
Jean-Christophe Pernollet, member	4,610	4,342
Beat Oberlin, member	4,036	3,786
Monica Dell'Anna, member	2,592	2,000
Michael Ploog, member	45,498	45,266
Paolo Buzzi, member[1]	1,595,377	1,606,145
Demetra Kalogerou, member[2]	232	–
Martin Naville, former member[3]	11,707	11,707
Closely related persons	3,334	1,834
Total as at 31 December	**1,699,935**	**1,707,228**

MEMBERS OF THE EXECUTIVE MANAGEMENT	Number of shares as at 31 December 2022	Number of shares as at 31 December 2021
Marc Bürki, CEO	1,771,511	1,767,070
Yvan Cardenas, CFO	320	320
Gilles Chantrier, CRO	340	340
Alexandru Craciun, CTO	1,716	1,716
Jan De Schepper, CSO	2,093	2,093
Lino Finini, COO	1,820	1,820
Morgan Lavanchy, CLO	840	340
Closely related persons	36,039	35,435
Total as at 31 December	**1,814,679**	**1,809,134**

[1] Paolo Buzzi was newly elected to the Board at the AGM 2022. He is the co-founder of the Company and previously served as member of the Executive Management of the Company from 1999 to March 2022.
[2] Demetra Kalogerou was newly elected to the Board at the AGM 2022.
[3] Martin Naville did not stand for re-election at the AGM 2022.

8.2 Stock options

The table below provides a comprehensive overview of the options (i) held as at 31 December 2022 by Executive Management members and retired Executive Management members now Board members and (ii) which have been granted in 2022 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 2022 represent 90,329 options, including 48,407 options that were exercisable as at 31 December 2022 and 41,922 options for which the start of the exercise period is ranging from 2023 to 2025. Outstanding options granted to members of Executive Management prior to their appointment to Executive Management are stated separately and represent 3,082 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 2022	Total options outstanding as at 31 December 2021
19	3	2017/08	2020/08	2022/08	32.40	5.0%	34.02	7,870	5.26	41,363	-	3,148
20	2	2018/08	2020/08	2022/08	65.53	5.0%	68.81	6,000	10.10	60,585	-	2,400
20	3	2018/08	2021/08	2023/08	65.53	5.0%	68.81	6,000	10.04	60,211	3,200	3,600
21	1	2019/08	2020/08	2022/08	42.96	16.1%	49.89	13,336	5.89	78,545	-	9,902
21	2	2019/08	2021/08	2023/08	42.96	16.1%	49.89	13,336	5.81	77,467	6,301	8,968
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	8,500
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	7,328
23	2	2021/08	2023/08	2025/08	163.60	13.1%	185.00	7,336	25.48	186,903	7,336	7,336
23	3	2021/08	2024/08	2026/08	163.60	13.1%	185.00	7,336	30.65	224,858	7,336	7,336
24	n/a	2022/08	2025/08	2027/08	128.00	13.3%	145.00	17,500	24.49	428,575	17,500	-
Total											**90,329**	**91,346**
- Of which in exercise period as at 31 December											48,407	36,518
- Of which exercise period not started as at 31 December											41,922	54,828
Total options granted in 2021								**22,000**		**546,432**		
Total options granted in 2022								**17,500**		**428,575**		
Options granted prior to the appointment to the Executive Management											3,082	5,535

As reflected in the table above, each grant made until 2021 was 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 was one year after the date of grant, the one for tranche 2 was two years after the date of grant and the one for tranche 3 was three years after the date of grant. As a result, and for a whole grant, one third of the options became exercisable after one year and one third of the options expired five years after the date of grant.

For the grants that were made in 2022 and will be made the years after, the vesting of the options occurs (and will occur) three years after their grant (three-year cliff vesting).

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 2022, the strike price was set 13.3% above the spot price.

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

The Executive Management members were granted 17,500 options in 2022. 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 18.2 to the consolidated financial statements (Section VII). The total fair value of options granted to Executive Management members in 2022 is CHF 428,575, 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:

			Marc Bürki	Yvan Cardenas	Gilles Chantrier	Alexandru Craciun	Jan De Schepper	Lino Finini	Morgan Lavanchy	Paolo Buzzi	Michael Ploog	Total options outstanding as at 31 December	
			CEO	CFO	CRO	CTO	CSO	COO	CLO	Retired 2022	Retired 2021		
			Year of appointment to the Executive Management										
			1999	2019	2017	2021	2019	2019	2017	-	-		
Grant no.	Tranche no.	Date of grant	Number of options outstanding as at 31 December 2022									2022	2021
19	3	2017/08	-	-	-	-	-	-	-	-	-	-	3,148
20	2	2018/08	-	-	-	-	-	-	-	-	-	-	2,400
20	3	2018/08	1,200	-	-	-	-	-	800	-	1,200	3,200	3,600
21	1	2019/08	-	-	-	-	-	-	-	-	-	-	9,902
21	2	2019/08	1,667	-	1,300	-	1,667	-	-	-	1,667	6,301	8,968
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	8,500
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	7,328
23	2	2021/08	917	917	917	917	917	917	917	917	-	7,336	7,336
23	3	2021/08	917	917	917	917	917	917	917	917	-	7,336	7,336
24	n/a	2022/08	2,500	2,500	2,500	2,500	2,500	2,500	2,500	-	-	17,500	-
Total			**13,533**	**9,416**	**11,966**	**5,250**	**12,333**	**10,666**	**11,466**	**8,166**	**7,533**	**90,329**	**91,346**
- Of which in exercise period as at 31 December			7,949	3,832	6,382	916	6,749	5,082	5,882	5,082	6,533	48,407	36,518
- Of which exercise period not started as at 31 December			5,584	5,584	5,584	4,334	5,584	5,584	5,584	3,084	1,000	41,922	54,828
Options granted prior to the appointment to the Executive Management			-	-	-	2,416	666	-	-	-	-	3,082	5,535

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. More information can be found in Section 10 of the Corporate Governance Report.

In 2022, Executive Management members exercised 20,970 options in aggregate, representing a gross capital gain of CHF 2,345,763, of which CHF 288,284 relates to options granted to members of the Executive Management prior to their appointment to the Executive Management. Former members of the Executive Management exercised a total of 4,441 options, representing a total gross capital gain of CHF 525,482.

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 2022, 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 2022.

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 2022, the number of stock options exercised by Executive Management members corresponds to 0.1% of the share capital (0.3% in 2021 and 0.1% in 2020).

9 Approval of the Remuneration Report

This Remuneration Report provides full transparency for the financial year 2022 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 10 May 2023 (consultative vote).

10 Articles of Association

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 AoA 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 AoA.

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 AoA.

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

For further information on remuneration matters, reference is made to the AoA last amended on 6 May 2021 and applicable as at 31 December 2022, which are available at https://en.swissquote.com/company/investors#corporate-documents 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

Report on the audit of the Remuneration Report

Opinion

We have audited the Remuneration Report of Swissquote Group Holding Ltd (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) contained in Section 4 on pages 195 to 200 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the accompanying Remuneration Report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

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

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

Other information

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

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

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

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

Board of Directors' responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

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

Auditor's responsibilities for the audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers SA

Christophe Kratzer	Jonathan Derungs
Audit expert Auditor in charge	Audit expert

Lausanne, 15 March 2023

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, derivative 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 main modelling and parameters assumptions.

As of 31 December 2022, 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, the investment strategy of the Group remains short-term oriented without the need to hedge the risk of interest rate risk through derivatives.

In addition to the daily monitoring of the change in economic value of equity (EVE), the Controlling & Risk department performs quarter-end stress tests to monitor the net interest income (NII). These stress tests are measured for each currency using the 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 customer 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 infer estimates of non-maturing deposits' duration by means of a synthetic fixed-income investment portfolio that replicate clients' behavior.

Regarding derivatives, the Group enters into FX Swap transactions in the context of its excess liquidity management. 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 2022 (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 [2]	3,265.0	2,475.0	712.1	0.37	0.44		
Due from customers	106.9	106.9	–	0.40	0.40		
Financial investments	2,813.4	1,488.1	1,293.5	2.08	1.66		
Receivables from interest rate derivatives [3]	4,062.6	301.5	3,039.1	0.16	0.11		
Amounts due in respect of client deposits	(16.2)	(0.8)	(15.4)	0.15	0.88		
Payables to interest rate derivatives [3]	(4,070.6)	(2,314.0)	(1,340.1)	0.16	0.08		
POSITIONS WITH AN UNDEFINED INTEREST RATE RESET DATE							
Due from banks	462.9	179.0	216.9	0.08	0.08		
Due from customers	707.5	281.4	379.6	0.08	0.08		
Payables on demand from personal accounts and current accounts	(8,583.6)	(4,066.8)	(4,067.0)	1.01	1.01		
Other payables on demand	(360.6)	(30.2)	(278.8)	–	–		
Payables arising from client deposits, terminable but not transferable (savings)	(230.5)	(148.7)	(78.2)	1.01	1.01		
Total	**(1,843.2)**	**(1,728.6)**	**(138.3)**	**0.71**	**0.72**	**1.01**	**1.01**

[1] Significant currencies are those that make up more than 10% of assets or liabilities of total assets (i.e. USD and EUR).
[2] Including CHF 2.1 billion reverse repurchase agreements transacted with Swiss National Bank.
[3] 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	11,418.3	(13,261.5)	(1,843.2)
Out of scope of IRRBB disclosure [1]	2,753.6	(228.5)	2,525.1
Adjustments for derivative financial instruments (incl. notional amount)	(3,953.5)	4,012.7	59.2
Total	**10,218.4**	**(9,477.3)**	**741.1**

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

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.

	ΔEVE (changes in the net present value)		ΔNII (changes in the discounted earnings value)	
in CHF million	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Parallel shift up	46.8	15.6	103.6	63.5
Parallel shift down	(40.5)	(11.2)	(64.3)	(16.3)
Steepener shock	1.8	(24.6)	–	–
Flattener shock	5.8	25.6	–	–
Rise in short-term interest rates	20.1	27.3	–	–
Fall in short-term interest rates	(18.7)	(25.7)	–	–
Maximum	(40.5)	(25.7)	(64.3)	(16.3)
Tier 1 capital	**649.3**	**530.5**		

As at 31.12.2022, the most adverse scenario was the "Parallel shift down" as it resulted in a change of net present value (ΔEVE) of CHF -40.5 million, representing an effect of -6.2% of Tier 1 capital. This effect remained nevertheless below the regulatory threshold of 15.0%.

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.

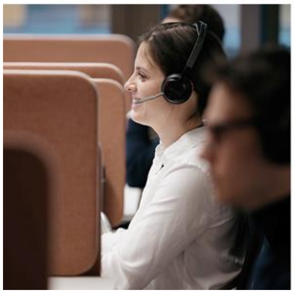
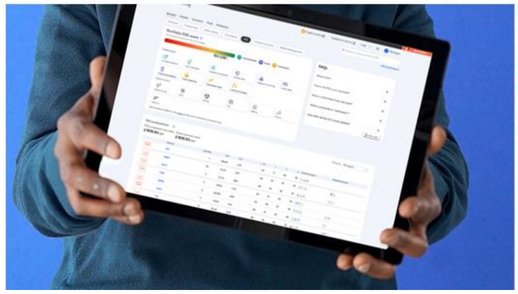
The changes in the net present value (ΔEVE) between 31 December 2021 and 2022 are explained mainly by the increase in volume of the Group's financial investments on the asset side, combined with the impact of the non-maturing deposit modelling on the liabilities side (refer to Section 2 for more information on the model).

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 interests served on client accounts (liability side) without affecting substantially other revenue categories. A parallel shift-up scenario may also differ according to commercial policy and competition.

The increase of changes in the discounted earnings value (ΔNII) between 31 December 2021 and 2022 is mainly explained by the changes in the interest rate environment during the year.

SUSTAIN-
ABILITY
REPORT




Why we are committed to Sustainability

The 2022 report marks the third year of non-financial disclosures for Swissquote, provided in addition to information on financial performance, corporate governance and remuneration. As part of our commitment to transparency towards our customers, employees and other stakeholders, this report includes comprehensive insights about our approach to sustainability and key performance data in accordance with GRI Standards. Selected quantitative data have been externally assured for the first time in 2022.

This report's scope covers Swissquote's business activites in Switzerland and Luxembourg.

OUR UNDERSTANDING OF SUSTAINABILITY

Swissquote (we) strive to deliver sustainable value to society and exemplify how to apply sustainability criteria in our strategic decisions and operations.

For us, this means challenging convention via innovation and technology and constantly pioneering new and intuitive ways of banking to democratise financial markets and make financial opportunities more accessible to all. We build relationships based on trust and conduct our business responsibly and transparently. We champion our customers by delivering exceptional products and services. We create customised user experiences that enhance and ease banking and investment decision-making, and we seek our clients' opinions to better understand their needs, motivations and aspirations. We cherish our employees and work hard to nurture a culture that is inclusive and worthy of their talent. Finally, our commitment to sustainability considers the environment and drives sustainable growth that creates value for all our stakeholders.

GENERAL INFORMATION

Swissquote's Board of Directors is ultimately responsible for all environmental, social and governance (ESG) decisions and supervises performance related to annual objectives of the Executive Mangement for sustainability. The Board consists of seven members and has two board committees that make recommendations to the Board on specific matters. An overview of the Board and its committees, including their functions and responsibilities, can be found in the Corporate Governance Report on page 158 and following. None of the Board members undertakes activities, holds mandates or has vested interests other than described in Section 3.1 on page 145 and following. For more information on activities and vested interests of the Board, see Corporate Governance Report, page 153, **GRI 2-15**.

To further enhance collective knowledge on sustainability, a dedicated ESG training is planned for our Board members in early 2023, **GRI 2-17**. The Board delegates the duties of implementing the business strategy, including sustainability matters, to the Executive Management, which reports back to the Board of Directors during the Board meetings as appropriate, **GRI 2-13**.

The Chair ensures that all relevant matters are part of the Board meeting agenda and subject to an appropriate follow-up. Relevant matters include, among others, strategy, business, financial risks, risk management, compliance matters as well as sustainability (including environmental risks). ESG-related topics and risks are presented to the Board during the Annual Risk Conference as well as during other Board meetings when relevant. **GRI 2-9**. Depending on the topic of concern, the corresponding department will prepare dedicated reporting to the Board including negative impacts and remediation measures, if applicable. For example, employee-related topics are part of the reporting from the Human Resources department to the Board of Directors, **GRI 2-25**. For more information on the governance structure and composition, nomination and selection processes, together with details on the Chair of the Board, see Corporate Governance Report, page 134-178, **GRI 2-9, 2-10, 2-11, 2-12**.

The purpose of Swissquote's remuneration policy is to encourage the delivery of sustainable growth and performance to shareholders, promote our vision and strategy and foster the achievement of our sustainability goals. The policy is designed to attract and retain qualified employees and reward achievements as well as long-term performance. It is also elaborated 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.

Starting from 2022, the objectives set to the Executive Management are classified in three categories: financial objectives, growth objectives and ESG objectives (15% weight). The non-financial objectives set by the Board of Directors to the Executive Management are derived from the materiality assessment. For more information on the remuneration policy and how it is determined, see Remuneration Report pages 180–210, **GRI 2-19, 2-20**.

MATERIALITY ASSESSMENT

Swissquote has determined the most critical priority topics based on the relevance of the impacts of its business activities on sustainable development and on the long-term success of Swissquote in the marketplace. These two pillars lay the foundation for our sustainability strategy as well as reporting and inform the concept of "double materiality" that serves as the basis for the 2022 Sustainability Report.

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. Next, we evaluated and prioritised the topics in a workshop with our Chief Financial Officer and representatives from various departments such as Finance, Human Resources, Marketing, Legal, Compliance and Investor Relations. We assessed the materiality of the topics according to the following criteria: relevance for our long-term business success and significance of the impact of our business activities.

Considering the update of the GRI Standards as well as the introduction of the Responsible Business Initiative (RBI) counterproposal, we updated our materiality matrix in 2022. For each material topic, we analysed their associated impacts and assessed whether we needed to consider further material topics and their impacts. We then assigned the material topics and their associated impacts to the sustainability matters (i.e., environmental matters, employee matters, human rights, other social matters, governance as well as economic matters), which large Swiss-based companies must report in light of the RBI counterproposal. The core project group then re-evaluated the relevance of each topic concerning the impacts of Swissquote's activities on the economy, environment and people (x-axis), as well as the impact on Swissquote's long-term business success (y-axis). The materiality update was facilitated by an external corporate sustainability consultancy. The outcome of the materiality analysis was submitted to the Board of Directors and the Executive Management and is reviewed on a yearly basis. Additionally, the Board of Directors approves the sustainability report as part of the entire Annual Report before it is published, **GRI 2-14, 3-1**.

The 15 identified topics with medium, high and very high relevance in one or both dimensions form the basis of our sustainability management and reporting. They are presented herein in our materiality matrix, **GRI 3-2**.

Our Materiality Matrix GRI 3-2

RELEVANCE FOR LONG-TERM BUSINESS SUCCESS	LOW	MEDIUM	HIGH	VERY HIGH
VERY HIGH		Compliance, Governance and Ethics Financial Performance	Customer Data Security, Privacy and Protection Business Continuity, IT Resilience Customer Experience	Innovation
HIGH		Talent Development Prudent Investment Approach Credibility in the Market Employee Engagement Diversity Compensation and Benefits	Product Focus	
MEDIUM		Environmental Responsibility Social Impact		
LOW				

IMPACT RELEVANCE

STAKEHOLDER ENGAGEMENT

We prioritise our stakeholders' perspectives and strive to integrate them across our business strategy. In the context of the materiality assessment, we identified our most important stakeholder groups and how we engage with them. They are defined as those who either contribute to the successful business activity of Swissquote or are influenced by our business activity, GRI 2-29.

Our Approach to Stakeholder Engagement

Stakeholder Group	Examples of Stakeholder Engagement	Key Topics and Concerns Raised
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 – Swissquote Trading Day	– Safeguarding of assets – Expertise of their broker/bank – Pricing – Platform usability and reliability – Time to analyse markets – Understanding market trends to trade successfully – Service/support – 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 – Sustainability criteria
Employees	– Annual engagement survey – Additional selected surveys – Q&A sessions with Executive Management – Department-level discussions – Full Annual Management Meeting – Staff Meetings	– 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 papers	– Full compliance with applicable laws and regulations – Application best practices – Proactive reporting – Absence of conflict of interests and proper business conduct
Local communities	– Sponsoring of local events – Participating in university and association committees – Giving to charitable organisations	– Paying taxes – Philanthropy – Attractive employer

Swissquote engages with a variety of business partners to successfully create value, including financial counterparties such as banks, stock and crypto exchanges, brokers, introducing brokers, prime brokers, liquidity providers and market makers, data feed providers, software engineering firms, software and IT infrastructure providers, landlords of office spaces and other professional service providers such as advertising, sponsoring, consulting and law firms. For a comprehensive overview of Swissquote's value chain, reference is made to Section I and II of the consolidated financial statements on page 26 and following GRI 2-6.

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, Environment Responsibility

INVESTORS » Financial Performance, Compliance, Governance and Ethics, Prudent Investment Approach, Environment Responsibility

EMPLOYEES » Employee Engagement, Compensation and Benefits, Talent Development, Diversity, Environment Responsibility

REGULATORS » Compliance, Governance and Ethics, Environment Responsibility

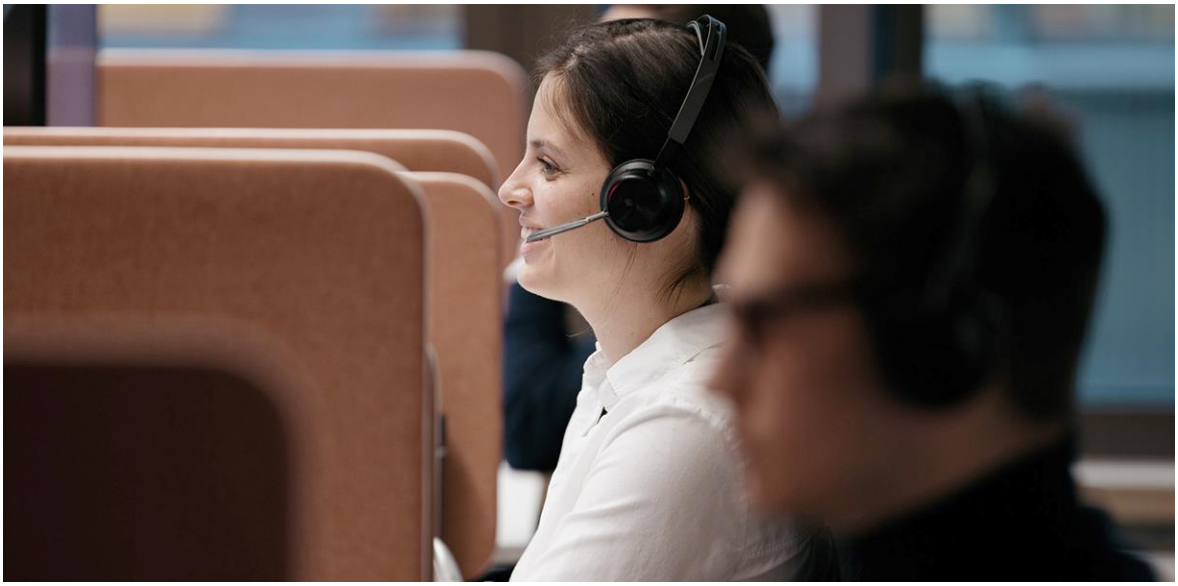
LOCAL COMMUNITIES » Social Impact, Environment Responsibility

Memberships, Associations and Commitments to External Initiatives

Swissquote actively participates in various memberships, associations and commits to external initiatives, including:

- Swiss Bankers Association (SBA);
- Association des Banques et Banquiers Luxembourg (ABBL);
- Asset Management Association Switzerland (AMAS);
- Capital Markets and Technology Association (CMTA);
- Commission Vaudoise pour la Formation Bancaire (CVFB);
- Association Vaudoise des Banques (AVB);
- OpenWealth Association;
- Swiss Structured Products Association (SSPA);
- Groupement des Compliance Officers de suisse romande et du Tessin (GCO).

We are committed to the standards, self-regulations or codes of conduct of those associations, **GRI 2-28.**



How we focus on customer centricity

In a competitive and mature industry, we seek to differentiate and always put the "client first" to keep Swissquote as the bank of choice for our customers. We are our customers' champions at all times.

CUSTOMER EXPERIENCE

To maintain our leadership position as a Swiss online bank and continue expanding globally, we are relentless about understanding our customers' desires, needs and aspirations. We believe in building enduring relationships by getting to know our customers and delivering outstanding products and customer service.

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 innovative products and services that meet their needs, we create lasting partnerships. Our ambition is to democratise financial markets and make information, technology and products accessible to all so that every investor can make informed online investments. Opening the opportunity to invest in multi-asset classes to small-scale private investors and providing access to a broad range of information, products and services online thus create value for society at large. That is why customer experiences are a crucial element of Swissquote's value proposition. We are dedicated to perfecting the customer experience so that we are inspiring our clients, building Swissquote ambassadors and establishing long term, trusted relationships.

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 2022

One of the ways we measure customer satisfaction is through our Net Promoter Score (NPS®), an international standard indicator of customer loyalty that is calculated as the difference between brand promoters and detractors. In 2022, we received a positive NPS®, confirming that we have more promoters willing to recommend Swissquote to their acquaintances than detractors. In particular, customers reported receiving high-quality products and services with Swissquote Bank Europe whom achieved its highest historical levels in NPS® in 2022.

This progress was also reflected in our IPSOS score, which measures our position in terms of the objective to be top of mind for trading and for total awareness (i.e., proportion of people who are aware of our brand). Swissquote remains the top-of-mind online trading bank in Switzerland alike last year and is ranked second in the study for brand awareness. Despite a challenging macro-environment, we remained a trustworthy partner for our customers. Our International Client Satisfaction survey conducted with IPSOS since 2016 consistently reveals that our clients highly appreciate our status as a regulated bank accountable to a reliable supervisory authority. We improved our positions compared to 2021 with clients reaffirming their trust in us and our ability to securely manage their data. In relation to the regulatory status, trust and security, our clients give us a satisfaction score of 6.0 out of 7.0 (+0.1 points compared to last year). Our customer care service also improved its service level and response time significantly compared to last year.

	2022	2021
Total number of inbound calls	303,406	370,011
Average percentage of total inbound calls answered within the first 120 seconds	91%	80%
Average percentage of tradeline inbound calls answered within the first 120 seconds	96%	88%

In 2022, we became a new member of the OpenWealth Association, which connects financial institutions through an open Application Programming Interface (API) standard, thereby enabling us to continue improving our services for institutional and private clients. Swissquote followed this up by launching our own TWINT app as a payment solution for clients, expanding our capabilities and now becoming accessible to all eTrading account holders for free.

Customer retention is key in a competitive market, and customer experience is crucial. Swissquote is dedicated to continuing to perfect the customer experience as we maintain our focus on retention and client service. In 2022, more than 50,000 new accounts were opened.

We continue our effort to provide free education and knowledge sharing through different media platforms such as our YouTube channels and our education blog on the "Medium" platform. We also offer new guidebooks helping our customers to develop their trading skills, and we provide free webinars accessible via our website. By offering these tools in up to six languages, we were able to reach tens of thousands of people (e.g., approximately 60,000 followers on our YouTube channels). In June 2022, we organised the Swissquote Trading Day which was hosted in Lausanne and live-streamed on our YouTube channels. Around 3,000 people gathered to talk about financial markets and the latest news with a range of experts, making this event the number one retail finance event in Switzerland.

Moreover, Swissquote launched its own crypto exchange called SQX. This centralised trading platform for cryptocurrencies provides a more competitive and secure trading environment. SQX provides a significantly enhanced customer experience for trading, execution and liquidity and is available at any time.

Finally, in December 2022 we launched a new securities lending service in Luxembourg in order to provide customers with a new source of passive income. Customers can now elect to lend their securities to institutions looking to borrow them.

How We Are Reaching Our Goals

In response to customer needs, we release new products and services on a regular basis while remaining committed to keeping our platform simple to use. We truly believe that trading should be accessible to everyone and provide customers with a broad range of training tools to help them join the trading universe easily and successfully. We also publish the Swissquote Magazine six times a year to deliver stories that can guide investors' personal investment strategies.

Our efforts to perfect the customer experience begin by knowing our customer and investing heavily in user research as a component of product and service design. Our team includes people in charge of understanding customer needs and designing the user journey. We systematically conduct usability testing (including testing by Swissquote employees with different 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's support teams. We have also magnified our attention on social media and use these channels to engage with current and potential customers, including collecting feedback and responding to interests and concerns. Additionally, we carefully monitor customer ratings and feedback provided through the Yuh app and the Swissquote mobile trading app to ensure our products remain aligned with customer needs.

We share findings with employees regularly and expect them to respond to client needs and feedback. To build a common understanding of clients and their needs, we conducted data-based research to create "personas" – customer archetypes that represent key traits of a large segment of our audience. They help us to understand our customers' desires, experiences, behaviour and goals.

Finally, we solicit customer opinions through client surveys and regular benchmarking (e.g., client satisfaction survey with IPSOS). On a biannual basis, we measure customer experience with the Net Promoter Score®, combining NPS® measurements with customer experience and satisfaction research to continually increase customer loyalty. This data as well as client satisfaction targets are reflected in a 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, customer service and investor empowerment. Being known for reliability and flexibility allows us to progressively transition from being considered a "secondary" bank by customers to becoming their first and only bank. With our attention on customer service and customers' unique needs, Swissquote is on the path to becoming a universal digital bank with a broad range of products and services.

Transparency is critical as we make our way forward. By ensuring reliable, credible and competitive products and solutions accessible to all, Swissquote increases quality and transparency for its stakeholders while raising the bar for security and trust in the financial, fintech and banking sectors.

At Swissquote, credibility is captured by one of the four founding principles of our value proposition:

- Swiss pedigree and top customer experience;
- Extensive and unique multi-asset offer;
- Trust and security;
- Tech leadership and innovation.

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 payout per share**
- **Apply best practice standards in financial and non-financial reporting**
- **Support meaningful regulation and appreciate being regulated by respectful regulators worldwide**
- **Provide transparency**
- **Apply best practice remuneration and corporate governance rules**
- **Improve ESG rating scores**

A Look at 2022

We remained profitable and maintained a strong equity capital ratio well above minimum requirements despite the fluid conditions this year. Further information is available in the financial risk management section of our Financial Report. Despite the year 2022 being challenging, we are still in a position to propose continuity in the dividend per share payment as well as a strong Basel III core capital ratio.

	2022	2021
Capital ratio in %	24.8%	26.2%
Net profit in CHFm	157.4	193.1
Payout per share in CHF	2.20	2.20

As part of our commitment to transparency and best practice standards in financial and non-financial reporting, we continue to report voluntarily in compliance with GRI Standards and have enhanced our disclosures this year to fulfil the requirements of the updated GRI Standards 2021. In addition, key indicators of this report have been independently reviewed by a third party.

As we move forward with our goal of becoming a universal bank with a broad range of products and services, we remain firmly grounded in our focus on credibility and transparency. We recognise the importance of the hard work that goes into gaining and maintaining our customers' trust and remain committed to our journey to becoming our customers' preferred bank for all their needs.

Our efforts in applying best practice remuneration and corporate governance rules have been rewarded by our receiving a satisfactory zRating® score attributed by Inrate (corporate governance rating for Swiss listed companies with a maximum total of 100 points). Swissquote was ranked 12th out of 171 companies and number one in the Financial Services industry in 2022. Moreover, in 2022, Swissquote Group Holding SA received an MSCI ESG rating of AA[2] (on a scale of AAA-CCC).

	2022	2021
zRating® score	74	70
MSCI ESG ratings assessment	AA	BBB

How We Are Reaching Our Goals

On a fundamental level, we establish customer trust by being a regulated bank under the supervision of the Swiss Financial Market Authority (FINMA) in Switzerland and a regulated bank under the supervision 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, extensive financial and regulatory audits are performed by external auditors.

Beyond that, 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. We ensure that our language is clear and unambiguous.

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 2022, **GRI 417-2 & -3.**

[2] The use by Swissquote Group Holding SA of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship, endorsement, recommendation or promotion of Swissquote Group Holding SA by MSCI. MSCI services and data are in the property of MSCI or its information providers and are provided "as is" and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

In addition to being a bank, Swissquote also operates as a public media vector with our online financial platform, which is accessible globally. We therefore ensure compliance with 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 departments, the extensive use of ad hoc disclaimers and a cross-border policy. Our Executive Management and the Board of Directors receive a daily briefing of media coverage. 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.

» 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.

The Value of Customer Data Security, Privacy and Protection

Customers expect banks to keep their financial and personal information safe and secure. Proactive IT management to ensure our clients are protected from financial harm and invasion of privacy is necessary to achieve a high level of trust and customer loyalty and to reinforce 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 convincing results at the annual penetration test audit performed by a third party**

A Look at 2022

As Swissquote grows and expands to additional marketplaces and product lines, we have made several improvements in how we keep customer data secure. For example:

- We have defined new rules and responsibilities related to infrastructure and technology security standards.
- We implemented new standards to further ensure that customer data is processed and stored in accordance with state-of-the-art market practices.
- We developed a sophisticated risk identification process using a recognised industry framework to better identify threats scenarios related to customer data security.
- We improved our data leakage prevention system by ensuring that all data flows comply with defined security standards, especially those from mobile devices.

The Bank organises a penetration test audit on an annual basis concerning its websites, web and mobile applications by calling on trusted and reputable external third-party auditors. A rotation is carried out concerning the suppliers in order to ensure independence and non-collusion in the results and conclusions of the audit. The inspection in 2022 revealed that our platforms are robust and meet the highest security standards.

Moreover, in 2022, an external IT service provider conducted an audit on the Company's technical capacity to handle potential security incidents. No significant deficiencies were identified on this occasion.

The adoption of new technologies and increasing IT complexity should not come at the expense of data security.

Phishing attacks remain the number one threat for the financial industry as they become more sophisticated and targeted. We must ensure that our people are engaged and well-informed about these types of attacks and know how to detect and deflect them. In 2022, in addition to dedicated trainings, we published an IT Security Newsletter to promote best practices and IT hygiene as well as conducting phishing exercises to train customers and increase awareness.

Beyond that, cyber-attacks remain a big area of concern for our sector. We believe that to achieve cyber resilience, security must be embedded in business processes while we use agile methodologies to prepare, prevent, respond and successfully recover from attacks. In 2022, we did not experience any major incident regarding customer data security, **GRI 418-1.**

How We Are Reaching Our Goals

As a bank regulated by FINMA and other regulators around the world, we abide by strict security measures to keep our customer data and privacy safe. Swissquote has also established a framework to manage IT risks, particularly regarding intentional or unintentional threats to its IT systems. Additionally, 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 work in secure operating environments and limit access to customer identifying data (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 relevant legal requirements. When the collected personal data is no longer required, we destroy or delete it in a secure manner.

We also maintain a web page with dedicated information on data protection, so that customers can review our policies, procedures and their rights on data protection at any time. We comply with the Swiss Federal Act on Data Protection (FADP) and ensure that 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. In addition, high-severity cases are escalated to the supervisory authorities.

The Company designs its employee security information strategy around three axes:

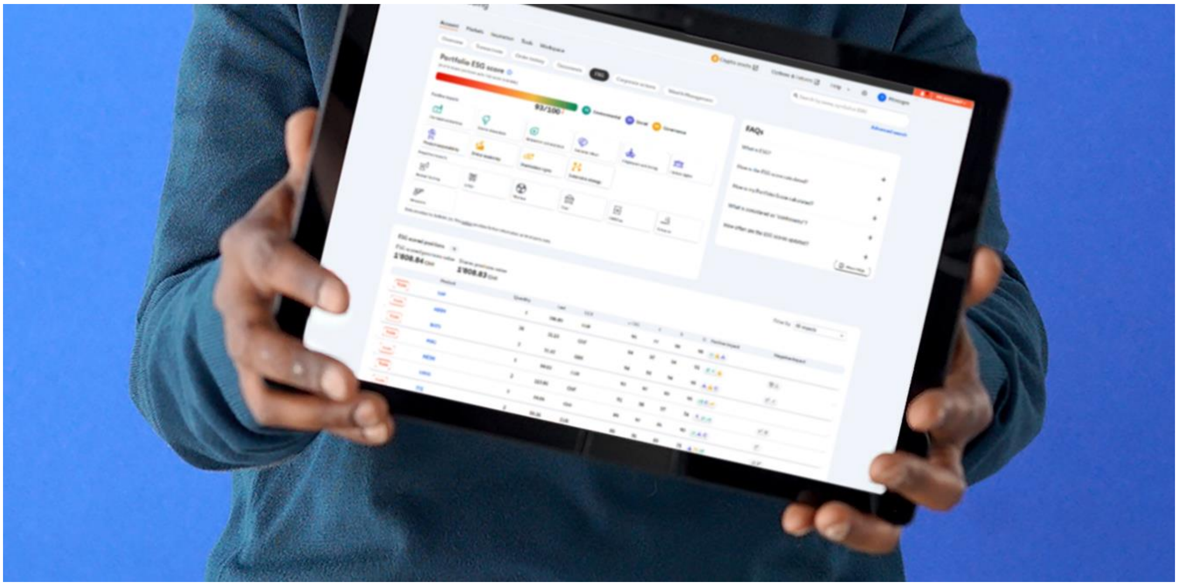
1. Online training;
2. Internal newsletters;
3. Security bulletins.

We train our employees on data security and privacy-related risks and procedures upon hiring and then on at least a yearly basis. All employees are required to undergo training on client data security in accordance with FINMA's requirements and expectations (such as those expressed in FINMA Circular 2008/21 "Operational Risks – Banks"). While all matters of data security, privacy and cyber security are managed by our IT Security team, ultimate responsibility lies with top management, in particular our Chief Operating Officer and Chief Risk Officer. In addition, the oversight of these topics is performed by the Board of Directors, which includes several members with specific skills and experience in Technology/IT/Cybersecurity.

We have mandated an external third party to perform an ISAE 3402[3] review on the description of our systems and controls in conjunction with our function as an IT service provider organisation as well as the suitability of the design and operating effectiveness. This helps us to communicate about the controls we have in place to achieve specified control objectives and ultimately enables us to build trust. Apart from this and in addition to annual external penetration test audits, our external auditors conducts regulatory required annual regulatory audits. From time to time, our internal auditors run internal audits on data security, privacy and protection.

» Further details can be found in the section on compliance, governance and ethics

[3] International Standard on Assurance Engagements 3402 (ISAE 3402) provides assurance concerning adequate internal controls. For more information, see https://www.iaasb.org/



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 creating the most intuitive and innovative products possible, we empower investors and 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 two decades, 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 continually improve our agility, we have become a product-focused organisation.

To consolidate our unique offerings, reinforce our value proposition and advance towards our vision, we have an ambitious roadmap that puts client wants and needs in the driver's seat. Customer satisfaction is both our distinction and our galvanising force.

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 2022

In 2022, we developed a sophisticated internal communication framework to regularly share insights about product performance, client feedback, market trends and product deliveries. Our employees are our strongest assets. Through steady knowledge building, they can better design products and serve our customers. The communication framework includes different communication channels and support mechanisms including product scorecards, newsletters, quarterly product reports and expert talks. Our goal is ensure that all Swissquote employees are aligned with our product strategy and have the tools and the knowledge to serve as trusted leaders in client needs and market insights.

Along with this, we have further developed how and how often we engage with our clients to better understand their needs, challenges and expectations. We have introduced multiple qualitative and quantitative channels, including focus groups, surveys, micro-surveys on specific products or new services, as well as dedicated sessions with clients.

As we continue to operate in a dynamic marketplace and stay focused on customer-led growth, we remain committed to delivering the best products and services and being market-responsive with our expansion.

Our product focus is captured by the following indicators:

	2022	2021
FTEs dedicated to technology	372	332
Average rating of the Swissquote Trading App in the App Store	4.4/5	4.4/5
Average rating of the Swissquote Trading App in the Play Store	4.1/5	2.9/5

In addition to the above-mentioned headcount, we also work with external software engineers (151 headcounts as of 31.12.2022) GRI 2-8. Our software development department monitors its progress towards the project roadmap delivery using various key performance indicators (KPIs) such as stakeholder satisfaction.

How We Are Reaching Our Goals

Every product has a product manager who sets the overall vision and leads with target setting. They guide team squads and coordinate with relevant departments with three goals:

- Define the best products for our clients;
- Provide visibility of short/mid/long-term goals;
- Provide product "cockpits" to pilot products and measure results.

This organisation helps to support both product improvement and new product development. The model is complemented with a metric-based approach, in which each product team defines measurable objectives and tracks KPIs relevant to their task. Technical teams are also following important metrics to their daily job such as lead-time, technical depth, stakeholder satisfaction and team mood.

We offer a wide range of services, which are organised into nine different product categories, to different types of clients, along with Yuh, which is offered through our joint venture with PostFinance. The products support our four-pillar business model that is centred on eTrading, Forex, Crypto-Assets and Banking Services. We structure product management and development teams around the products to continue extending and improving the services we offer to our clients. This approach is aligned with our client-first culture and prioritises our value proposition during the whole process of iteration from focus groups to UX research, UI/UX testing and post-delivery feedback collection.

Further details can be found in the section on innovation and 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 challenge conventions via innovation and technology to democratise financial markets and make financial opportunities more accessible to all.

The Value of Innovating

Digital banking services and technology have become key elements of the banking industry. More and more customers expect a convenient, easy-to-use, flexible and on-demand platform to manage their financial assets. Our competitive advantage and positive brand perception increase if we can provide newer and more accessible products than our competitors. As a bank focused on innovation throughout our 25-year plus history, we are proud of our reputation as a proven innovator. It is a large contributor to our brand awareness and fundamental to our goal of retaining tech talent, which comprises 40% of our workforce. By focusing on innovation, we add value to the Swissquote platform and enhance our ability to act quickly in response to marketplace changes.

This cultural emphasis on innovation across Swissquote also helps drive forward new ideas, products and services that can meet changing customer needs with speed and convenience. Furthermore, innovation has an impact on the health of the financial sector and can lead to better client and stakeholder experiences overall – a key driver for us.

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 2022

Sustainability is an important factor in how we assess and respond to our customers' investment decisions. Our Theme Trading offering includes a Sustainability & Impact Investing focus, with ten certificates, each having a theme related to various elements of sustainability: vegetarianism, recycling, gender equality, social responsibility, rainbow rights, green energy, sustainable energy, decarbonisation, eMobility and hydrogen. Additionally, as more investors prioritise ESG criteria in their trading decisions, we continue to empower them by developing new tools and functionalities in our trading platform to guide them, such as:

- Display of ESG scores for every company whose shares are available for trading on our trading platform[4] ;
- Detailed performance of stocks on selected values such as gender equality, human rights, greenhouse gas (GHG) emissions, etc.;
- ESG-inspired stock-picking;
- Filtering capabilities to avoid controversial industries such as fossil fuel, animal testing, weapons, tobacco and alcohol;
- Filtering capabilities to select stock aligned with values;
- Client portfolios' ESG score and how it matches with the customers chosen values.

Those features were released at the end of 2022 and the Company plans to further expand their scope in the coming years (as the functionality is currently web only and available only for stocks).

In 2022, we also evolved our strategic pillars to:

- Be mobile-first by offering a complete one-stop shop for our traders/investors aligned with our client needs;
- Become a universal digital bank by developing an innovative suite of daily banking services available through a multi-channel customer experience;
- Make wealth-building easier and less time-consuming by offering simple and easy investment solutions for midterm and passive investors;
- Level up sustainable investing by offering a disruptive solution to explore sustainable investment and a dedicated sustainable investment strategy;
- Provide better guidance through a simplified offer by greatly improving and unifying our trading platform with new customer experience and design;

[4] ESG scores are provided using data from Refinitiv. We supply available information to our clients who remain free to choose whether to consider the information for investment decisions. Minimum requirements concerning ESG scores are applicable for our responsible investment policy which concerns our own investments.

– Enhance our crypto offering by building the first crypto exchange (SQX) offered by a Swiss bank and offering staking services for crypto holders.

In 2022, Swissquote began issuing structured products in cooperation with Leonteq to redefine and innovate the yield enhancement segment of the structured products market. Through Leonteq's white-label platform, Swissquote now issues its own structured products under the label "Yield Booster". With an initial emphasis on yield enhancement, we aim to focus on developing additional products that offer private investors greater transparency as well as cost-efficient and easy-to-execute tactical trading strategies for all market expectations.

Swissquote is proud to have been named the number one bank/insurance in the Most Innovative Companies ranking in Switzerland by Bilanz, PME and Statista.

	2022	2021
Total number of online tradable securities	3,470,202	3,178,448
Percentage of total theme trading AuM invested in "Sustainability & Impact Investing focus" certificates	26.3%	27.6%

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.

Our product management division is responsible for driving innovation. We have set up think tanks for ideation and squads to implement each innovation project once a budget is allocated. We recognise that the success of such a people-centric approach to innovation relies on our ability to hire and retain the best technology talent in the marketplace, and we remain committed to our employees' well-being and professional journey as we pursue a strategy of constant innovation.

Our product management framework, accordingly, is built to:

– Measure client satisfaction on a recurring basis and on demand as we roll out new services or key features;
– Perform deep analysis and recurring reporting on product KPIs;
– Align our offer with key competitors by performing recurring market screenings focused on value proposition and pricing;
– Conduct ongoing market research with focus groups including clients to better evaluate the need for and effectiveness of new services and innovations.

Swissquote strives to continue being a highly innovative company and taking into consideration available technologies, including artificial intelligence, to serve client needs.

» Further details can be found in the sections on customer experience, product focus and talent development

How we create value and conduct business responsibly

We are committed to conducting our business responsibly and transparently. Mutual respect is core 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 in the future.

PRUDENT INVESTMENT APPROACH

We work hard to safeguard our clients' financial interests. That includes the integration of ESG criteria in our investment decisions to limit risk exposure while influencing positive short- and long-term impact on society and our environment.

The Value of Prudent Investing

For us, prudent investment implies that we do our best to ensure long-term returns by investing in responsibly operated organisations. We invest in high-quality issuers to mitigate credit deterioration while maintaining an appropriate risk level. We believe that by incorporating ESG criteria into our own investment decisions, we can impact the economy and environment in a responsible manner.

In line with our mission of democratising finance and empowering investors, Swissquote does not provide investment advice or asset management services other than Robo-Advisory services and the Investment inspiration tool (a widget offering a personalised selection of stocks on a daily basis). In addition, our core activity typically does not include granting direct loans to corporations. As a publicly traded company with a Swiss banking licence and more than 530,000 accounts, we follow all applicable rules and guidelines to safeguard our customer assets and shareholder equity, including full compliance with the Basel III framework.

WHERE WE HAVE SET OUR SIGHTS

- **Adequately and vigilantly manage the various risks affecting our assets**
- **Comply with regulations and our own rules**
- **Apply best practice risk management policies**
- **Integrate ESG criteria in our own investment process**

A Look at 2022

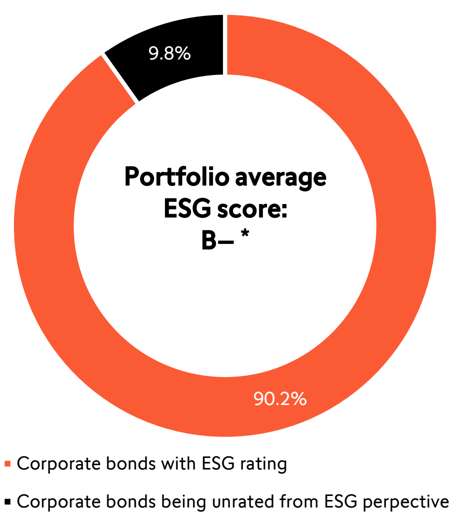
In 2022, we implemented a new Responsible Investment Policy for own assets that formalises how Swissquote integrates ESG factors in making its own investment decisions. In particular, we use the following criteria in selecting products for Swissquote's investment securities portfolio:

- Select investment securities with a minimum Refinitiv ESG score of C+ (higher range of satisfactory relative ESG performance) or BBB from MSCI (average ESG performance) when available. The ESG score coverage shall be at least 80% (relative to the size of the investment securities portfolio);
- Exclude companies generating more than 5% of their revenues in controversial sectors (adult entertainment, armaments, gambling, genetic engineering, coal, oil sands and tobacco);
- Exclude companies listed on the exclusion list of the Swiss Association for Responsible Investments (SVVK).

Since the Asset and Liability Management and Treasury department is ultimately responsible for ensuring that the ESG strategy set by the Board of Directors is properly implemented in the Company's own investment decisions, we have introduced mandatory training on responsible investment for all Asset and Liability Management and Treasury employees. We have also set control procedures to ensure the respect of this policy.

Looking ahead, we will continue to focus on climate and environmental risks that could affect our assets.

INVESTMENT SECURITIES PORTFOLIO AS OF 31.12.22



* Good relative ESG performance as per Refinitiv ESG rating.

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 define 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; and
- Rules to ensure an appropriate duration of our assets and liabilities.

Our Responsible Investment Policy and diversification rules ensure we are minimising investments in less sustainable companies. Swissquote is convinced that the integration of ESG criteria into the investment process can reduce sustainability risks which may have a financial impact. Our

Asset and Liability Management and Treasury department, which oversees Swissquote's balance sheet, is responsible for compliance with our responsible investment policy and risk management guidelines. On the one hand, our Finance department monitors compliance with the responsible investment policy. On the other hand, our Controlling and Risk department monitors compliance with risk management guidelines daily and adherence is audited by external auditors.

» **Further details can be found in the section on innovation**

COMPLIANCE, GOVERNANCE AND ETHICS

Since our founding, we have built a reputation based on transparency and respect for our stakeholders. Integrity is in our DNA, and our partners, customers and employees 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 of successful banking relationships. We take great care in conducting our business in a responsible and ethical manner.

We are fair, honest and respectful with our customers, partners and colleagues. We follow the highest ethical and corporate governance standards, with every Swissquote employee contractually required to comply with those standards. Breaches can result in disciplinary actions.

Swissquote is committed to respecting, protecting and promoting human rights in all its activities. To this end, our engagement focuses on three main stakeholder groups: our employees, our suppliers and our clients. In particular, through our Code of Conduct for employees, we strive to be exemplary when it comes to applying ESG criteria in our strategic decisions and day-to-day activities. Moreover, our publicly available Supplier Code of Conduct sets forth similar rules and principles that are applicable to our suppliers. In particular, suppliers must prohibit forced or compulsory labour in all its forms as well as the work by children below the minimum age specified by applicable laws. Finally, we have provided our customers with ESG tools that allow them to assess their investments from a social perspective and select stocks aligned with the human rights value.

As an international financial services group headquartered in Switzerland and listed on the SIX Swiss Exchange, 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. Swissquote is furthermore committed to respect, protect and promote human rights, which are embodied in the Swiss Federal Constitution as well as the European Convention on Human Rights, in all its activities. We communicate our corporate governance approach and policies to our shareholders, prospective investors and the public through our Corporate Governance Report. Our Code of Conduct, Supplier Code of Conduct as well as our Whistleblowing Policy are available on our website.

Good corporate governance and integrity-based business conduct are points of pride for Swissquote, including our efforts to comply with socioeconomic and environmental regulations as well as anti-corruption and anti-competitive behaviour. This holistic approach ensures sound business practices, promotes fairness, transparency and accountability and protects the best interests of our stakeholders.

WHERE WE HAVE SET OUR SIGHTS

» **Aim for zero incidents that could harm our reputation and duly take into account those aspects when assessing the performance of the management**

A Look at 2022

In 2022, all employees were required to complete training on client identification data, general data protection regulations, cybersecurity, anti-money laundering, cross-border, anti-bribery and corruption, market conduct and whistleblowing. For selected employees, additional mandatory training in specified fields of expertise was introduced as well.

During the reporting period, Swissquote established a Supplier Code of Conduct that requires our suppliers to comply with principles in the areas of sustainability, law, regulations, best practices, integrity, transparency and personal data. We also established a Whistleblowing Policy in early 2022 to help to maintain high standards of conduct, honesty and integrity by encouraging Board members, employees and contractors to "blow the whistle" and report established or suspected occurrences of criminal, illegal, unethical or otherwise irregular activities, behaviour or practices to the line manager, the Group Head Human Resources, Group Chief Risk Officer, or Group Chief Legal Officer as well as to the Chair of Swissquote Audit & Risk Committee. While anonymous reporting is permitted, confidentiality measures and a no-retaliation policy are also in place. Unless the circumstances require an immediate report to the Group Board of Directors, the Executive Management provides information on the whistleblowing reports received as part of its quarterly reporting to the Group Board of Directors. Every alleged breach of ethics is fully investigated and followed by appropriate corrective actions **GRI 2-16**, **GRI 2-26**. Employees were required to follow a mandatory whistleblowing training in 2022, **GRI 2-24**.

In 2022, Swissquote did not identify any material non-compliance with applicable laws or regulations in its ESG efforts and was not subject to any significant fines or non-monetary sanctions. However, due to a technical issue, a press release in June 2021 was emailed to the persons registered on the Swissquote portal with a short delay. This prompted SIX Exchange Regulation AG to impose on Swissquote a fine of CHF 75,000 for non-compliance with the rules on ad hoc publicity; all the details were provided via press releases on 6 January 2023. Furthermore, Swissquote was not subject to any legal action for anti-competitive behaviour, anti-trust or monopoly practices in 2022 **GRI 206-1**, **GRI 2-27**.

With growing and more complex regulatory and legal sustainability-related requirements, we recognise that ensuring compliance with all relevant regulations is a challenge the Company will have to tackle in the coming years.

How We Are Reaching Our Goals

Our core values are:

- Champion the customer;
- Unite as one;
- Dare to be different;
- Do the right thing;
- In pursuit of excellence;
- Always say it how it is.

Our stakeholders expect accountability from us at all times – and our procedures and organisational structure are set up to respond to all 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. Various internal and external policies and directives underpin our engagement for sustainable development:

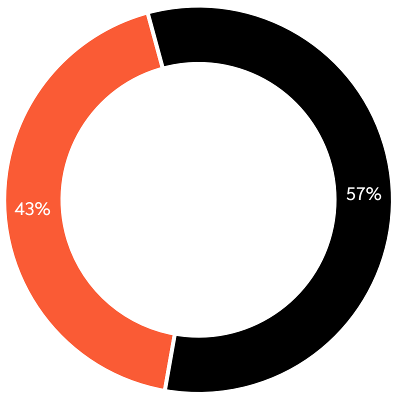
- Code of Conduct;
- Supplier Code of Conduct;
- Whistleblowing Policy;
- Corporate Governance Report. **GRI 2-23**.

The Company has an Anti-Bribery and Corruption policy applicable to all the entities of the Group. The Executive Management approves the risk assessment on bribery and corruption. It codifies the Group's principles against bribery and corruption, ensures that the organisation and responsibilities with respect to preventing, detecting and reporting potential bribery and corruption are duly set forth and promote business in an honest and ethical manner. The Controlling & Risk Department is responsible for conducting checks for the purposes of ensuring compliance with this policy. Such checks must be performed taking into consideration that the outcome of the risk assessment and any relevant findings must be shared with the Human Resources and Legal departments.

For external stakeholders seeking advice on particular directives or policies, we offer a platform (https://en.swissquote.com/support/contact) with email contacts (e.g., investorrelations@swissquote.ch). Our employees can find relevant information via our "Inside Swissquote" intranet as well as a dedicated section on our Rules & Tools, which includes details on all relevant regulations, **GRI 2-26**.

We also provide e-learning training programmes to ensure all employees are well versed in relevant laws and regulations and internal policies. Cadence, frequency and requirements are defined by Swissquote's training schedule. Compliance-related trainings, which are a high priority across Swissquote, comprise 57% of all mandatory trainings.

MANDATORY TRAINING BY CATEGORY, 2022



We foster a culture of ethics and expect employees to abide by our Code of Conduct. The Code of Conduct and other key documents are 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. Behavioural expectations are outlined in our internal regulations along with Standard Terms and Conditions that are a mandatory part of every employee's contract. Furthermore, Swissquote requires all employees to review, understand and acknowledge receiving our policies on banking secrecy, money laundering, anti-bribery and corruption and insider trading. In 2022, there were no identified incidents of corruption, **GRI 205-3**. All employees are required to confirm their understanding and acceptance of the regulations relating to own-account transactions and insider trading every year **GRI 2-24**, **GRI 205-2**.

Our Board of Directors is ultimately responsible for all ESG decisions and supervise performance related to annual objectives for sustainability, gender diversity and wage fairness, **GRI 2-12**.

» 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 uninterrupted continuation of Swissquote's critical business processes in the event of a major internal or external incident. They help to build 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 a full set of services every day, around the clock and across the globe, business continuity and IT resilience are key expectations of our customers and are thus core elements of our value proposition. Any operational interruption could lead to litigation and reputational damage, not to mention inconvenience to customers. That is why we have a variety of risk-mitigation measures in place to prepare for and prevent such events, including investing in seamless processes, platforms and systems at all times for our clients.

WHERE WE HAVE SET OUR SIGHTS

- **Always remain resilient and operational**
- **Apply Business Continuity Management best practices**
- **Comply with applicable regulations from FINMA, Swiss Bankers Association and other authorities**
- **Keep operating and limit losses in the event of an operational disruption, IT disaster or national emergency**

A Look at 2022

In 2022, we focused on improving the quality and frequency of load tests by testing front-end and back-end applications. New middleware components were tested during our Business Continuity Plan and a new set of KPIs were developed to enable a more comprehensive overview of the platform and trigger actions at specific thresholds. Accordingly, important changes were made to our network infrastructure, both on Campus and Core networks, to increase their efficiency and resilience. We also continue to upgrade our servers regularly to provide the necessary power and anticipate future needs as we grow our portfolios and customer base.

We conducted a tabletop exercise on the topic of ransomware readiness. The exercise is designed to simulate an emergency situation, internally discuss the roles and responses of the stakeholders and see how the Company will react should the event occur. This exercise reached its goals of reinforcing awareness within the organisation and initiating a discussion among the concerned parties on a topic particularly relevant for the Company.

We are aware that in this age of nimble technologies and middleware, programs can evolve quickly, requiring us to have contingency and proactive plans in place at all times. At the same time, we must account for our employees' mobility needs, while working both at home and in the office.

How We Are Reaching Our Goals

Business continuity management is an integral component of our corporate strategy. Our business continuity strategy addresses a comprehensive range of scenarios, with corresponding responses to events that could 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. Disruptive events can have multiple causes and 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.

The key elements of the annual Business Continuity Management (BCM) are approved by Swissquote's Executive Management team, which also oversees its execution. The BCM documentation complies with the Swiss Bankers Association (ASB) recommendations on Business Continuity Management. We apply a comprehensive risk assessment to assure adherence to the implementation plan and make changes to keep our business impact analysis up to date at all times. The BCM framework is also regularly audited by external auditors in accordance with an audit plan approved by FINMA.

Our governance framework sets the rules and responsibilities for all people and entities involved in the Business Continuity Plan, from the Executive Management to the staff. Several tests are performed every year to ensure that people are trained and that the Company is able to achieve its objectives, even in the case of a disaster. Swissquote's Business Continuity plans are also reviewed every year and certified by third party audits.

We also incorporate stakeholders' feedback through existing feedback channels while conducting tests that help us identify and examine issues and capability gaps that Swissquote could face in implementing BCM concepts, including its Disaster Recovery Plan (DRP). These tests allow Swissquote to improve overall recovery,its crisis action plan, communication and our decision-making processes. These tests vary depending on the criticality and the impact of a potential unavailability of resources or affected IT systems. A calendar is established every year to ensure that critical processes are tested on a regular basis. We also conduct exercises known as "tabletops" to ensure that managers are able to respond appropriately to simulated events based on real-life occurrences.

FINANCIAL PERFORMANCE

Swissquote aspires to grow as a company and to provide exceptional value to investors by pioneering new markets in the online banking industry. By reinvesting in innovation and improvement of our operations and services, and as one of the best capitalised banks in Switzerland, we are well-positioned to lead the Swiss online banking industry and achieve our ambitions.

The Value of Monitoring and Developing Cash Flow

Our business strategy is structured around the long-term growth of our operations with a focus on innovative products, enhancing client experience and expanding to new markets. To achieve these, we balance profitability and capital efficiency with a long-term view that allows us to

create value for our bank and for our stakeholders through sustainable growth.
As a qualitative, mid-capitalised company, our investors expect significant growth potential. Therefore, we plan carefully and thoughtfully to meet their expectations while ensuring financial stability for our clients, employees and other stakeholder groups.

WHERE WE HAVE SET OUR SIGHTS

2022

- **Acquire net new money in the amount of CHF 7 billion**
- **Maintain net revenues and pre-tax profit above pre-pandemic levels**

MEDIUM-TERM

- **Increase client assets**
- **Reach a margin on assets of approximately 90 bps**
- **Increase net revenues and pre-tax profit**
- **Achieve a pre-tax margin above 45%**

A Look at 2022

In 2022, Swissquote navigated safely in a difficult environment. Customer interest remained strong, with 51,099 new customer accounts and CHF 7.7 billion net new monies (of which CHF 1.7 billion was non-organic). Our numbers remained consistently high and demonstrated the high quality of our customers' accounts. In addition, our strong asset class diversification allowed Swissquote to reach net revenues of CHF 408 million, while interest income progressed by 243% compared to 2021.

As an online trading bank, Swissquote is vulnerable to macro trends such as geopolitical unrest and economic upheavals as these events may influence trading activities of our customers. In order to mitigate their impact, we maintain a balanced and diversified product portfolio across revenue lines and focus on increasing the asset-based portion of net revenues year over year. Net new monies growth is key for Swissquote to be able to reach its mid-term outlook 2025 and growth objectives.

How We Are Reaching Our Goals

We are here for the long haul and adopt a holistic approach to financial performance. Our objective is to share the value we create with our various stakeholder groups. While we share profits with our shareholders through dividends, we retain a portion of the revenues to reinvest in innovative services and products that disrupt markets and make financial trading accessible to everyone. We also incentivise our employees with equity-based compensation plans to improve operations and profitability as well as attract and retain talent.

Our financial performance is audited by external auditors every six months. In addition, we compare our financial results against our goals and take corrective measures to stay on track when necessary. 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.

» Further details can be found in the Remuneration Report and in the Financial Report

What matters to us regarding social responsibility

Our people are our most important investment and the reason behind our success. We trust, support, challenge, compensate and protect them. In return, they innovate and deliver exceptional as well as refreshing banking experiences for 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 we pay it forward.

EMPLOYEE ENGAGEMENT

Our employees are driven by a common goal: making trading opportunities accessible to everyone. We are a bank that makes employees feel at 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 is these differences that make us powerful innovators.

Composition of the workforce

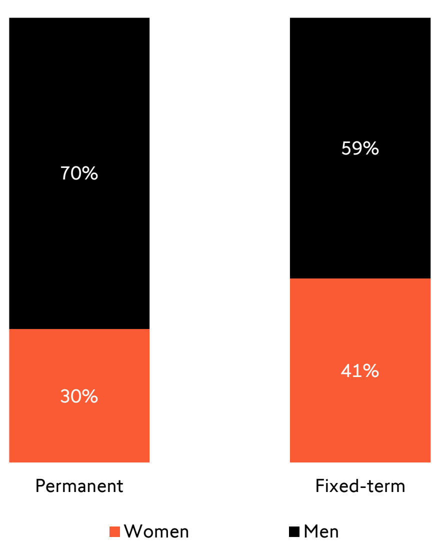
Data covers locations in Switzerland and Luxembourg

GRI 2-7

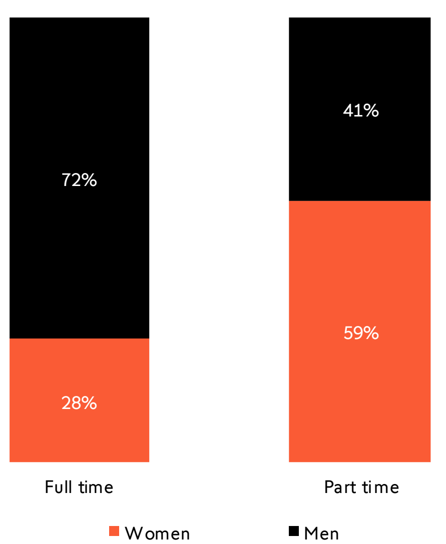
in FTE	2022[5]	share	2021	share
Total employees in scope of the sustainability report	**957**		**863**	
Employees*	939		840	
Apprentices, interns, trainees, externals	18		23	
Employees by employment contract*	**939**	**100%**	**840**	**100%**
Permanent	908	97%	808	96%
Fixed-term	31	3%	32	4%
Employees by employment type*	**939**	**100%**	**840**	**100%**
Full time	850	91%	755	90%
Part time	89	9%	85	10%
Employees in locations not in scope of the sustainability report	99		89	
Total employees at Group level	1,056		952	

* excluding apprentices, interns, trainees, externals

BY EMPLOYMENT CONTRACT, 2022



BY EMPLOYMENT TYPE, 2022



[5] Subject to PwC assurance engagement.

The Value of Employee Engagement

We have intentionally created a work environment that appeals to people who might not otherwise choose the banking sector. We know that inclusion drives innovation and we work hard to attract people to Swissquote who want to be challenged, so that together we are stronger, smarter and can go faster than our competitors. Engaged employees provide better client service, are natural ambassadors for our Company and nurture a service mindset. By promoting employee engagement and well-being, we recognise our role in building an inclusive and caring work culture.

WHERE WE HAVE SET OUR SIGHTS

- **Attract and retain talents to enhance performance and capacity for innovation**
- **Closely monitor turnover for a healthy balance between institutional knowledge and external best practice**
- **Emphasise well-being for the health, happiness and engagement of employees**
- **Increase engagement and commitment to maximise job satisfaction**
- **Maintain reputation as a competitive and attractive workplace and online reputation as an attractive employer**
- **Define an Employer Value Proposition (EVP) which people can identify and that improves employees' engagement**

A Look at 2022

To support our employees in their journey with us, we invested in a human resource information system (HRIS) tool in 2022. As a result, employees can now use Workday as a unique tool to access their personal and professional data and manage their time and absences. This tool harmonises our processes and improves our employees' experience. An employee survey was conducted in late 2022 to collect employees' feedback on the new tool. Results will be available in 2023. New modules will be gradually added to our HRIS over time. For example, starting next year, employees will be able to access their performance in real time and formalise feedback helping them better evaluate and improve their work.

We extended the option to work remotely after receiving positive feedback from senior leadership and growing multi-fold, expanding into two new offices in Switzerland (Stettbach in Zürich and Ellipse in Gland).

As we continue to grow, we remain vigilant and focused on the need to continue integrating our international teams into our culture. We know a cohesive, inclusive culture is a work in progress and we remain committed to respecting local traditions while enabling one global work culture across our markets and remote employees through internal campaigns, messaging and our value proposition.

To ensure our employees have ownership in our cultural evolution and business growth, we regularly collect their feedback and include most common recommendations in finalising various elements of our work experience such as seating arrangements, food preferences or commuting choices. We also created an "employees committee" dedicated to helping to redefine our Employer Value Proposition (EVP) to keep up with our values and growth culture. The EVP design process, conducted together with external consultants, included internal data collection and analysis, focus group workshops and benchmarking. It resulted in the launch of a new motto for the Company: "We are all in". This new EVP was communicated to all employees in early 2023, together with the launch of a visual campaign on social media.

We also rolled out a global employee survey, hosted focus group workshops and conducted individual interviews to help inform the next phase of our strategy and adapt it to our employees' needs. Moreover, we have worked on several other projects in order to improve our external reputation and internal awareness:

- An "eReputation" campaign to encourage employees to express and communicate their advice (positive or negative) about their work experience;
- Enhanced onboarding processes and introductions for our international offices;
- Expanded Lunch talks to all offices by filming them and sharing them live internally, allowing us to share global information, projects, and the latest progress with all employees, along with networking opportunities for people to connect with each other.

In order to provide the most secure environment for our employees while behaving responsibly and ethically, we launched a revised Whistleblowing Policy in 2022, which applies to all entities of the Group. For more information, see page 239.

Swissquote was named one of the best employers in Switzerland in 2022 by Le Temps & Handelszeitung for the second year in a row. The turnover slightly decreased to 10% in 2022 (2021: 11%), **GRI 401-1**.

How We Are Reaching Our Goals

We are a highly motivated, agile, youthful and spirited organisation. Unlike other banks, we prioritise work-life balance, a start-up approach to work and a relaxed environment. Our Company values 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. It is challenging to be competitive on all employer aspects given our size, but we can create an inspiring working environment where norms are challenged and ideas are brought to life. Among the perks that differentiate us: no dress code, an exceptional work-life balance that even before the pandemic accommodated part-time and remote working, and a deliberately high social atmosphere and active social calendar.

We prioritise open and constant communication and have continued our practice of holding at least two staff meetings a year to present the Company's financial performance and 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 their overall welfare (e.g., employee satisfaction survey). Our employees can also provide feedback via special surveys. For example, in our bank in Luxembourg, we conduct annual benchmarking to compare our initiatives with those of local banks using the Luxembourg Bankers Association (ABBL) survey. Globally, we conduct a number of surveys to gather employee feedback on specific issues such as food, company changes and special events, allowing us to adapt our services and giving our employees ownership in defining the company culture.

To prioritise health and safety, each employee is required to follow an e-learning training module on health and safety measures that covers topics such as preventing accidents, behaviour in case of emergency, appropriate workstation ergonomics, health awareness, work-life balance and emergency contacts. These 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, employees can volunteer to train as firefighters and emergency first responders. Every year, all employees take part in an evacuation drill. In each open office space in the building, one 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.

Finally, we use the software system Workday to record each employee's working hours, ensuring that work time rules and regulations are respected and that overtime is monitored and compensated when appropriate. In addition, the system helps Human Resource to closely monitor absenteeism. All of these elements are important as part of our efforts to preserve employees' well-being and ensure work-life balance.

» Further details can be found in the section on compensation and benefits

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, prioritising 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 designed our remuneration policy to attract diverse talent, retain valuable employees and maximise employee engagement – all critical elements of employee satisfaction, motivation, health and well-being.

WHERE WE HAVE SET OUR SIGHTS

- **Confirm fair and competitive compensation with regular benchmarks**
- **Foster monetary as well as non-monetary benefits**
- **Ensure alignment of pay with performance**
- **Encourage a healthy work-life balance**
- **Support remote working through home office policy**

A Look at 2022

In response to feedback from shareholders and proxy advisors, we modified the conditions associated with our employee stock options plan by harmonising the vesting period to three years, thus reinforcing its long-term component.

Given how competitive the talent marketplace remains and the pace of the labour market, especially for technical expertise, we will continue regular benchmarking to ensure alignment with market demands for all positions.

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 as well as our overall and individual performance. Our policy is aligned with best practices and designed to avoid creating incentives for risk-taking outside Swissquote's risk appetite. We also 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 level and the achievement of collective objectives. Additionally, all employees with at least one year of service are entitled to participate in our Employee Share or Option Plan, which awards free shares or options based on position. Our seniority recognition programme includes additional days of vacation and cash bonuses.

We believe employees are more engaged when they do not have to choose between their private life and career. This is why we prioritise work-life balance: flexible working hours when possible as well as the possibility to work part-time (also at senior levels of management) and to take sabbatical leaves. Even before the pandemic, we allowed all employees to work remotely at least one day a week during a normal workweek. Since then this option was extended to two days a week.

We regularly monitor compensation trends to ensure that our employees are competitively, fairly and equitably paid. Each year, we benchmark compensation levels. For example, in our bank in Luxembourg, we conduct a biannual compensation and benefit review (ABBL survey) to 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 permanent and temporary employees. Part-time employees enjoy the same benefits as full-time employees, **GRI 401-2**.

While in Luxembourg 75% of our employees were part of a collective bargaining agreement in 2022, our employees in Switzerland are not held to that or a similar policy, **GRI 2-30**. Finally, Swissquote goes beyond minimum legal requirements for pensions in Switzerland. We pay 60% of the total contributions to the occupational pension fund, exceeding recommended saving rates by age group. We also provide complementary plans to cover salaries above the legal maximum and offer additional savings opportunities, all organised in close consultation with our employee representatives, GRI 201-3.

Beyond financial compensation, we offer employees numerous programmes and benefits, making Swissquote an attractive employer. These include subscriptions to fitness, multiple sport activities and bike-sharing, vouchers for goods and services, cooking facilities and food services, a designated area for employees of any faith for praying, charging stations for electric cars, an internal pub and various social events.

» Further details can be found in the sections on employee engagement and diversity

TALENT DEVELOPMENT

Developing great talent is the foundation of our people management efforts. Compensation and benefits are important, as they are the first steps towards cultivating skilled team members who are inspired to do their best work.

The Value of Talent Development

Helping employees at all career levels develop their talents and become masters of their craft is important for building and retaining 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 skills development and ongoing education, we help employees grow their careers while staying at Swissquote. When employees stay, we reduce talent acquisition costs and 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 our talents**
- » **Promote current employees**
- » **Encourage current employees to refer candidates from their network**
- » **Support professional growth and internal mobility**

A Look at 2022

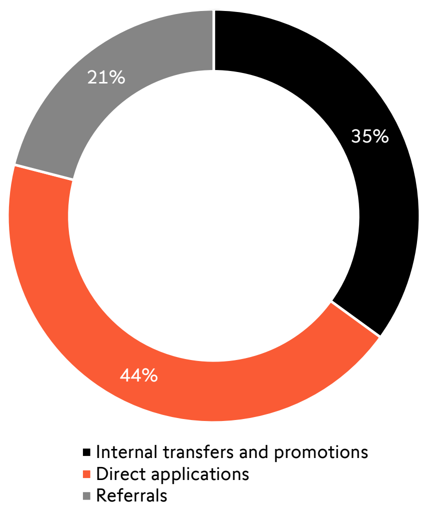
Career pathways can often look non-linear, and good managers are invaluable in supporting employees' journeys. Besides mentoring and providing all Swissquote employees with professional development opportunities, we created and launched a Tech Talent Academy to provide interested young graduates with the know-how and training to pursue careers in software engineering. Our initial cohort included 12 junior software engineers working through a three-month training programme.

We formalised, in a collaborative way with a sample of managers, our management career paths in the Software Engineering department and expect to extend it to other departments over the coming years. We also improved our manager training programmes by working with external providers and adding new modules to their training, such as personality tests. The goal of these career paths is to train, develop and retain the best talent in the Company.

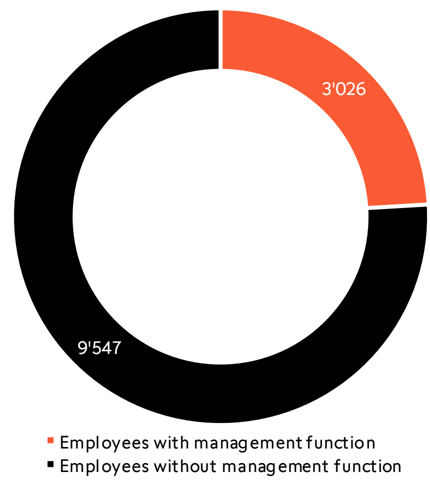
Our talent development efforts continue to evolve as we grow and expand our talent footprint. In 2023, we expect to integrate talent and learning into Workday, which will helpto further improve our programmes and allow us to better identify high potential talent and take actions to retain them. The other focus will remain squarely on developing and implementing career paths for an increased number of departments as well as maintaining one global culture.

Referral is a key indicator of employees' satisfaction and we were delighted that this recruitment channel remained the third largest and has increased in proportion compared to the previous year (2021: 16%).

RECRUITMENT CHANNEL, 2022



TOTAL HOURS OF TRAINING, 2022



How We Are Reaching Our Goals

Excessive turnover is mainly believed to be a direct result of lack of alignment between a company and employees or when employees feel that there is no room for them to grow professionally. We have reduced our turnover to a reasonnable level in three specific ways: first, through thoughtful hiring informed by various feedback analyses. Second, based on those analyses, we take actions when required and finally, we offer numerous pathways for growth, both vertically and horizontally. This includes competence building, formal appraisals and feedback, as well as providing employees with career development opportunities across different functions and locations.

Accordingly, we maintain five training areas for employees:

1. General (on Swissquote, its history, values and global information);
2. Compliance;
3. IT security;
4. IT development;
5. Management.

In 2022, the average annual training hours per full-time employee (FTE) for employees with management function was 36.15 hours, while the average annual training hours per FTE for employees without management function was 11.16 hours, **GRI 404-1**. Every new manager receives Management Toolbox Training that introduces them to our expectations and includes courses on setting smart objectives, giving constructive feedback, labour law and recruitment.

All newcomers participate in our induction programme that includes four modules: learning about the Company, our internal tools, the world of finance and Forex. Every year, we address specific themes in addition to the annual mandatory training. For example, in 2022, we included a campaign related to our Whistleblowing Policy in the trainings, **GRI 404-2**.

Every employee also has a performance appraisal at least once every year to discuss performance, career perspectives and objectives, **GRI 404-3**. Human resources specialists analyse employee records to identify opportunities for improvement or advancement in every department as well as internal mobility. In our bank in Luxembourg, for example, the appraisal process is an ongoing and 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 direct supervisor. Managers ensure that individual objectives are consistent with the employee's job description and hierarchical position as well as aligned with organisational strategy to allow everyone to contribute to the overall success of the Company. Objectives are reviewed throughout the year, culminating with a formal yearly review by the manager assessing employees on performance related to 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 customers around the globe.

The Value of Diversity

By supporting diversity, Swissquote enables equal opportunities and fair conditions for all employees and contributes to reducing discrimination.

The 1,108 employees (1,056 FTEs) of Swissquote Group work in eleven cities, represent approximately 65 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 because it helps us to evolve, innovate, problem-solve and be more efficient. More perspectives mean fewer missed opportunities, more ownership and a tremendously valuable workforce, a keen asset for us as we expand into other countries.

WHERE WE HAVE SET OUR SIGHTS

- **Offer equal opportunities to all our employees**
- **Monitor and obtain external assurance on gender gap (Fair-ON-Pay certified)**
- **Promote and support diversity in the organisation**
- **Support people with disabilities via intentional outreach and workplace modifications**

A Look at 2022

Our focus on diverse talent recruitment is often challenged by the scarcity of qualified women engineers in the marketplace. Swissquote's Tech Talent Academy gives us the opportunity to empower women in technology and pursue an objective of hiring at least 40% women in the Academy. We have also developed a new two-year partnership with EDGE, which is specialised in helping companies promote and support gender equity. The partnership will help us:

- Review the organisation and its processes to reduce biases and ensure equitable career flows (remuneration, recruitment, promotion, training and culture);
- Conduct benchmarking across our industry to understand where we stand;
- Get inspired by leading companies to help define an action plan and implement best practices;
- Achieve the Edge Certification that is recognised for its high standards in gender equity and its independency, thus validating our commitment and credibility in the employment market.

Alongside partnerships like these, we continue to work on raising awareness as a women-friendly employer by participating in women contact days. The women contact days are dedicated to female students and young graduates and brings together approximately 400 participants from STEM (Science, Technology, Engineering and Mathematics), economic sciences, law and other fields of study at universities and colleges from the French-speaking area of Switzerland. During such events, the purpose for Swissquote is to attract young female talent. Swissquote also creates, on a regular basis inspirational content targeting female professionals, the purpose of which is to inspire women with personal employee stories. We also evolved our technology recruitment process by tightening our direct sourcing efforts as well as our candidate evaluation and interview processes to help attract and hire more women.

Swissquote has been certified by Fair-On-Pay since 2020, which helps demonstrate our voluntary compliance with the requirements of the Swiss Federal Office for Gender Equality that ensure that women and men in similar jobs are compensated equally. Managed by an auditor, the certification process confirmed that we continue to ensure equal pay. Since 2020, the residual gap observed has been below 5%. Swissquote has conducted all the required steps mandatory by law, including conducting the analyses, reviewing the analyses by auditors and communicating to its employees and, as such, fully complies with the Swiss Federal Act on Gender Equality, GRI 405-2.

Fair compensation and diverse recruitment remain important elements of workforce management and ensure our employees' and our organisation's success. As we raise awareness internally and externally about the benefits of pursuing technical roles, we believe proactive recruiting of more women, specifically for technology roles, can help us ensure gender equity and set us on a more inclusive and equitable path for future success.

How We Are Reaching Our Goals

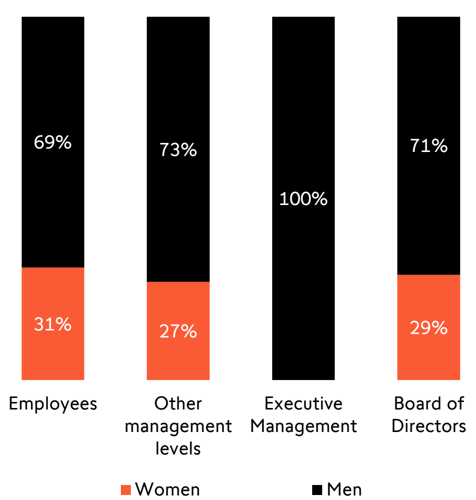
We make a strong effort to reduce biases in the recruiting process that promotes diversity throughout the Company. For example, by advertising our job openings on European and global platforms and paying attention to the composition of diverse recruiting teams to ensure equal opportunities. As per our Standard Terms and Conditions and Code of Conduct, Swissquote stands for 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 as well as our Whistleblowing Policy and established a reporting and escalation process to immediately address any instance of intolerance, discrimination and harassment.

Furthermore, last year, salaries were audited by an external party to ensure that we abide by the Fair-ON-Pay certification and confirm that the residual gender gap observed is below 5%. We support remote working and offer part-time working contracts for men and women, even in management. The Swissquote culture is inclusive and non-discriminatory and makes room for all perspectives.

» Further details can be found in the section on employee engagement and compensation and benefits

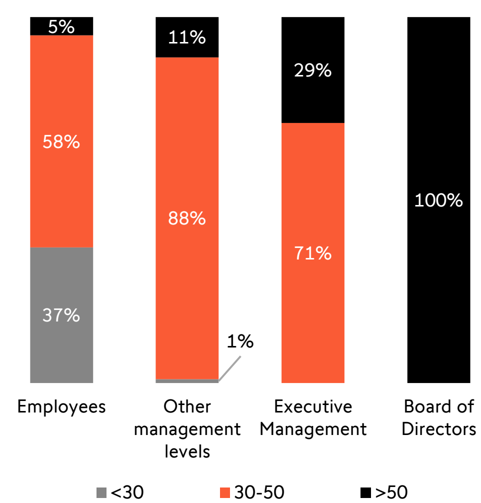
DIVERSITY BY GENDER, 2022[6]

GRI 405-1



DIVERSITY BY AGE GROUP, 2022[6]

GRI 405-1



[6] Subject to PwC assurance engagement.

SOCIAL IMPACT

Positive social impact is a hallmark of businesses built with purpose and sustainability. We are committed to contributing and supporting the communities where we do business.

The Value of Supporting Communities

Being a good corporate citizen creates a positive feedback loop that starts with creating shared success and comes back to the Company through positive reputation, supportive communities, loyal customers and motivated employees. We contribute regularly to local and regional communities for multiple issues, including education, innovation, local cultural enrichment, poverty alleviation or ecologically responsible transportation. Through our giving and our people's time, Swissquote helps to promote a rich cultural life and foster talent development which, in turn, helps to contribute to sustainable development.

WHERE WE HAVE SET OUR SIGHTS

- **Foster education and innovation**
- **Improve livelihood of citizens in our communities and support local NGOs**

A Look at 2022

With the continued turmoil in Ukraine, our Company supported many of our Ukrainian-based colleagues' families to leave the country and join them in Switzerland. Swissquote also donated CHF 100,000 to the Swiss Red Cross, which has been providing immediate aid to the affected populations. Additionally, we used our communication channels to facilitate client donations, collecting CHF 17,905 as part of our "Together for Ukraine" campaign.

As for building a talent pipeline, given our role as a technology leader, we want to support programmes that help train young professionals in technology as well as maintaining a healthy ratio of apprentice positions. In 2022, we offered 12 trainee positions to young graduates in our Tech Talent Academy as well as 7 new apprentice positions in 2022.

	2022	2021
Tech Talent Academy conversion rate to fix hire	80%	NA

How We Are Reaching Our Goals

Our corporate citizenship initiatives focus on fostering education and innovation, as well as causes our employees care about such as local cultural enrichment, ecologically responsible transportation and poverty alleviation.

Our community engagement began in 2009 with a focus on education and innovation along with an annual donation of CHF 400,000 to the Swissquote Chair in Quantitative Finance at the École polytechnique fédérale de Lausanne (EPFL) and the Centre for Digital Trust (C4DT). The Swissquote Chair in Quantitative Finance is dedicated to advancing research, teaching and knowledge transfer in the field of quantitative finance and aspires to enhance knowledge and understanding of financial engineering between the academic community, the financial industry and policymakers. Housed at EPFL, the C4DT brings together 20 partners, 37 laboratories, civil society, and policy actors to collaborate, share insight, and gain early access to trust-building technologies, building on state-of-the-art research at EPFL and beyond. Swissquote also supported the EPFL racing team for an amount of CHF 20,000. This team is exclusively composed of students from various educational background aiming to develop autonomous electric cars that are increasingly efficient while remaining environmentally sustainable to take part in the Formula Student competition.

In line with our commitment to our local community in Gland, we donated CHF 18,848 to fund a Publibike electric bike station in Gland and an additional CHF 6,731 to gift annual Publibike Business subscriptions to 250 employees at our headquarters[7]. We also continued to support various local initiatives throughout the year in Gland and region, donating a total of CHF 21,250, GRI 203-1.

Finally, in 2022, we continued to support local sports clubs with more than CHF 400,000 in grants to local groups, such as the Zurich Lions Hockey Club, the Servette Football and Hockey Club and the Future Servette Geneva Hockey Club.

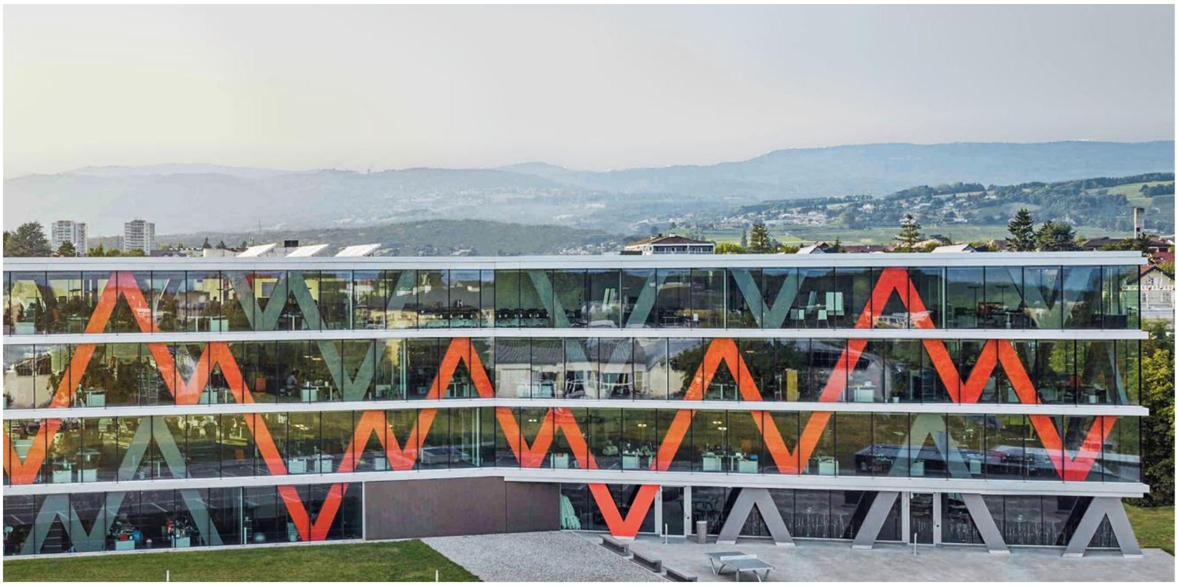
[7] Annual subscription for Swissquote employees (01/06/2021–15/06/2022)

In Luxembourg, we created a Corporate Social Responsibility Committee, which takes an active part in organising various activities to support local communities, enhance the workplace and employee well-being as well as have a positive impact on the environment.

The committee concentrates its actions on four pillars:

1. Health and education: in September 2022, five employees participated in the charity run "Lëtz Go Gold" to raise money to fight childhood cancer. They raised EUR 2,975.
2. Environment: a team participated in the initiative "Cycling to work" from May to July 2022. They cycled a total of 863.70 kilometers, reducing CO_2 emissions by 192.38 kilogrammes.
3. Community support: Swissquote Bank Europe donated EUR 2,000 to Caritas Luxembourg to support their actions.
4. Fair economy: Swissquote Bank Europe orders fair trade ingredients for the kitchen and try to reduce plastic where possible.

» 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 help address climate change by reducing greenhouse gas emissions and waste. The continued environmental disruptions of 2022 made it clear that taking care of the environment must be a high priority for every business and organisation – for and with our stakeholders. We want to do our part to fight climate change.

The Value of Environmental Responsibility
We believe it is our responsibility to respect the environment and respond to the growing climate crisis. We strive to minimise our environmental impact and prioritise energy efficiency and other environmental efforts, which in turn, strengthens our relationships with stakeholders.

Our primary actions to address climate change include reducing our direct and energy-use-related greenhouse gas emissions while emphasising technologies and behaviours that help reduce waste. By strengthening energy efficiency and switching to renewable energy where possible, we are reducing our reliance on fossil fuel-powered energy consumption every year. By identifying ways to use more recyclable materials where possible and reducing use of single use plastic and other initiatives, we are reducing waste going to landfill that ultimately contributes to a suffering environment on land and water.

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 2022

In 2022, we continued our efforts to reduce our energy consumption by further optimising our heating and cooling systems in Gland. In particular, we invested in a new cooling system for chilled water production for the data centre. We have also been replacing conventional lighting with LED lighting, which is more sustainable and uses less energy. Currently, over 20% of our overall lighting is provided with LED in our headquarters of Gland and we aim to increase that proportion over the coming years. Starting 2023, we will also be sourcing 100% of the electricity we consume at our headquarters in Gland from a Swiss hydraulic source.

During the reporting period, we started to collect data in order to calculate our Scope 3 emissions. In the current report, we are disclosing for the first time our Scope 3 emissions for the categories of paper use (category 1), business travel (category 6) and employee commuting (category 7).

As for our commitment to reducing waste, we no longer print brochures for our events, instead opting to print a few A5 flyers with a QR code for attendees to download electronically the full brochures.

Moreover, in late 2022, the Company launched a formalised digitalisation initiative, which will be implemented over the next few years. This initiative aims to identify paper intensive tasks and processes and implement changes to reduce paper consumption to the lowest possible level. In addition to reducing paper consumption, this initiative should help us to decrease the carbon footprint associated with archive storage and document sending and destruction, as well as improving the general efficiency of internal processes. With the initiative commencing in 2022, we focused on several internal processes such as payment activities. These different initiatives resulted in a decrease of 28% of our greenhouse gas emissions related to paper consumption in operations compared to 2021.

	2022	2021
Percentage of digital workflow in client onboarding	87%	85%

Finally, for the branded merchandise we use to incentivise employees and/or client appreciation, we are working to produce all of it locally in Europe and use recycled material as much as possible.

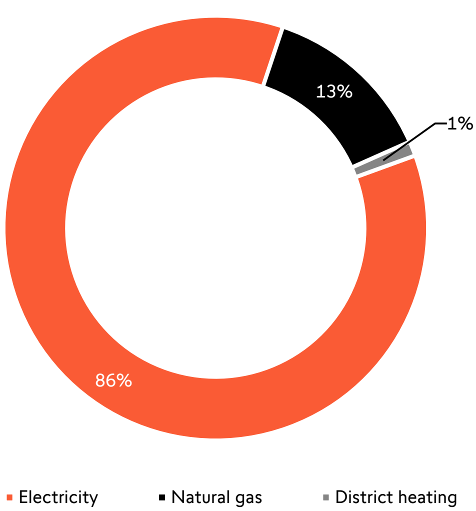
Environmental indicators

Overall consumption of energy in 2022 was rather stable compared to 2021, despite a 11% increase in FTEs. Taking the increase in FTEs into account, our 2022 consumption was a stark 11% decrease in kWh of energy consumed per FTE. Greenhouse gas emissions were up 19% overall but only increased by 7% per FTE compared with 2021. This increase is mainly due to the Scope 3, in particular business travel and commuting emissions, which are linked to the post-pandemic upturn and the increase of headcount, **GRI 302-1 / GRI 305-1 & -2 & -3**.

	2022[8]	2021	Delta
Total energy consumption in MWh	**3,436**	**3,481**	**–1%**
Electricity	2,944	2,774	6%
Natural gas	454	615	–26%
District heating	38	92	–59%
Energy consumption in kWh per FTE	**3,590**	**4,034**	**–11%**
Greenhouse gas emissions in tCO_2 e	**1,252**	**1,051**	**19%**
Scope 1: Natural gas	92	125	–26%
Scope 2: Electricity & District heating	17	21	–19%
Scope 3: Category 1 – Purchased goods and services (paper used in operations)	13	18	–28%
Scope 3: Category 1 – Purchased goods and services (paper used for magazine)	187	178	5%
Scope 3: Category 6 – Business Travel	275	106	159%
Scope 3: Category 7 – Employee Commuting	668	603	11%
Greenhouse gas emissions in $kgCO_2$ e per FTE	**1,308**	**1,218**	**7%**

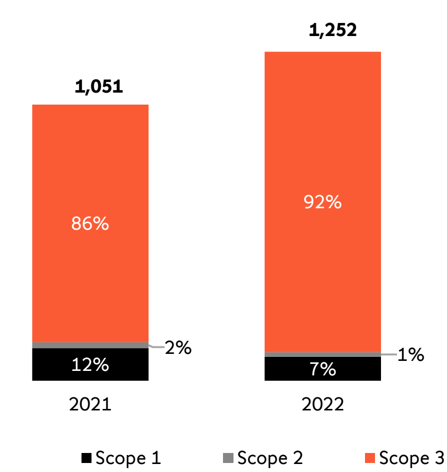
Data in the above table is based on locations in Gland, Zurich, Bern and Luxembourg. Greenhouse gas inventory calculated in accordance with the Greenhouse Gas Protocol. Comparative data have been restated to take into account the extended scope and the calculation of emission is done according to the market-based method where information is available as it is the preferred option of the GHG Protocol.
Emission factors come from GHG, DEFRA, IEA and the publication Treibhausgasemissionen der Strom- und Fernwärmemixe Schweiz gemäss GHG Protocol of Alig, M., Tschümperlin, L., Frischknecht, R. 2017. Reference is made to the Basis for preparation.

SHARE OF ENERGY CARRIERS, 2022



GREENHOUSE GAS EMISSIONS BY SCOPE

t CO_2e



How We Are Reaching Our Goals

We track our energy consumption and constantly look for ways to increase efficiency. We have set energy efficiency objectives for our headquarters buildings with the canton of Vaud in Switzerland since 2016. In the first six years since then, we improved significantly and met our objective well ahead of our 2026 target: increasing the energy efficiency of our headquarters buildings by 10% and reducing our CO_2 consumption by 7 tons every year compared to 2016, despite employing more people and growing our IT

[8] Subject to PwC assurance engagement

infrastructure. In 2022, the solar thermal collectors installed in 2013 produced nearly 15 MWh of energy that was used to heat domestic water at our headquarters. We also optimised our server locations to reduce cooling needs and are updating our lighting system to reduce electricity use.

Meanwhile, our recycling guidelines are designed to promote recycling across our offices, while our Banking Applications team deployed a tool in 2022 to digitise paper flows. The tool helps to remove printing requirements related to legal tracking flow as well as allow users to work from different offices (including home office) without having to print documents. We also send for recycling all old and broken computers, devices and electrical components to SWICO, while old servers are sold to a broker to be reused for spare parts or by other companies. Finally, most packaging materials, including plastic, cardboard and expanded polystyrene are sorted and collected every week for recycling.

As for transportation, our Swiss offices are located within a five-minute walk from a railway station and one of the Company's short-term objectives is to promote soft mobility that helps optimise employee access to the Gland site. Finally, our electric vehicle parking lots provide charging stations and offer electricity to employees at discounted rates.

To validate our environmental progress, our facilities are audited by an external party annually in accordance with our agreement with the canton of Vaud. For 2022 as well, our environmental efforts are audited by external environmental engineering specialists at the end of our fiscal year.

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.

This report has been published on 16 March 2023 and comprises the calendar year 2022 (same as financial report). Swissquote commits to an annual reporting process, **GRI 2-3**. There are no restatements of information made from previous reporting periods except for environmental indicators presented on page 257 as we extended the scope of our disclosures, **GRI 2-4**. The reporting scope comprises our offices in Switzerland and our office in Luxembourg. We will gradually include our offices in Dubai, London, Valetta, Bucharest, Hong Kong, Singapore and Limassol in the reporting scope over the coming year as relevant. Reference is made to page 33 regarding the list of consolidated subsidiaries in the consolidated financial statements, **GRI 2-1**, **GRI 2-2**.

This report includes for the first time independent practitioner's limited assurance report on key indicators such as "Composition of the workforce" (on page 245), "Diversity by gender", "Diversity by age group"(on page 252), "Energy consumption" and "Greenhouse gas emissions" (on page 257) provided by PricewaterhouseCoopers AG. The rest of the content of the sustainability report has not been externally assured. Reference is made to the external third-party report on page 264, **GRI 2-5**.

The contact point for questions regarding the report is Nadja Keller, CEO Assistant/Media Relations, Swissquote, Email: nadja.keller@swissquote.ch, **GRI 2-3**.

GRI Content Index

Swissquote has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022. For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. This service was carried out on the English version of the report.

GRI CONTENT INDEX ESSENTIALS SERVICE 2023

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	2-10 Nomination and selection of the highest governance body	222	
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	2-17 Collective knowledge of the highest governance body	222	
	2-18 Evaluation of the performance of the highest governance body	155	
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GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	225	
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GRI 418: Customer Privacy-2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	232	
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GRI 205: Anti-Corruption-2016	205-3 Confirmed incidents of corruption and actions taken	241	
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	405-2 Ratio of basic salary and remuneration of women to men	252	

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GRI 302: Energy-2016	302-1 Energy consumption within the organization	256	
GRI 305: Emissions-2016	305-1 Direct (Scope 1) GHG emissions	256, 257	
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	305-3 Other indirect (Scope 3) GHG emissions	256, 257	

Independent practitioner’s limited assurance report on Selected Indicators 2022 in the Sustainability Report 2022 to the Board of Directors

We have been engaged by the Board of Directors to perform assurance procedures to provide limited assurance on the Selected Indicators 2022 in the Sustainability Report 2022 (including the GHG statement) of Swissquote Group Holding Ltd’s Annual Report 2022 for the period ended 31 December 2022.

The following Selected Indicators 2022 in the Sustainability Report 2022 were in focus of our limited assurance procedures:

- “Composition of the workforce” on page 245
- “Diversity by gender” and “Diversity by age group” on page 252
- “Energy consumption” and “Greenhouse gas emissions” on page 257

We do not comment on, nor conclude on any prospective information nor did we perform any assurance procedures on the information other than those stated above for the reporting period 2022.

The Selected Indicators 2022 in the Sustainability Report 2022 (including the GHG statement) were prepared by the Board of Directors of Swissquote Group Holding Ltd (the ‘Company’) based on the Company’s sustainability reporting guidelines with reference to the ‘GRI Standards’ published in 2021 by the Global Reporting Initiative as well as on the Greenhouse Gas Protocol Initiative Corporate Standards (Revised Edition). These reporting guidelines together with assumptions and estimates made are available in the “Basis for preparation” section of the Sustainability Report 2022” (hereafter referred to as the ‘suitable Criteria’) on the Swissquote’s Group website for the intended reader of the Sustainability Report 2022.

Inherent limitations
The accuracy and completeness of the Selected Indicators in the Sustainability Report 2022 (including the GHG statement) are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. In addition, the quantification of the Selected Indicators in the Sustainability Report 2022 (including the GHG statement) is subject to inherent uncertainty because of incomplete scientific knowledge used to determine factors related to the Selected Indicators in the Sustainability Report 2022 and the values needed to combine emissions of different gases. Our assurance report will therefore have to be read in connection with the suitable Criteria used by Swissquote Group Holding Ltd, its definitions and procedures published in the document “Basis for preparation” section of the Sustainability Report 2022”.

Board of Directors’ responsibility
The Board of Directors of Swissquote Group Holding Ltd is responsible for preparing and presenting the Selected Indicators in the Sustainability Report 2022 (including the GHG statements) in accordance with the suitable Criteria. This responsibility includes the design, implementation and maintenance of the internal control system related to the preparation and presentation of the Selected Indicators in the Sustainability Report 2022 (including the GHG statements) that are free from material misstatement, whether due to fraud or error. Furthermore, the Board of Directors is responsible for the selection and application of the reporting guidelines, estimates and the suitable Criteria.

Independence and quality management
We are independent of the Swissquote Group Holding Ltd in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers SA applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility
Our responsibility is to perform an assurance limited engagement and to express a conclusion on the Selected Indicators 2022 in the Sustainability Report 2022 (including the GHG statement). We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information' and the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the Selected Indicators 2022 in the Sustainability Report 2022 (including the GHG statement) were not prepared, in all material aspects, in accordance with the suitable Criteria.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner's judgement. A limited assurance engagement under ISAE 3000 (Revised) and ISAE 3410 is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

We performed the following procedures, among others:

- Assessing the suitability in the circumstances of the Company's use of the suitable Criteria, applied as explained in "Basis for preparation" section of the Sustainability Report 2022, from page 267 to 268;
- Inspecting relevant documentation related to the preparation of the Selected Indicators 2022;
- Interviewing representatives at Group level responsible for the data collection and reporting as well as other relevant stakeholders in the reporting process;
- Performing tests on a sample basis of evidence supporting the Selected Indicators 2022 concerning completeness, accuracy, adequacy and consistency;
- Reperformance of relevant calculations;
- Analytical procedures;
- Reconciliation of data sources with financial reporting data and other underlying records.

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

Conclusion
Based on the work we performed, nothing has come to our attention that causes us to believe that the Selected Indicators 2022 in the Sustainability Report 2022 (including the GHG statement) of Swissquote Group Holding Ltd for the period ended 31 December 2022 are not prepared, in all material respects, in accordance with the "Basis for preparation" section on the pages 267 and 268 of the Sustainability Report 2022.

Intended users and purpose of the report
This report is prepared for, and only for, the Board of Directors of Swissquote Group Holding Ltd, and solely for the purpose of reporting to them on Selected Indicators 2022 in the Sustainability Report 2022 (including the GHG statement) and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only and in combination with the suitable Criteria, to enable the Board of Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over the Selected Indicators 2022 in the Sustainability Report 2022, without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Swissquote Group Holding Ltd for our work or this report.

PricewaterhouseCoopers SA

Christophe Kratzer Erol Baruh

Audit expert
Auditor in charge

Lausanne, 15 March 2023

The maintenance and integrity of Swissquote Group Holding Ltd's website and its content are the responsibility of the Board of Directors; the work carried out by the assurance provider does not involve consideration of the maintenance and integrity of the Swissquote Group Holding Ltd's website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported Selected Indicators in the Sustainability Report 2022 (including the GHG statement) or suitable Criteria since they were initially presented on the website.

Basis for preparation

Introduction

The 2022 Sustainability Report marks the third year of non-financial disclosures for Swissquote, in addition to information on financial performance, remuneration and corporate governance. As part of our commitment to transparency towards our customers, employees and other stakeholders, this report includes comprehensive insights about our approach to sustainability and key performance data in accordance with GRI Standards.

Reporting scope

The reporting scope comprises our offices in Switzerland and our office in Luxembourg. We will gradually include our offices in Dubai, London, Valetta, Bucharest, Hong Kong, Singapore and Limassol in the reporting scope over the coming years as relevant. Reference is made to page 33 regarding the list of consolidated subsidiaries in the consolidated financial statements.

Data Collection Process

Key quantitative indicators disclosed in our Sustainability reporting include the composition of our workforce and environmental indicators.

For our human resources data, we use the Workday software, a specialised human resource information system (HRIS) tool. In particular, Workday enables us to gather core data from our colleagues, their working hours and performance.

Regarding environmental data, our carbon footprint calculation is determined by using the Greenhouse Gas (GHG) Protocol standards. We currently report Scope 1, Scope 2 and some elements of Scope 3 emissions. Data are collected by the Group Finance department, including data from our Luxembourg office. Once controls have been performed to ensure quality and robustness, the data are transmitted to Sustainserv GmbH, a specialised global management consulting firm that assists Swissquote in Sustainability reporting and calculating our carbon footprint since 2020.

The perimeter of the carbon footprint includes data from heating, district heating and electricity (energy), paper consumption, business travels (air and rail), and employee commuting.

For Scope 1 emissions we used DEFRA conversion factors for specific fuels (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020). Starting from 2022, the emissions from Scope 2 are reported according to the market-based approach when available and location-based method when not. More than 94% of our electrical consumption is reported according to the market-based method, in combination with the use of emission factors from:

- IEA: source emission from: https://www.iea.org/data-and-statistics/data-product/emissions-factors-2022;
- Alig, M., Tschümperlin, L., Frischknecht, R. 2017: Treibhausgasemissionen Strom- und Fernwärmemixe Schweiz gemäss GHG Protocol: https://treeze.ch/fileadmin/user_upload/downloads/Publications/Case_Studies/Energy/619-GHG_Strom_Fernw%C3%A4rme_v3.0.pdf.

For Scope 3:

- Category 1 – Purchased goods and services (paper only): This value covers CO_2 emissions associated with paper use at all Swissquote offices under the reporting scope. As the bulk of paper consumption and hence emissions is associated with magazine production, which is not related to our core business activity, it is accounted for separately. Source for emissions from GHG: https://ghgprotocol.org/sites/default/files/Quantitative%20Uncertainty%20Guidance.pdf ;
- Category 6 – Business travel: These CO_2 emissions are calculated using the distance-based method for flights. They cover emissions associated with hotel accommodation during business travel and are recorded for the period the travels occur. Quantis output is used for flights and hotel nights while rail emission reports provided by Swiss Federal Railways (SBB) for rail travel was considered;
- Category 7 – Employee commuting: These CO_2 emissions are calculated individually for all Swissquote offices in Switzerland and abroad using respective city-

specific typical commuting patterns and CO_2 emission factors (from mobitool v2.0.2). The data take into account a detailed survey carried out about Swissquote's workforce in Switzerland to identify the exact commuting patterns to the head office in Gland (VD).

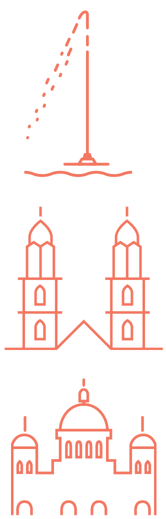
Reporting period

This report covers the period between 1 January 2022, and 31 December 2022.

Independent practitioner's limited assurance report provided by PricewaterhouseCoopers AG

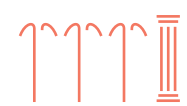
Please see PwC's limited assurance report included in the 2022 Sustainability Report for details on the limited assurance provided.

GLOBAL OFFICES



1 **Geneva, Zurich**
Swissquote Bank Ltd

3 **Malta**
Swissquote Financial Services (Malta) Ltd

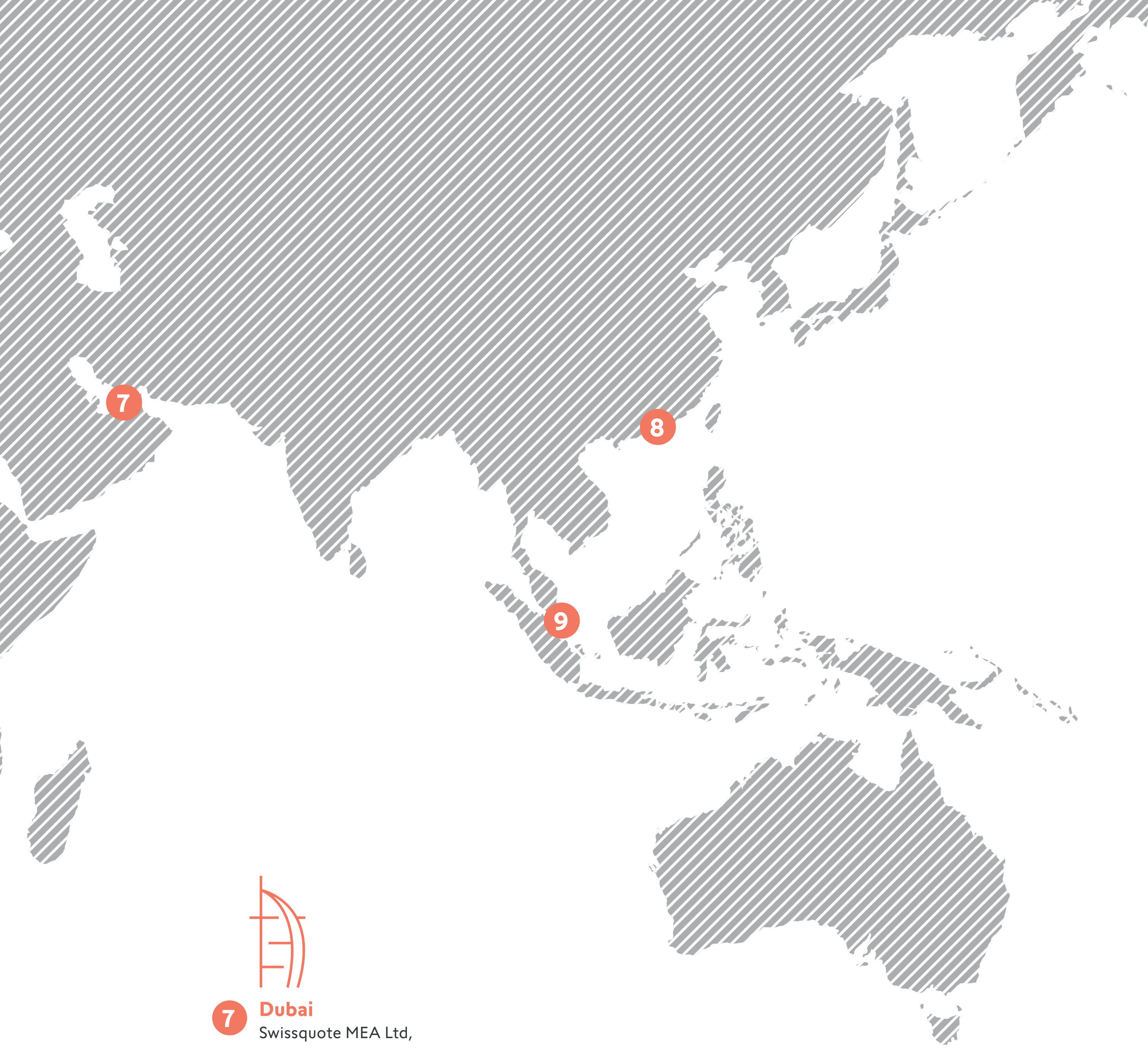


5 **Cyprus**
Swissquote Capital Markets Ltd

2 **Luxembourg**
Swissquote Bank Europe SA

4 **London**
Swissquote Ltd

6 **Bucharest**
Swissquote Tech Hub Bucharest S.R.L.



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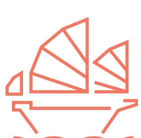

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Global offices

Switzerland

Swissquote Group Holding Ltd
Swissquote Bank Ltd
Chemin de la Crétaux 33
Case postale 319
CH-1196 Gland
Telephone: +41 22 999 94 11
Fax: +41 22 999 94 12
www.swissquote.ch

Branches and other offices
Löwenstrasse 62
Postfach 2017
CH-8021 Zurich
Telephone: 0848 25 88 88
Fax: +41 44 825 88 89
Tel. from abroad: +41 44 825 88 88
www.swissquote.com

Yuh Limited
Chemin de la Crétaux 33
Case Postale 1032
CH-1196 Gland
Telephone: +41 44 825 87 89
www.yuh.com

Asia

Swissquote Asia Ltd
Suites 3202–04, Level 32/F
ICBC Tower, 3 Garden Road
Central, Hong Kong
Telephone: +852 3902 0000
Fax: +852 3902 0099
www.swissquoteasia.com

Swissquote Pte. Ltd
Unit 34-01A, North Tower
One Raffles Quay
Singapore, 048583
Telephone: +65 6982 6780
www.swissquote.sg

Middle East

Swissquote MEA Ltd
Al Fattan Currency House
Level 9, Office 903
Tower 2, DIFC
P.O. Box 121364
Dubai, United Arab Emirates
Telephone: +971 4 450 1777
Fax: +971 4 450 1771
www.swissquote.ae

Europe

Swissquote Bank Europe SA
2 Rue Edward Steichen
2958 Luxembourg
Luxembourg
Telephone: +352 26 03 20 03
www.swissquote.lu

Swissquote Capital Markets Limited
Spyrou Kyprianou Avenue 42
1st floor, Emerald House
CY 3076 Limassol
Cyprus
Telephone: +357 25 258 250
www.swissquote.cy

Swissquote Financial Services (Malta) Ltd
Palazzo Spinola
46 St. Christopher's Street
Valletta, VLT1464
Malta
Telephone: +356 222 65 100
www.swissquote.mt

Swissquote Ltd
Boston House, 63–64 New Broad Street
EC2M 1JJ London
United Kingdom
Telephone: +44 20 7186 2600
www.swissquote.co.uk

Swissquote Tech Hub Bucharest S.R.L.
Opera Center One Building, 1-5 Costache Negri street
5th floor, 5th district, Bucharest
Romania
Telephone: +40 799 10 66 87
www.swissquote.com

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