
Annual Report

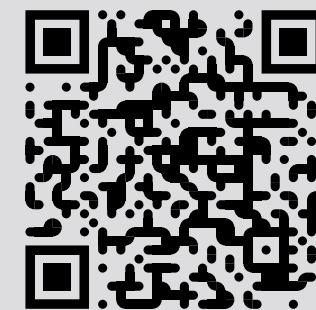
LEONTEQ AG

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About the

Annual Report 2023



More in our
2023 online report

The Reporting Suite

The 2023 reporting suite consists of the online report and the complete Annual Report including the Sustainability Report as PDF download. The Annual Report is a detailed presentation of Leonteq's business model, sustainability efforts, corporate governance, compensation practices, risk management and control framework, and a review of our financial results accompanied by its consolidated financial statements.

For the purposes of this report, unless the context otherwise requires, the terms "Leonteq", the "Group", "we", "us" and "our" mean Leonteq AG and its consolidated subsidiaries. The business of Leonteq Securities AG, the main operating entity of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term "Company" when we are referring only to Leonteq AG.



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KEY FIGURES

Total operating income
(CHF million)

260.0

2022: 456.4

Group net profit
(CHF million)

20.6

2022: 156.4

Book value per share
(CHF)

44.40

2022: 48.00

Total distribution per share¹
(CHF)

1.00

2022: 5.00

Payout ratio

87%

2022: 58%

Earnings per share
(CHF)

1.15

2022: 8.58

¹ Total distribution per share includes all distribution to shareholders including dividends (2022: CHF 4.00) and share buyback programmes (2022: pro-forma distribution of CHF 1.00 per share; equivalent to a buyback volume of CHF 18 million completed in 2023)

At a glance

	2023	2022	Change %
Group results (CHF million)			
Total operating income	260.0	456.4	(43%)
Profit before taxes	18.4	193.3	(90%)
Group net profit	20.6	156.4	(87%)
Key ratios			
Cost-income ratio	93%	58%	35 pp
Return on equity	2%	19%	(17 pp)
Business metrics and KPIs			
Platform assets (CHFbn) ¹	11.7	12.4	(6%)
of which historic partner business (CHFbn) ¹	4.8	5.5	(13%)
of which new partner business (CHFbn) ¹	2.3	2.2	5%
of which Leonteq business (CHFbn) ¹	4.6	4.7	(2%)
Turnover (CHFbn)	21.3	23.1	(8%)
of which historic partner business (CHFbn)	6.0	6.4	(6%)
of which new partner business (CHFbn)	4.3	3.1	39%
of which Leonteq business (CHFbn)	11.0	13.6	(19%)
Balance sheet-light turnover (CHFbn)	2.7	3.0	(10%)
Share of balance sheet-light turnover	13%	13%	(0 pp)
Number of active clients	1,021	1,030	(1%)
Number of client transactions	197,118	171,863	15%
Number of issued products	38,206	28,835	32%
Number of pension savings contracts ¹	57,008	55,423	3%

	2023	2022	Change %
Balance sheet (CHF million)¹			
Total assets	9,256.0	12,325.6	(25%)
Total shareholders' equity	780.1	870.0	(10%)
Capital base	837.9	932.8	(10%)
Share information			
Market capitalisation (CHF million) ¹	650	827	(21%)
Number of shares outstanding ¹	18,934,097	18,934,097	N/A
Book value per share (CHF)	44.40	48.00	(8%)
Basic earnings per share (CHF)	1.15	8.58	(87%)
Employees			
Number of full-time equivalent employees ¹	591	582	2%
Credit rating			
Long-term issuer default rating (Fitch)	BBB/stable	BBB-/positive	N/A
Long-term issuer rating (JCR)	BBB+/stable	BBB+/stable	N/A

¹ At the end of the respective period

Awards in 2023

Leonteq's efforts in 2023 were also recognised by the industry.

LYNQS, Leonteq's digital marketplace for structured products, received a total of three awards in 2023. LYNQS was named "Best Multi-Issuer Platform" by Structured Retail Products (SRP) for the second year in a row. In addition, the platform was awarded best "Structured Product Solution (Pan Asia)" by WealthBriefingAsia Awards as well as "Innovation of the year" at the Zertifikate Awards in Austria. These awards demonstrate Leonteq's position as a leading technology platform for investment solutions and the successful expansion of LYNQS in global markets.

At the Swiss Derivative Awards, Leonteq was nominated for a total of five awards and won three accolades, including being named the top service provider for the 13th consecutive year, highlighting our customer service and transparency. In the category "Best product in the area of climate protection", Leonteq won with a Tracker Certificate (AMC) on the Globance Low Carbon Index. The award in the category "Best currency product" was achieved with a Barrier Reverse Convertible on 1Y CHF SARON Swap Rate.

For the first time, the Swiss ETF Awards have nominated Leonteq as "Best Newcomer" and "Best ETP Issuer". Both awards were achieved with Leonteq's innovative ETP+ label.

At the Italian Certificate Awards, Leonteq won an award in the category "Best Yield Enhancement certificate" and was further awarded as Best Issuer in the category "Conditional Capital Protection, direct listing".



Structured Product Solution
Pan Asia (LYNQS)



Best Newcomer
Best ETP Issuer



Innovation of the year
(LYNQS)



Top Service
Best product in the area
of climate protection
Best currency product

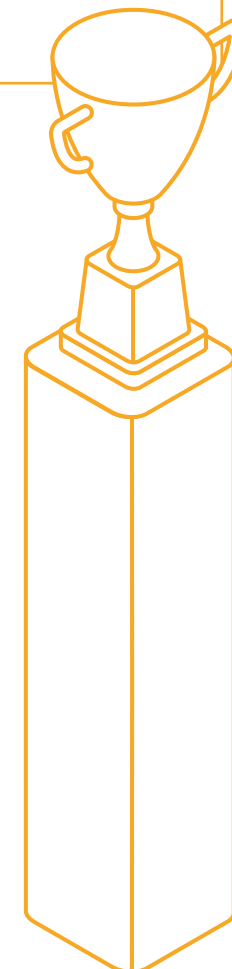


Best Issuance Platform
(LYNQS)



Best Yield Enhancement
certificate
Best Issuer – Conditional Capital
Protection, direct listing

Leonteq has
received the award
for Top Service
13 years in a row



The Leonteq share

The registered shares of Leonteq AG have been traded on the main standard of SIX Swiss Exchange (Ticker: LEON) in Zurich since 2012.

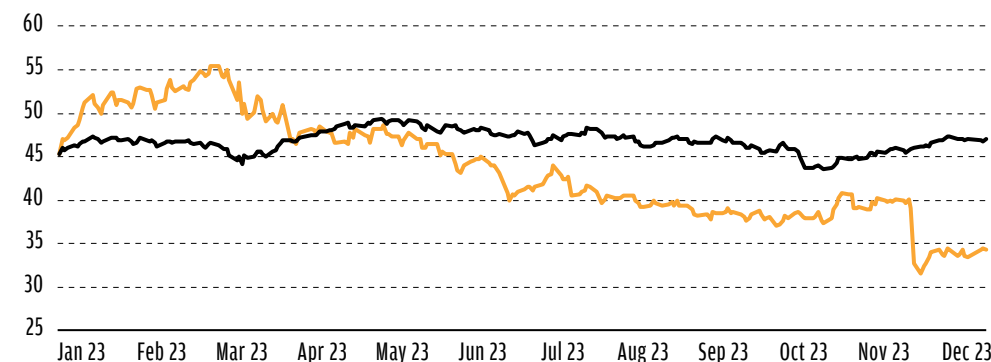
Share price development in 2023

Leonteq's share price opened the trading year 2023 at CHF 44.50 on 3 January 2023 and increased to its year-high of CHF 55.5 on 3 March 2023. Thereafter, the Leonteq share price declined also driven by the payment of the dividend on 3 April 2023, and later was further negatively impacted by the publication of the business update on 26 June announcing the revision of the full-year guidance and recovered slightly to CHF 40.70, following the upgrade to "BBB" by credit rating agency Fitch on 24 October 2023.

The Leonteq share price declined to CHF 31.50 on 4 December, marking the year-low in 2023, driven by Leonteq's announcement on 1 December to again revise its guidance for the full-year 2023.

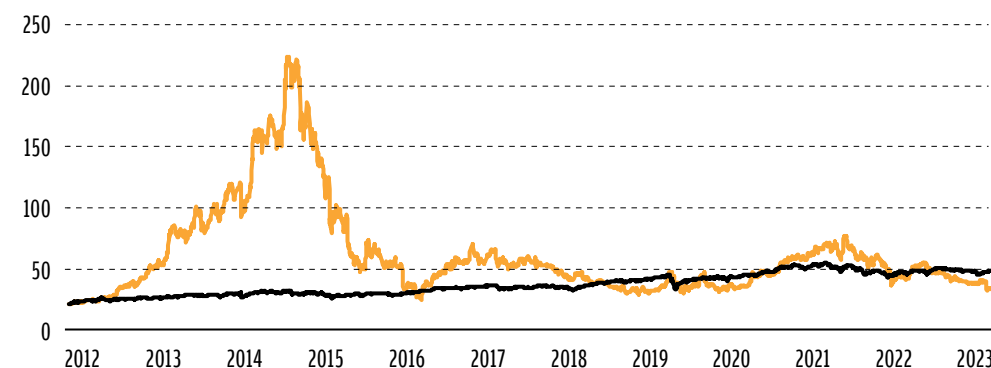
The share price recovered slightly by the end of the year to CHF 34.35, corresponding to a decrease of 21% year on year (closing price of CHF 43.70 on the last trading day in 2022). Leonteq's market capitalisation reached CHF 650 million at the end of 2023.

Share price performance 2023 (CHF)



Leonteq share SPI (indexed)

Share price performance trend 2012 – 2023 (CHF)



Leonteq share SPI (indexed)

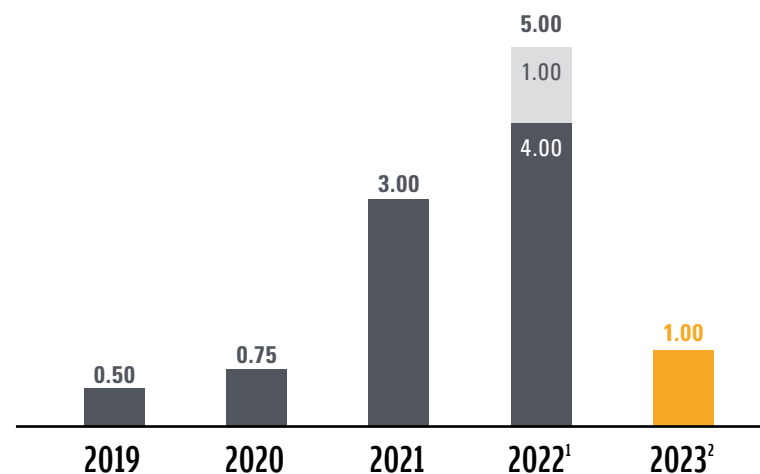
Capital return policy

The Board of Directors will propose a dividend of CHF 1.00 (2022: 4.00) per share for the financial year 2023 at the Annual General Meeting on 28 March 2024, which is to be paid in equal amounts out of retained earnings and capital contribution reserves.

The total distribution to shareholders in 2022 amounted to CHF 5.00 and also included a share buyback programme with the intention to buy back up to CHF 18 million purchase value of Leonteq AG shares, equivalent to a pro-forma distribution of CHF 1.00 per share. This share buyback programme was launched on 3 April 2023 and completed on 22 December 2023. A total of 439,855 of own shares were repurchased via a second trading line on the SIX Exchange. This is equivalent to 2.3% of the company's share capital, for a total purchase value of CHF 18.0 million at an average purchase price of CHF 40.92 per share.

From the financial year 2024 onwards, Leonteq will continue to target a payout ratio of more than 50% of Group net profits including the potential launch of annual share buyback programmes if financial results permit.

Total distribution to shareholders (CHF)



¹ Total distribution per share includes all distribution to shareholder including dividends (CHF 4.00 for 2022) and share buyback programmes (pro-forma distribution of CHF 1.00 per share for 2022; equivalent to a buyback volume of CHF 18 million)

² Board of Directors' proposal to the Annual General Meeting

Key figures per share	2023	2022	2021	2020	2019
Book value (CHF)	44.4	48.0	43.6	35.0	35.6
Tangible book value (CHF)	41.1	45.0	40.8	32.4	33.2
Basic earnings (CHF)	1.15	8.58	8.47	2.15	3.35
Diluted earnings (CHF)	1.11	8.28	8.33	2.12	3.30
Dividend (CHF) ¹	1.00	4.00	3.00	0.75	0.50
Dividend yield ¹	2.9%	9.2%	4.3%	2.1%	1.5%
Payout ratio ¹	87.0%	46.6%	35.4%	34.9%	14.9%
Share price at year-end (CHF)	34.35	43.70	69.30	35.05	32.84
Full-year high (CHF)	55.50	76.90	70.60	47.74	47.42
Full-year low (CHF)	31.50	36.45	34.80	30.20	28.92

¹ 2023 dividend: Board of Directors' proposal to the Annual General Meeting

Alternative performance measures

On 20 March 2018, SIX Exchange Regulation issued the Directive of Alternative Performance Measures (“APMs”) which entered into force on 1 January 2019. In the application of the Directive, any ratio and/or key performance indicator derived from IFRS income statement or balance sheet line items are considered as APMs.

The below list provides definitions of APMs used by Leonteq in this report.

APM	Definition
FX-adjusted metrics	Net fee income and turnover adjusted on the basis of the previous year foreign-exchange rate
Economic revenues	Sales and trading income earned and considered to be recognised at trade date without applying IFRS revenue recognition rules; economic revenues do not include certain other income components such as rental income or project cost reimbursements by third parties
New business	New business comprises revenues from growth initiatives and activities with lower balance sheet intensity (including AMC business, crypto assets, fund derivatives, balance sheet-light business, treasury income and pension savings)
AMC business	Comprises revenues from actively managed certificates, tracker certificates, exchange traded products, and other open-end products
Traditional business	Traditional business comprises revenues from traditional structured products (e.g. BRCs/Autocallables) predominantly on equity and equity indices as underlying assets
Hedging contributions	Net result of hedging activities
Treasury result	Net funding costs related to Leonteq’s own issued products
Cost-income ratio	Total operating expenses as a percentage of total operating income
Capital base	Aggregate amount of shareholders' equity and deferred fee income
Return on equity	Group net profit as a percentage of average shareholders' equity at the beginning and at end of the respective period
Large ticket transactions	Single primary or secondary transaction on a single product with a single client where Leonteq earns a fee of CHF 0.5 million or more
Platform assets	The outstanding volume of products issued and traded through Leonteq’s platform
Turnover	Aggregate notional amount of structured products issued (by Leonteq and its platform partners) through Leonteq’s platform plus the aggregate notional amount of structured products (issued by Leonteq and its platform partners) traded through Leonteq’s platform
Turnover from historic partners	Historic partners include EFG International and Raiffeisen
Turnover from new partners	New partners include all white-labelling (and third-party issuers) excluding historic partners
Balance sheet-light turnover	Aggregate amount of turnover of structured products where the underlying option is hedged by an external counterparty (through Leonteq’s Smart Hedging Issuance Platform or through a back-to-back hedging transaction) and of the turnover of structured products issued by third-parties

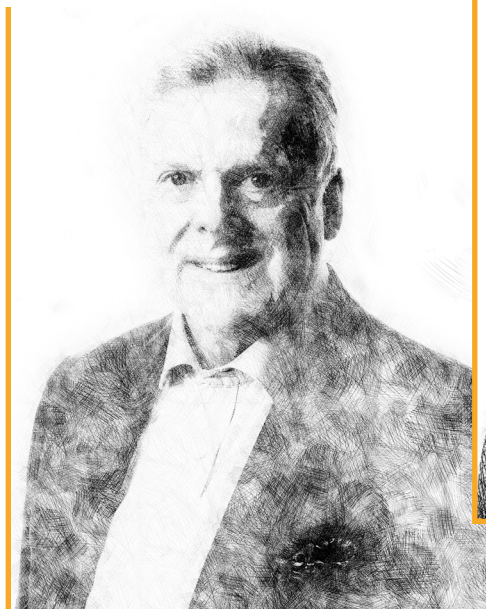
Shareholders' letter

A challenging 2023 for Leonteq

Our 2023 results are disappointing and significantly below our expectations. However, our client franchise demonstrated its resilience throughout challenging market conditions while we further broadened our offering. In executing our growth strategy, we delivered tangible and measurable progress against all pillars, including our sustainability efforts. Looking ahead, we expect to start harvesting from our investments in strategic initiatives which are aimed to further diversify revenue sources.

CHRISTOPHER M. CHAMBERS

Chairman of the Board of Directors



LUKAS T. RUFLIN

Chief Executive Officer



A less favourable market environment than 2022 for Leonteq

2023 was characterised by inflationary pressure, increased geopolitical uncertainties and a significant reduction in market volatility. Against this backdrop, Leonteq recorded a normalised net trading result, compared to an exceptionally strong performance in the prior year. Leonteq's client franchise remained solid with a 15% growth in client transactions and a 32% rise in new issued products. Net fee income decreased by 4% year on year and was affected by the significant strengthening of the Swiss franc against major currencies.

Reflecting the continued efforts to diversify revenues across issuers, turnover from products issued by new partners increased by 39% year on year whilst turnover from products issued by historic partners totalled CHF 6.0 billion compared to CHF 6.4 billion in 2022.

Leonteq reported Group net profit of CHF 20.6 million in 2023, compared to the record result of CHF 156.4 million in the prior year.

Shareholders' equity totalled CHF 780.1 million as of 31 December 2023, compared to CHF 870.0 million as of 31 December 2022. The decrease was mainly driven by a total distribution to shareholders of CHF 90.4 million, including a share buyback programme in the amount of CHF 18.0 million. Leonteq's capital base remained strong at CHF 837.9 million as of end-2023.

Continued execution of Growth Strategy 2026

Throughout 2023, we continued to make progress in executing our Growth Strategy 2026 across all four pillars.

We continued to diversify our offering by adding crypto assets to the investable universe for Leonteq's AMC platform and launched several new exchange-traded products in collaboration with existing and new index sponsors under our new ETP+ concept. Overall, revenues from new business initiatives contributed 47% of Group economic revenues (excluding hedging results) in 2023.

We introduced several new features for our award-winning digital investing platform, LYNQS, which we also launched in Asia.

As part of our ambition to further expand our offering that is targeted at an international client base, we strengthened our regional management teams in Europe and Asia (including the Middle East).

Our market position remains strong in our home market of Switzerland, where Leonteq (together with its platform partners) continued to be the leading issuer of SIX-listed yield enhancement products.

Our sustainability efforts were recognised by several ESG rating agencies, including MSCI, who upgraded Leonteq to a AA rating in 2023.

Dividend of CHF 1.00 proposed for 2023

The Board of Directors will propose a dividend of CHF 1.00 (2022: CHF 4.00) per share for the financial year 2023 at the Annual General Meeting on 28 March 2024, which is to be paid in equal amounts out of retained earnings and capital contribution reserves.

The progress made by Leonteq in 2023 and in the future ultimately depends on the hard work and dedication of our team of around 600 employees globally. We therefore wish to express our considerable thanks to them for their valuable contribution.

We also wish to thank our clients, partners and you, our shareholders, for the trust you have placed in Leonteq.



Christopher M. Chambers
Chairman of the Board of Directors



Lukas T. Ruffin
Chief Executive Officer

Interview with the Chairman and the CEO

Your 2023 results came in much lower than expected at the beginning of the year. Can you explain what led to that result?

CEO: The 2023 financial results were clearly below our expectations and we are unsatisfied about this outcome. We saw a market environment that was challenging in many ways, in particular with the significantly lower levels of volatility leading to a substantial reduction in hedging contributions. At the same time, we recorded decent growth in both new products issued and client transactions. Clients, however, transacted at lower average ticket sizes and we recorded a notable currency-impact from the strengthening of the Swiss franc against major currencies. These factors together meant that our net fee income was relatively stable year on year. In terms of costs, we ended the year 2023 with slightly lower total operating expenses, reflecting a significant reduction in discretionary compensation while we continued to invest in key strategic projects such as LYNQS and our retail flow business initiative.

With respect to new initiatives, what is the status of your retail flow business initiative? And can you explain why your 10% stake in BX Swiss is important in this context?

CEO: We have built up a team of dedicated experts in trading and sales, and we have made good progress in developing a core platform required for the market-making and issuance of a large number of flow products. We expect to launch our first retail flow products towards mid-2024 in Switzerland.

CHAIRMAN: The acquisition of a minority stake in BX Swiss, which is one of two stock exchanges in Switzerland and is part of the

Boerse Stuttgart Group, supports our efforts to enlarge the markets we address. With this step, we will gain access to the large ecosystem of Boerse Stuttgart Group from whom we purchased our 10% shareholding in BX Swiss. And we also intend to become a market maker for equity securities and ETFs on BX Swiss.

On the technology side, you mentioned LYNQS. How does this digital investing platform enhance Leonteq's offering?

CEO: With LYNQS we respond to clients' needs to accelerate their digital transformation and provide the full range of structured product processes on a single platform. LYNQS follows two main principles that are increasingly important to our clients: customisation and open architecture. In a fast-moving world, our team of financial engineers and IT developers are constantly developing the platform further. The latest releases were the integration of the Quote module in the mobile version of LYNQS for wealth managers in Singapore and Hong Kong as well as the expansion of our digital offering to insurance companies for the lifecycle management of investment products.

Another initiative is the new pension savings solution that you announced a while back. When do you expect the launch?

CEO: We made good progress in establishing this new digital savings concept for the Swiss 3a retirement savings market. In collaboration with Glarner Kantonalbank, we are offering offering retirement savers in Switzerland a pure digital savings product that combines a guarantee and upside potential, as opposed to ongoing interest payments or an investment in a mixed asset class portfolio. This solution is particularly interesting for individuals that are concerned about the risk of investing in securities and maintain their retirement savings in low-yield cash accounts. Our solution is an attractive alternative, offering higher return while addressing risk concerns. Following a recent successful “Friends & Family” phase, we are confident to launch this innovative offering in the near future.

How do you see the mix of new and traditional businesses of Leonteq?

CEO: Last year, the revenue contribution from new business initiatives amounted to 47%, which was slightly lower compared to 2022. This reflects on the one hand a resilient performance in Leonteq’s historical core franchise during the difficult market environment in the past year, which underscores the fundamental attractiveness of the structured products business. On the other hand, certain new initiatives such as the fund derivatives business or the crypto asset business generated lower contributions in 2023, while others such as the pension savings business performed well. The AMC business saw stable revenues year on year demonstrating the recurring nature of its income contribution.

CHAIRMAN: The efforts to diversify Leonteq’s offering form an important pillar of our growth strategy, and thanks to new initiatives the firm was able to broaden revenue streams over the past years. Continued diversification remains a key prerequisite for further sustainable growth as well as more stable revenue streams over the mid-term.

Will Leonteq continue to invest in new initiatives also in 2024, or do you need to contain costs after the weak financial result for 2023?

CEO: We need to do both. We are evaluating a range of measures to optimise and make our cost structure more flexible, while continuing to invest in key initiatives which are aimed at diversifying revenue sources. As from 2024, we expect to start harvesting from our investments in strategic initiatives over the past years, and further investments will depend on how successful we will be.

In November 2023, Germany's financial regulator BaFin published a notification which highlighted deficiencies in Leonteq's anti-money laundering prevention. Can you elaborate on the consequences you have drawn from this?

CEO: We regret the deficiencies identified in our German subsidiary. We are continuously strengthening our compliance organisation and have taken various administrative and personnel measures last year. We have been cooperating with BaFin and expect to implement all of the corrective measures by the end of February 2024.

CHAIRMAN: Leonteq works in the interests of all its stakeholders to the best of its abilities and, of course, in compliance with all relevant regulatory requirements. We will always take any indications of potential improvements in our activities very seriously, review them conscientiously and, if relevant, implement them immediately. As a company, Leonteq must always continue to improve.

On another note, you have received a rating upgrade from Fitch to BBB with stable outlook. How relevant is this to your business?

CEO: With this solid investment grade rating, we have strengthened our credit profile towards counterparties. The rating agency recognised our efforts to diversify our business in terms of issuers and products alongside the continued and diligent focus on risk management.

You also completed your share buyback programme at the end of 2023; when can investors expect to see the earnings accretive effect from a capital reduction?

CHAIRMAN: Under our inaugural share buyback programme, we have repurchased approximately 2.3% of our share capital, for a total purchase value of CHF 18.0 million. We intend to propose a capital reduction for these shares at the upcoming Annual General Meeting 2024 which will take effect shortly after the approval from shareholders.

Your dividend proposal is below your communicated ambition of CHF 2.00 per share – why is that?

CHAIRMAN: For 2022, Leonteq made significant distributions to its shareholders through dividends and share buybacks totalling CHF 90.4 million following two record financial years. For 2023, the Board of Directors has opted for a prudent approach to capital management and will propose a dividend of CHF 1.00 that equals a payout ratio of 87% compared to the announced target of more than 50%.

Where do you see the company in a couple of years from now?

CEO: We have managed to develop a unique ecosystem for Leonteq thanks to our inherent strengths in the field of structured investment products. We want to make the best possible use of scaling potential, adding new products and expanding our range of solutions in a rapidly changing market environment.

CHAIRMAN: Our vast investment universe, our innovative technology and our dedicated specialists will remain at the core of Leonteq. This is our DNA that we can rely on to further diversify our revenue streams and address evolving client demands.

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OUR GROUP

Our Group

Leonteq is a Swiss fintech company with a leading marketplace for structured investment solutions. Based on proprietary modern technology, the company offers derivative investment products and services. It further enables life insurance companies and banks to produce capital-efficient unit-linked savings and pension products with guarantees. We focus on industrialising the production process for these products and offering our clients and partners high standards of service delivered by an international team of experienced industry professionals. We have a strong presence in our home market of Switzerland and in Europe, as well as an established footprint in Asia.

At a glance

Leonteq focuses on building a unique ecosystem for investment solutions with a highly automated marketplace. It offers B2B and B2B4C services for more than 1,000 financial intermediaries globally and is transforming the pension savings market with an innovative D2C solution. In addition to its headquarters in Zurich, Switzerland, the Group has offices in 13 other locations: Amsterdam, Dubai, Geneva, Guernsey, Frankfurt, Hong Kong, Lisbon, London, Milan, Monaco, Paris, Singapore and Tokyo. Leonteq has a strong capital base of CHF 837.9 million as of 31 December 2023 and investment grade ratings assigned by renowned rating agencies.

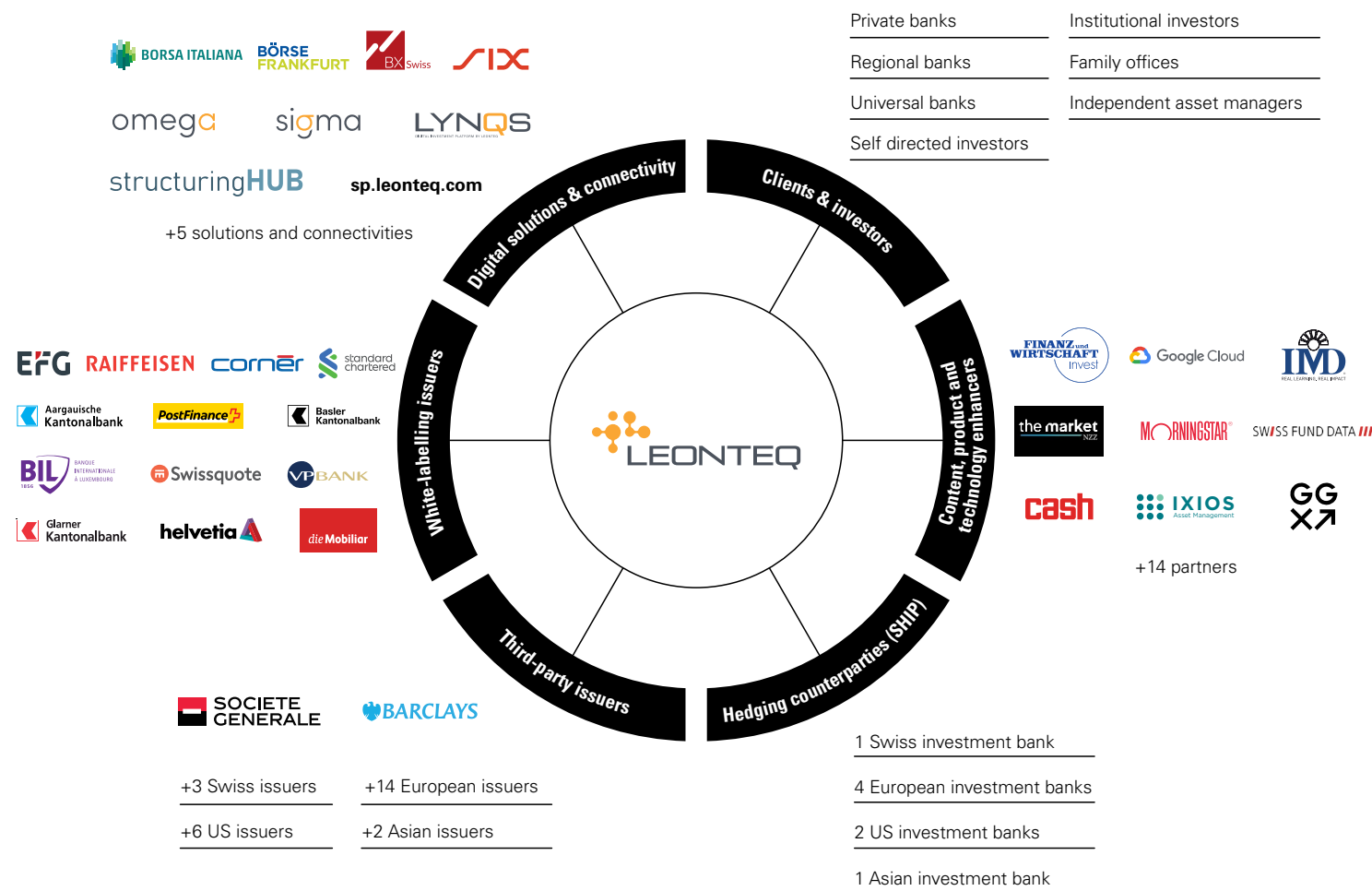
Leonteq's shares are listed on SIX Swiss Exchange. 39% of its equity capital is held by a shareholder group comprising the Swiss cooperative bank Raiffeisen Switzerland and founding partners Lukas Ruflin and Sandro Dorigo. The remaining 61% is distributed among institutional investors as well as retail shareholders mainly from Switzerland.

Leonteq's workforce consists of 591 experts from more than 50 countries who administer CHF 12 billion of assets on the platform and support the continued development of its ecosystem.

Our ecosystem

We have built a unique ecosystem for investment solutions where we connect and collaborate with local and global players in the financial services sector through our service and technology platform. Built from the ground up using state-of-the-art infrastructure and programming languages, this platform houses our digital marketplace of core applications, including LYNQS, the Smart Hedging Issuance Platform (SHIP), Omega and Sigma.

Leonteq's technology platform components have been developed and implemented in-house by our team of industry experts. Our service architecture allows for an integrated and flexible application landscape and focuses on the automation of key processes across the organisation. Our technology platform plays an essential role in ensuring the timely and high-quality delivery of our products and services, as well as the creation of innovative new product and service offerings.



Clients and investors

Leonteq serves a large range of financial intermediaries around the globe and offers them one of the largest universes of structured products, with over 90 different payoffs and thousands of underlyings that include equities, indices, exchange-traded funds, currencies, crypto assets, interest rates, commodities and credit, indices and systematic indices. Leonteq processes over 38,000 new issuances and over 190,000 client transactions annually on its technology platform, and it provides a multi-issuer offering to clients from more than 30 different issuers. As such, the functionalities of Leonteq's platform address changing client needs and the demand for more transparent and flexible solutions within a highly competitive industry. To proactively meet these requirements and offer high standards of service, we focus on controlling and automating all key processes along the value chain through the continuous enhancement of our technology platform, which instantly calculates complex, structured financial products, even when tailored to individual client needs, and automatically produces all the necessary documentation in four languages.

White-labelling issuers

Leonteq partners with banks and insurance companies in its role as a service and technology provider. It creates and manages structured investment products for banks that have become Leonteq platform partners based on a white-labelling model. It also offers life insurance companies support in the area of retirement products to produce capital-efficient, unit-linked savings and drawdown solutions and it enables banks to offer their clients flexible savings products.

Through its structured investment service platform, Leonteq offers its issuance partners customised services across the entire product lifecycle, depending on the platform partner's individual needs. Services include: Risk management, hedging, market-making and secondary-market servicing, advice on structuring, establishment of an issuance programme, design of information and marketing materials, production of termsheets and documentation for individual trades, listing and settlement of structured investment products, provision of risk, regulatory and sales reporting related to structured investment products, and provision of corporate centre services (e.g. account posting, book entries and cash flow reports).

The issuance of structured products under a white-labelling cooperation agreement gives our issuance partners access to additional and diversified long-term funding and represents an additional revenue stream. At the same time, issuance partners are able to offer their clients structured products in their own name.

Leonteq serves a large range of financial intermediaries around the globe and offers them one of the largest universes of structured products

In the area of retirement products, Leonteq supports its partners in designing the value proposition and product concept as well as in defining the operating model and IT architecture that allow processes to be automated and a connection to be established to Leonteq's digital platform. It also supports the pricing of investment components and the automatic processing of portfolio allocations to combine guaranteed investments from banking partners with market instruments in order to exactly match the value proposition for clients across the entire lifecycle of the retirement products. In addition, Leonteq provides services for the hedging of market exposures, particularly long-term interest rate risks, the management of rule-based market participations, and the monitoring and risk management of individual insurance policies and retirement accounts. The retirement products with financial guarantees and upside can either be offered on the insurance side as unit-linked insurance products or by banks as flexible savings products.

Hedging counterparties (SHIP)

As a marketplace for structured products, Leonteq acts as both an issuer of its own products and as a distributor of the products issued on the balance sheet of other financial institutions. Through SHIP's functionalities, Leonteq aims to reduce its hedging exposures by outsourcing option components to external counterparties while giving its clients and issuance partners access to a range of additional external hedging counterparties. Eight leading investment banks are connected to the platform, of which seven actively quote and execute trades. Before SHIP was launched, the Leonteq platform allowed clients to select their desired credit risk from 10 different issuers via the multi-issuer platform. However, the option component was mainly provided by Leonteq and hedged on an aggregated macro level, resulting in risks that had to be backed by capital. With SHIP, we are outsourcing the option component to third-party providers if they offer a better price. This back-to-back hedging approach on a trade-by-trade basis has always existed in the form of a manual process of price negotiations, confirmations and bookings. With SHIP, Leonteq is extending its platform to enable the automated quoting, trading, and booking of OTC derivative micro hedges through electronic messaging, as well as internal and external automation, providing a low-touch solution.

SHIP extends Leonteq's platform as it is one of the few – if not the only – platform to allow for the automation of both the bond and the option component of third-party providers. This creates benefits for our clients, who thus receive improved execution for the option component and the zero-coupon bond component of a structured product for the same level of service. It also creates benefits for our issuance partners, who are able to diversify their counterparty risk away from Leonteq. Further, it benefits our employees and shareholders by making our business more scalable and profitable.

Third-party issuers

In addition to Leonteq's own issued products and those issued by its white-labelling partners, the company provides clients with access to products from 30 additional issuers manufactured outside the Leonteq platform. This encompasses direct connectivity between Leonteq's digital marketplace and Barclays' electronic trading platform, as well as Societe Generale's trading platform, SG Markets. The inclusion of third-party issuers enhances Leonteq's offering by providing clients with a comprehensive range of credit risks to choose from. Furthermore, it significantly broadens the spectrum of products and underlying asset classes that can be quoted based on the distinct strengths of each issuer.

Content, product and technology enhancers

Leonteq's ecosystem includes a variety of partnerships that complement its offering on the content, product, and technology side. In the context of content enhancers, the cooperation with the Institute for Management Development (IMD) in Lausanne, Switzerland, reflects Leonteq's ambition to further democratise access to and strengthen the understanding of structured investment products and to make investment solutions available to a broader investor base.

Several cooperation agreements with financial news portals, including Finanz und Wirtschaft, The Market or cash, have also been launched to give investors the opportunity to invest transparently, efficiently and cost-effectively in portfolio managed by financial journalists. These product-enhancing partnerships are intended to increase the scope of Leonteq's offering and also include Leonteq's collaboration with providers of funds such as Morningstar Inc. and Global Green Xchange (GGX). With its structured products expertise, Leonteq can offer clients downside protection, opportunities for higher returns or greater investment flexibility when investing in mutual funds. Leonteq's collaboration with Ixios gives it exclusive rights to distribute Ixios funds which are focusing on a specialised range of thematic long-only UCITS funds.

Other cooperation agreements, such as Leonteq's collaboration with Google Cloud support the Group as it scales its platform by extending Leonteq's infrastructure to the cloud. This enables Leonteq to increase its computational power by elasticising its grid capacity from two on-site data centres to the cloud. In this way, it can meet the higher computational demand that accompanies business growth and increased demand for the pricing and trading of structured investment products from its clients and white-labelling partners.

Digital solutions and connectivity

As Leonteq's technology platform is built from the ground up by our in-house development teams, it is vertically integrated, covering the entire value chain from structuring, pricing, documentation, issuance, listing and settlement to risk management, market-making, lifecycle management, distribution, risk and regulatory reporting, and accounting services. Common platform functionalities are implemented in one unique service layer that can be accessed by other applications. The grid network and calculation servers are crucial for various calculations and the distribution of such calculations. Our technology platform operates on approximately 75 different applications, with data centres working independently on a 24/7 basis in two remote locations outside Zurich as well as being elasticised to the cloud. This technology platform plays an essential role in ensuring the quality of our products and services, the timeliness of delivery of our products and services, and the creation of innovative new product and service offerings.

LYNQS

Leonteq enables clients to issue and distribute products via their own channels through its digital marketplace LYNQS, which was launched in 2019. LYNQS technology, which was developed in-house, gives Leonteq clients digital access to one of the largest structured product universes available. LYNQS is based on Leonteq's analytical library and financial product engine, providing Leonteq's clients with a completely new investment experience. They benefit from unique lifecycle management and investment ideas, and they can invest in a tailor-made and optimised way. Via the AMC Module, clients can further customise and implement investment strategies with greater adaptability, cost efficiency and transparency. Benefits include excellent time-to-market in the issuing process, high flexibility in terms of product design, execution across all asset classes and instruments, and daily detailed reporting on a single AMC basis.

omega sigma

Leonteq's innovative insurance platform Omega is a proprietary platform that enables the fully automated, digital processing of the entire lifecycle of insurance policies and capitalisation products. A key feature is the Omega Portal, which is a web-based application that enables our insurance partners to create, administer and track unit-linked life insurance products. Leveraging a convenient web interface allows the insurer to immediately price and process policy adjustments. The Omega Portal supports a comprehensive set of business transaction events out of the box and thus substantially reduces onboarding costs. In combination with a fully modularised product design, the Omega Portal enables quick time-to-market for new unit-linked insurance solutions.

Based on Omega, Leonteq introduced a new digital savings platform, Sigma, that allows Leonteq, in collaboration with partner banks, to facilitate the offering, onboarding, account administration and allocation management of flexible bank savings products. The platform ensures a fully integrated front-to-back design that streamlines customer interactions and operations and includes a mobile app, allowing our partner's end-clients to complete the onboarding themselves and to self-administrate their accounts.

structuringHUB

structuringHub is the name of Leonteq's innovative white-labelling issuance model, which enables banks to easily transition from their role as intermediaries to become producers of structured investment products based on a simplified cooperation model.

It was established as a standalone securitisation entity in Luxembourg that operates independently from Leonteq. It issues structured products that are guaranteed by the sponsors. Leonteq acts as the arranger, providing its longstanding expertise as well as its full technology platform and a broad range of services along the entire value chain.

Our products

Leonteq offers one of the largest universes of structured products with its leading technology platform, as well as a comprehensive range of pension products.

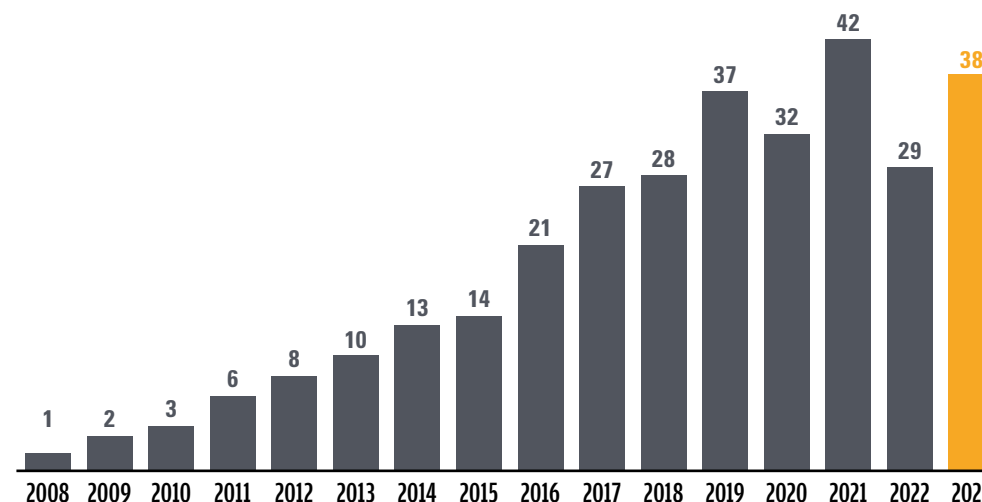
Structured products

Product types

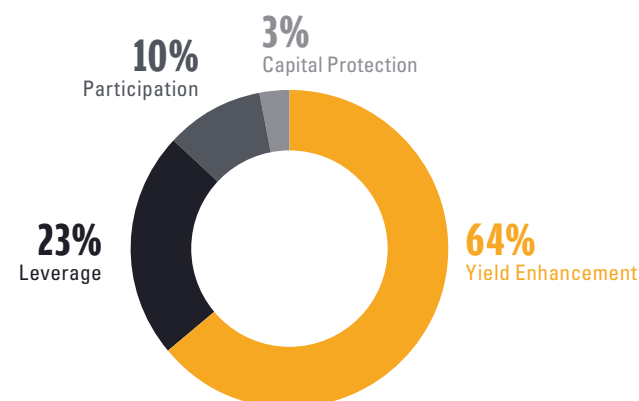
Structured products generally comprise pre-packaged, securitised investment solutions based on a single security, a basket of securities, options, indices, exchange-traded funds, currencies, crypto assets, commodities, interest rates, credit, debt issuance, and, to a lesser extent, swaps.

While we offer a broad range of structured products, our focus is on products resulting from our service offering for issuance partners, as well as on products that we offer in our own name. We differentiate between structured investment products and leverage products. Structured investment products include capital protection, yield enhancement, and participation products. Leverage products are often exchange-listed and have short-term maturities. The most popular products on Leonteq's platform are yield-enhancement products such as barrier reverse convertibles and autocallables. Currently, the most common underlying assets for structured investment products are equities, indices, commodities, crypto assets, foreign currencies, and interest rate and credit instruments. Since our Group was founded in 2007, we have launched over 300,000 structured products on our platform.

Structured products issued (in thousands)

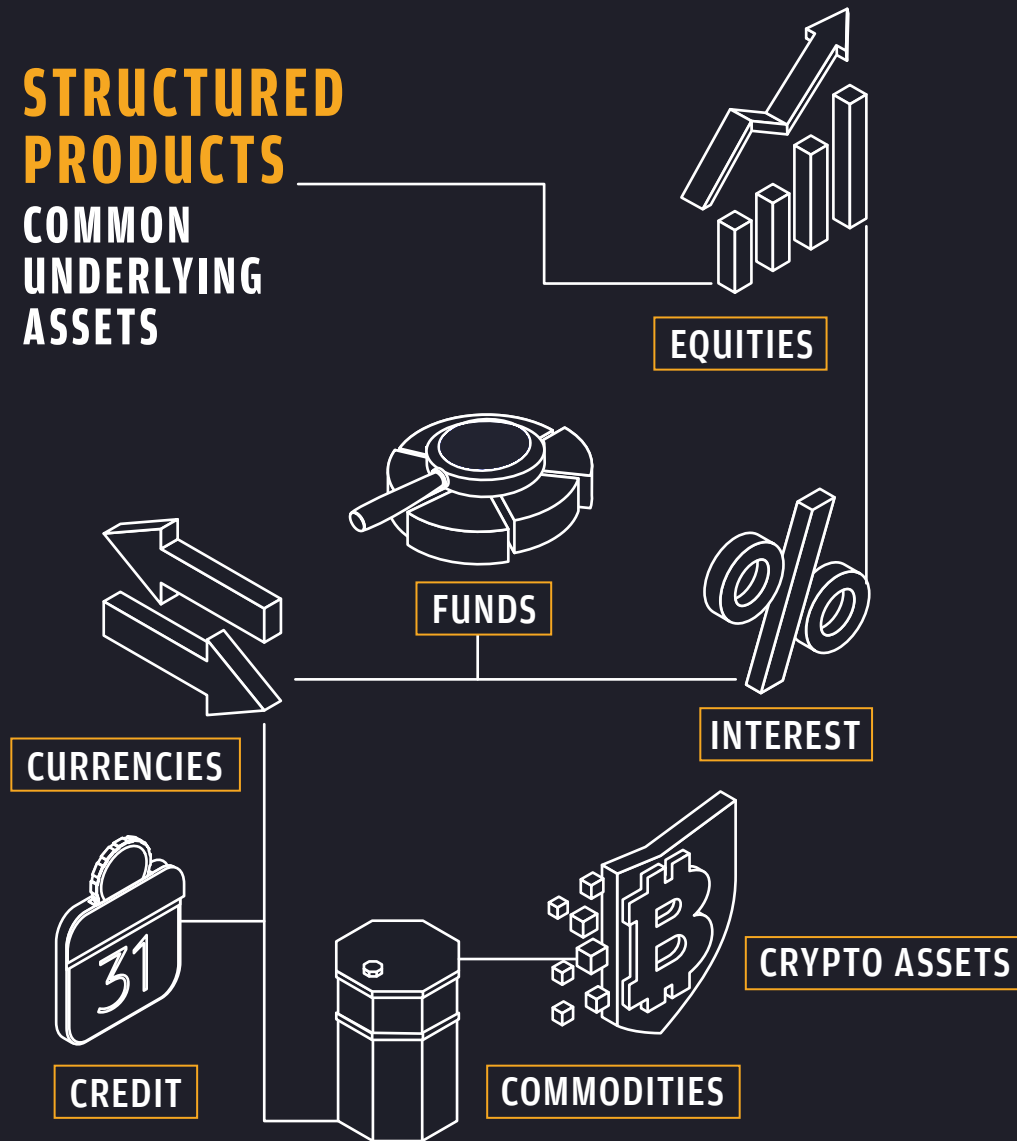


Turnover by product category 2023



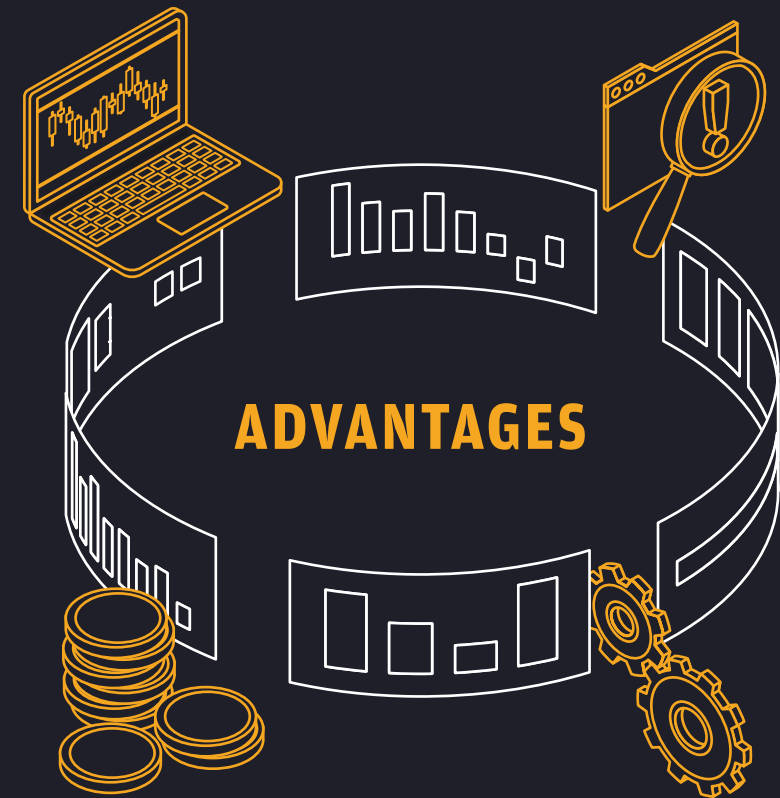
STRUCTURED PRODUCTS

COMMON
UNDERLYING
ASSETS



EVERY MARKET VIEW

EVERY RISK PROFILE



HIGH DEGREE OF LIQUIDITY

ACCESS TO ALL ASSET CLASSES

Structured product categories

Capital protection products

These products have a minimum redemption at expiry equivalent to their defined level of capital protection, and they therefore protect against losses resulting from a fall in the price of the underlying asset. Capital protection is defined as a percentage of the nominal value (e.g. 100%) and is guaranteed by the issuer or guarantor of the product. In addition, investors may participate in the price movements of the underlying, although this may be limited. Alternatively, the investor may be entitled to a coupon payment. During the lifetime of the product, its value may fall below its capital protection level.

Capital protection certificates with participation offer a guaranteed repayment of a predefined percentage of the denomination (usually 100%) as well as the opportunity to participate in price gains of the underlying instrument. However, depending on the capital protection level, the participation rate may vary and therefore be lower or higher than would be the case if the underlying security was owned outright. The investor is exposed to the credit risk of the issuer or the guarantor and is not entitled to receive any dividends on an underlying equity.

Investors in these products expect the underlying to rise, but to be protected against significant drops in the price of the underlying.

Capital protection products are typically structured with a zero-coupon bond and the purchase of a call option (long position) with a strike at 100%. At redemption, the investor is entitled to a cash settlement in the respective product

currency that equals the capital protection level multiplied by the denomination. In addition, the investor participates in the appreciation of the underlying.

Yield enhancement products

Investors in yield enhancement products expect sideways or slightly rising underlying prices. These products have a reduced level of risk compared to a direct investment in the underlying. Reverse convertibles and barrier reverse convertibles are the most common yield enhancement products. The buyer of a reverse convertible surrenders the potential upside exposure to the underlying asset in exchange for an enhanced coupon. The holder of the product generally remains exposed to the downside of the underlying asset.

A barrier reverse convertible offers the investor a coupon regardless of the performance of the underlying asset, combined with conditional downside protection. A barrier event occurs if the level of the underlying asset trades at or below the predefined barrier level. Depending on the terms of the product, the barrier event may occur at any time during the life of the product (American barrier) or only on a predefined observation date (European barrier).

If a barrier event does not occur, the investor receives the initial investment amount at maturity. If a barrier event occurs and the underlying asset is at or below its strike level at maturity, the redemption of the product (physical or cash) will depend on the value of the underlying asset. If a barrier event occurs and the underlying asset at maturity is above

its strike level, the investor receives a cash amount equal to the initial investment amount.

A typical barrier reverse convertible can combine two components: A fixed income security such as a bond (investment grade), which is due to be repaid at maturity, and an option-like instrument, which provides the specific pay-off in addition to the guaranteed coupon payments. The product is typically structured with a zero-coupon bond and the sale of a put (short position) in the form of a down-and-in put option with a strike at 100% and a barrier of 60%. The remaining capital is used to pay the annual coupons (10%) and the fee as well as commission expenses.

Participation products

In general, the performance of participation products is closely linked to the movements in the price of the underlying asset, with no up or down limitations, and a comparable level of risk to a direct investment in the underlying. These products sometimes feature conditional capital protection (e.g. bonus certificates) or a leveraged upside participation (e.g. outperformance certificates). The most common participation products are tracker certificates, which track the performance of the underlying asset on a one-to-one basis.

Investors buying a tracker certificate are typically seeking to broaden their investment spectrum and are looking for investment opportunities outside the traditional asset classes. Tracker certificates have the potential to tap into new markets or strategies that are otherwise difficult for investors to access or that entail high costs. Tracker certificates

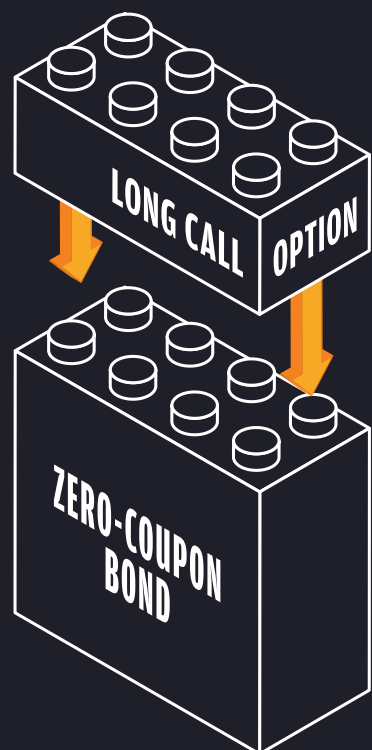
based on indices or baskets also enable broadly diversified investments with a single transaction.

Leverage products

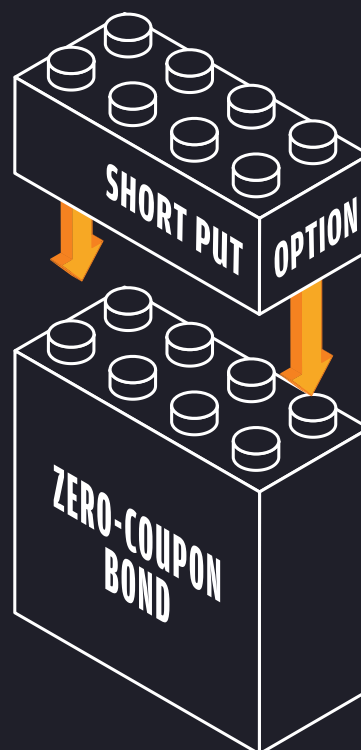
Leverage products are financial instruments that allow investors to gain greater exposure to the market without increasing their capital investment. This is achieved by using leverage. Leverage products can be categorised in warrants and products with knock-out. Warrants are securitised options on an underlying that exist in the form of call or put warrants. Leverage products with knock-out have a barrier. If this barrier is reached, the product expires prematurely. These products include knock-out warrants and mini futures with which an investor can participate in the price development of an underlying, similar to tracker certificates. The investor can either buy a long product in order to participate in rising markets or a short product in order to benefit from falling markets. Unlike tracker certificates, however, the investor only has to finance part of the market exposure. The main part of the investment is provided by the issuer. This creates a leverage effect. The difference compared to normal futures is the built-in stop-loss level; if that level is reached, the mini future expires early. However, the investor does not have to meet additional margin requirements as it is the case for futures.

BUILDING BLOCKS OF TYPICAL STRUCTURED PRODUCTS

CAPITAL PROTECTION NOTE WITH PARTICIPATION



REVERSE CONVERTIBLE



OUTPERFORMANCE CERTIFICATE



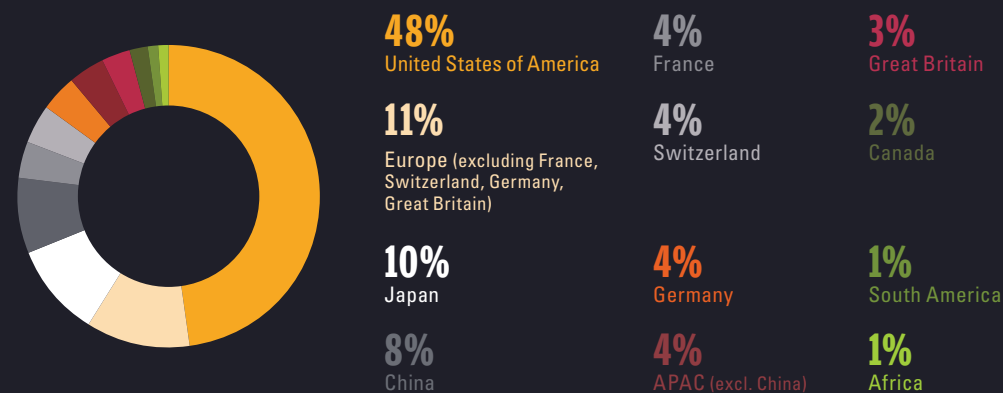
Underlyings

Leonteq provides a large universe of structured products with thousands of underlyings. Besides more than 2,000 equities and equity indices as underlyings, as well as commodities, interest rates, credit and currencies, Leonteq also has one of the largest offerings of crypto asset investments in a securitised format and has dedicated expertise on fund derivatives as well as on quantitative investment strategies.

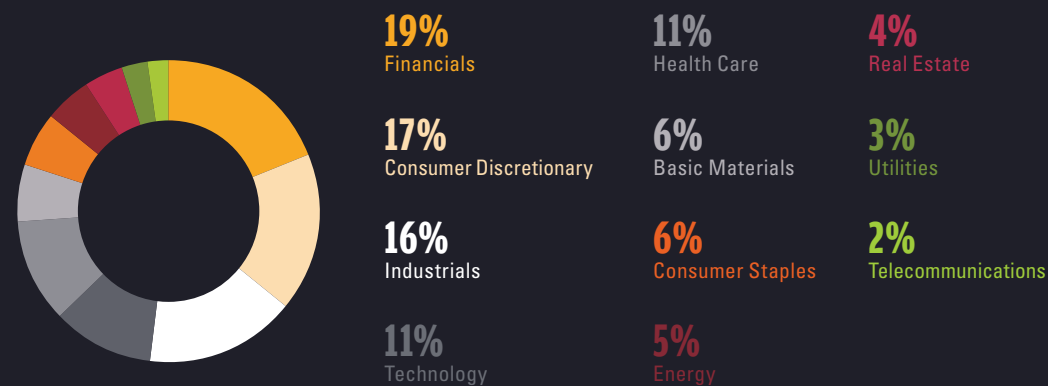
Equities and equity indices

Equities and equity indices are the most popular underlyings embedded in structured products. Leonteq offers more than 2,000 individual stocks and indices across the globe. The following charts provide a breakdown by region and industry of the underlyings we are offering.

Underlyings country distribution



Underlyings industry distribution



Currencies

The Leonteq platform can offer up to 20 different currencies, including all major currencies, such as the US dollar, the euro, the Japanese yen, the British pound, the Swiss franc or the Hong Kong dollar.

Crypto assets

With 29 different crypto assets available, Leonteq offers one of the largest universes that can be securitised – representing more than 80% in terms of the capitalisation of the entire crypto asset market (excluding stable coins). In addition, Leonteq offers investor access to crypto asset indices, enabling them to structure their own individualised, rule-based or actively managed indices.

Leonteq currently supports three product ranges in the crypto asset space:

- **Delta 1:** Delta 1 trackers provide access to the crypto asset class. These products are ideal for investors who have an interest in crypto assets but do not wish to manage a wallet infrastructure or are unable to trade directly in crypto assets. Single crypto asset trackers represent the majority of Leonteq's crypto offering, though there has been a recent, notable shift toward static crypto baskets and rule-based crypto indices.
- **Actively Managed Certificates (AMCs):** AMCs are increasingly becoming the wrapper of choice for asset managers. Using an AMC, asset managers can offer their discretionary and proprietary strategies to a wider investor audience. AMCs also offer the opportunity to dynamically combine crypto assets with traditional asset classes.
- **Non-linear payoff structures:** With the maturing of the crypto asset industry, non-linear payoff structures have lately emerged as an investment option. Non-linear payoffs allow investors to use price volatility to their advantage, turning it into yield opportunities or putting in place conditional downside protection via low strikes or barriers. Leonteq offers the most popular non-linear payoffs on Bitcoin and Ether.

Investing in crypto assets via Leonteq structured products provides several advantages compared to direct investments:

- Investors benefit from the fact that Leonteq is a fully regulated issuer with an investment-grade rating and robust capital base of CHF 837.9 million as of 31 December 2023.
- Structured products are easily modified to meet specific client requirements.
- Investors do not have to manage cryptographic keys using their own storage infrastructure.
- By virtue of being “bankable”, structured products are more easily traded in the conventional way, similar to shares, bonds or ETFs.

Fund derivatives

Leonteq's fund derivatives desk provides dedicated trading and structuring expertise on mutual funds, working closely with a wide range of fund management companies to deliver innovative solutions and competitive pricing. With its structured products expertise, Leonteq is able to offer clients capital protection, leveraged exposure and dynamic allocation on mutual funds. Leonteq's structuring team designs a wide variety of payoffs and indices linked to single name or basket of mutual funds, delivered in the client's preferred format including certificates, warrants and OTC.

Quantitative Investment Strategies

Leonteq's range of Quantitative Investment Strategies (QIS), wrapped in an Index format, have opened up a new type of underlying for our clients. These include the option to customise strategies to suit investor preferences: Leonteq's QIS offer strategies tailored around geographies, management styles, sectors and asset classes alongside systematic algorithms such as volatility control or fixed dividends.

In addition, our QIS offer access to external expertise via actively managed portfolios and research-backed dynamic equity indices. Meanwhile, their transparent operational methodology, regulatory compliance, and ease to launch make them attractive to investors.

Leonteq is also recognised as a third-country administrator under the EU Benchmark Regulation (BMR), a policy framework designed to measure and monitor the integrity of benchmarks. Through this accreditation, Leonteq is able to offer investment opportunities referencing a range of indices that qualify as benchmarks under the BMR. Under the aegis of this regulatory framework, an index committee is in place – with representation from Leonteq's front office, operations and control functions – that provides oversight and governance of the Leonteq Systematic Indices. This committee helps to ensure consistent integration of activities into our overall corporate governance and management framework. A dedicated website offers professional and qualified investors access to our proprietary strategies, complete with up-to-date descriptions, valuations, track records and key metrics, as well as downloadable, daily updated factsheets and times series.

Savings and pension products

Leonteq covers an extensive range of product types for every lifecycle stage (savings, investment and drawdown products).

Our product offerings support periodic premiums and one-off contributions across a broad range of tenors, risk profiles and participations on chosen underlyings. In addition, we have developed a new approach that supports fully flexible savings solutions where end-clients can freely choose to contribute how much they want at any point in time.

Insurance companies can implement innovative and flexible product features and also give advisors and clients the option of tailoring product characteristics to their individual needs (e.g. guarantee levels or capital market participation). In addition, insurance companies can incorporate different guarantee providers for their products, giving clients the choice between guarantees provided by a third-party or the insurer itself.

The principal features of our products include:

- Policy holders receive a minimum guaranteed redemption at maturity combined with upside potential through market participation;
- A market-oriented, unit-linked design provides guarantees that are generated directly through instruments booked to the account of the policy holder at market conditions;
- Our digital technology platform enables scalable and efficient processing while preserving the policy holders' flexibility for numerous lifecycle events throughout the tenor of the policy.

Leonteq currently provides three types of insurance solutions and one flexible bank savings solution. The offering comprises:

Long-term savings plans

Savings plans that are designed primarily to help retail clients build pension assets based on recurring contributions. In particular, Leonteq's unique solution allows for very long-term durations of up to 50 years, matching the retirement target of end-clients.

Savings plans enabled by Leonteq differ from traditional insurance and bank offerings through the integration of market-based guarantee components within each individual unit-linked contract, capital-efficient upfront hedging of contract liabilities at the individual cashflow level over the full contract duration, very high flexibility in terms of payment patterns and guarantee levels, as well as highly automated scalable investment administration.

Our unit-linked guarantee concepts also allow for third-party guarantees, where the provider of the savings plan and the guarantee provider are different entities.

Combined savings and drawdown plans

Combined savings and drawdown plans are designed as a means of building pension assets over time and a subsequent drawdown plan. With its platform, Leonteq can efficiently combine these stages at individual cashflow level, applying the benefits described above in one integrated package.

Flexible savings products

Leonteq's newly developed flexible savings products allow retail clients to make flexible contributions to their retirement account, providing a guarantee linked to each client's individual retirement date and upside potential. With an innovative and unique design, it can be distributed digitally via a mobile app.

Drawdown plans

Drawdown plans mainly serve to provide additional income after retirement over a specified period of time. They are typically funded through a one-time contribution. They can be combined with a subsequent life annuity insurance policy.

From Leonteq's perspective, the difference between drawdown and savings solutions simply lies in different cashflow patterns. Consequently, Leonteq-enabled drawdown plans are run on the same platform and benefit from the same advantages as the savings plans.

Our clients and partners

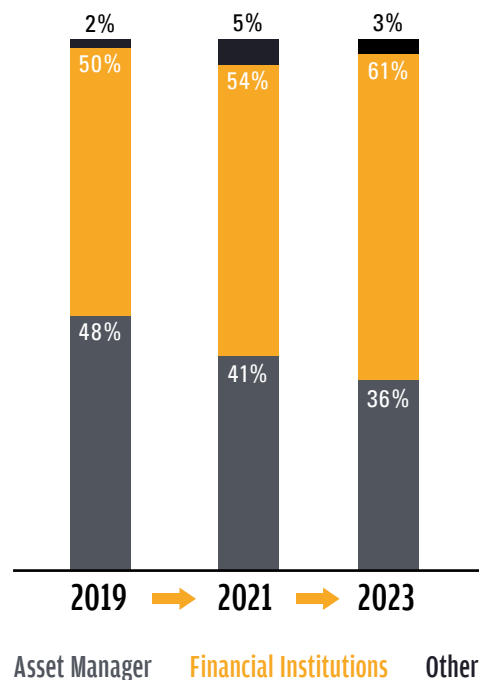
We typically operate through intermediaries. As part of our regulated B2B4C business model, we pay distribution fees and contractually agree the standards we expect of those intermediaries, including their duties towards their clients. The vast majority of our distribution partners are regulated financial intermediaries that have to comply with the regulations defined by the respective financial market authority. Leonteq's focus is on the manufacturing and distribution of structured investment products, which we offer to professional investors. Our clients are served by an experienced sales force and they can select from a variety of issuers, asset classes and payoffs on the platform. In this context, we provide our clients with a wide range of solutions in the form of product wrappers or technology.

The structured products on our platform are manufactured and managed in our own name or for an issuance partner, which acts as the issuer or guarantor of the respective products. We enable and enhance the structured product capabilities of banks that want to become producers of structured products. Our services cover the entire value chain and all lifecycle events of a structured product.

The distribution of structured investment products is performed either by Leonteq or by our issuance partners. Our distribution capabilities

are complemented by a dedicated in-house ideation, structuring, and trading team and include a digital and automated pricing engine.

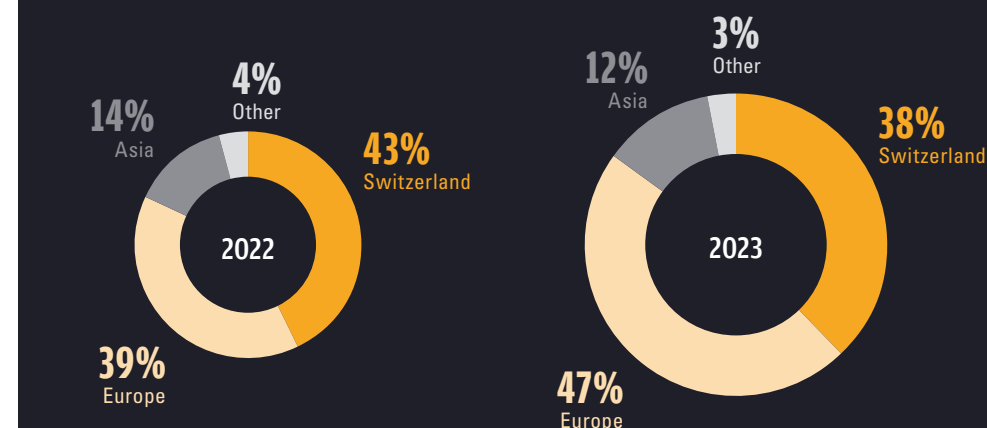
Economic fee income by type of intermediary



In 2023, a total of 1,021 Leonteq clients entered into at least one primary or secondary market transaction on the account of their clients or on their own account. In recent years, we have continuously diversified our client base. While we generated 50% of our fee income from financial institutions in 2019, this figure rose to 61% in 2023. 36% of our economic fee income in 2023 originated from asset managers and 3% from other parties.

From a geographical perspective, 38% of our economic fee income in 2023 was generated through clients domiciled in Switzerland. In the same period, European clients accounted for 47% of our fee income, while clients domiciled in Asia and the rest of the world accounted for 12% and 3%, respectively.

Economic fee income by domicile of intermediary



Solutions for financial intermediaries

Leonteq empowers intermediaries, including private banks, regional banks, universal banks, independent asset managers, independent financial advisors, family offices, as well as institutional investors, and gives them cost-effective and efficient access to a large universe of structured products from various issuers, ensures automated lifecycle management across all issuers and remunerates their distribution services with a distribution margin.

Intermediaries benefit from:

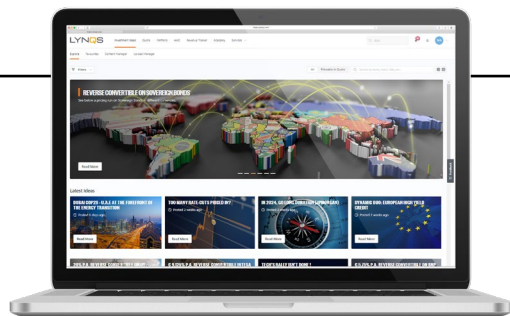
- A multi-issuer platform that comprises more than 30 issuers, the best option price from 8 leading investment banks and a wide range of product variations based on thousands of underlyings (including equities, equity indices, exchange traded funds, credits, interest rates, crypto assets and commodities);
- State-of-the-art technology built from the ground up by in-house development teams. Click 'n' trade platform with automated lifecycle management;
- Competitive pricing and customised complex structures with a low minimum investment size;
- High security, flexibility, mobility, and quality through Leonteq's strategic collaboration with Google Cloud Computing;
- More than 360 trade ideas per year generated by Leonteq's structuring team.

LYNQS

LYNQS forms one of the cornerstones of Leonteq's strategy. Based on technology developed in-house, LYNQS gives Leonteq's clients digital access to one of the largest structured product universes via the web or a mobile app and it enables them to issue and distribute products via their own channels.

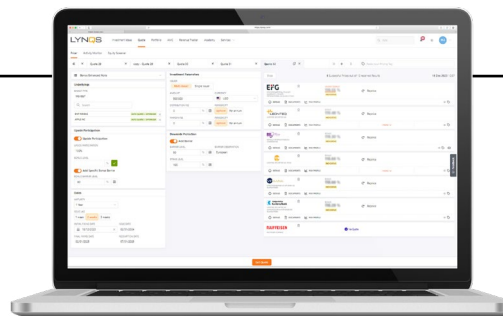


LYNQS consists of five distinct modules:



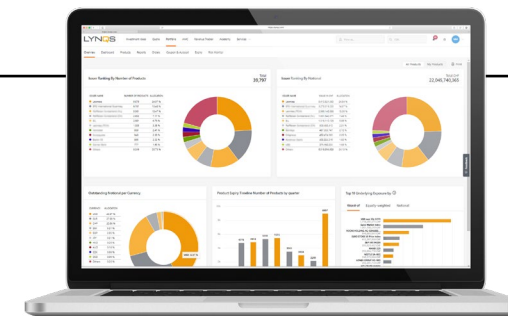
Investment ideas

The latest trends and investment ideas prepared and updated daily by Leonteq's leading structuring team.



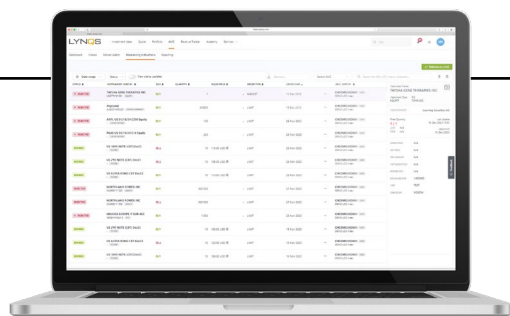
Optimize & Quote

Click 'n' trade tailor-made investment products from 13 renowned issuers, created in a fully automated manner to meet any investment need. Automated documentation is also available for every price and issuer in several languages, and users can access a pre-trade risk analysis.



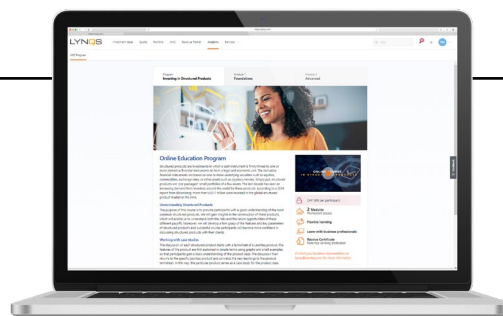
Portfolio

A comprehensive overview of structured product portfolios and lifecycle management across all issuers. It also allows users to keep track of fees resulting from different activities.



AMC

This solution empowers index sponsors to create and manage their own tailor-made index solutions and provides access to thousands of underlyings across different asset classes, including crypto assets, throughout global markets.



Academy

Comprehensive education offerings for client relation managers with the IMD/Leonteq online course "Investing in Structured Products".

LYNQS uses new application features in a scalable, efficient and modular way and offers open application programming interfaces (API) as well as an innovative white-labelling model for Leonteq's issuance partners and private banking clients. The white-labelling model is a ready-to-use solution that enables the client or partner to integrate LYNQS into its wealth management activity under its own corporate identity (B2B4C), thus avoiding lengthy and expensive IT development processes and reducing the operational burden. The number of clients that use LYNQS increased by 25% in 2023 to 1,059, of which more than 140 clients were onboarded under the white-labelling format.

AMC offering

Actively Managed Certificates (AMCs) are an innovative solution for index sponsors to customise and implement a proprietary technical or fundamental investment strategy. Compared to conventional wrappers, such as funds or SPVs, they provide greater adjustability, operational efficiency and transparency with no set-up and a predefined administration cost. Index sponsors, such as asset managers, can easily create and manage their index strategies based on almost any asset class.

All types of Leonteq structured products can be used as index components for AMCs, as well as any kind of derivative such as listed options, forwards, futures, swaps and even customised OTCs and FX strategies. Index sponsors can also choose from a broad range of asset classes, including equities and indices, interest rate and fixed income, crypto assets, funds, FX, and money market instruments/cash equivalent.

The Leonteq AMC can encompass a range of investment styles, both active and passive. For discretionary investing, the Index Sponsor or a third-party representative is responsible for asset allocation within the investment strategy. Allocations can be made at regular intervals or on an ad-hoc basis. When the index sponsor or its representative choose to make an allocation, they can simply send instruction to Leonteq via email or input the instruction through the AMC Module on LYNQS.

Shari'a compliant offering

Islamic banking and finance is an important way of offering financial services across much of the Gulf region as well as in Africa, South Asia and South East Asia. This approach to the provision of financial services is aligned with the rules of Shari'a (principles of the Islamic faith). Islamic banking and financial products are also available in some European countries, such as Switzerland and the UK.

Leonteq launched a Shari'a compliant structured certificate programme in 2022 to make our product offering available to clients seeking Shari'a compliant solutions for their asset portfolios.

The issuer of certificates in the context of this offering is IBDAA Certificate Issuer Ltd, a standalone special purpose vehicle based in Guernsey. Leonteq Securities AG acts as lead manager, calculation agent, paying agent and has other roles under the programme.

Through these certificates, investors benefit from a competitive minimum subscription size. Through the applicable Shari'a structure adopted, they can obtain exposure to a wide range of asset classes, in addition to currencies and payoffs, including yield enhancement, capital protection, participation, warrants and FX payoffs.

Based on the asset class and payoff chosen, the certificates are structured to generate financial returns that are similar to those of equivalent traditional structured securities and expose the investor to the same risks as those positively or negatively affecting an investor in equivalent traditional structured securities.

ETP+

Exchange traded products (ETPs) represent a category of listed financial instruments, which can vary in meaning depending on the listing jurisdiction. In most countries, ETP serves as a generic term encompassing collateralised or uncollateralised exchange trade notes (ETNs), exchange traded commodities (ETCs), and exchange traded funds (ETFs).

ETPs typically aim to replicate the performance of a specific basket or index, representing a particular theme or asset class. This focused approach enables investors to gain exposure to a wide range of investment opportunities in a single trade. Whether it's tracking a specific sector, geographic region, or investment strategy, ETPs offer a simplified way to access desired market segments.

Leonteq actively participates in the ETP world through its label "ETP+". ETP+ are issued by Leonteq Securities AG as collateralised debt instruments (collateralised ETNs). By choosing ETP+, investors gain access to a range of unique features designed to enhance safety and reliability. Notably, ETP+ offers the assurance of a reliable Swiss-based collateral custodian and agent, effectively minimising issuer risk. Additionally, the issuer is a licensed and rated securities firm, making ETP+ an attractive investment option for investors.



Leonteq's ETP+ label provides enhanced safety for investors

Solutions for issuers

Leonteq operates an integrated technology platform that enables the automation of all processes in the value chain for the production of structured investment products that are customised to the individual requirements of banks. Leonteq upgrades banks to an issuer/product producer via two distinct white-labelling models, while reducing complexity, costs and time-to-market. Banks can become producers either via the Partner model or the Sponsor model, which are explained in detail below.

Partner model

The partner model represents a fully customised set-up, where a partner has full control over the issuance entity and contractually faces all hedgers and service providers needed to issue a structured product. A partner becomes an issuer of structured notes itself and all transactions are reflected on the partner's balance sheet and include all operations in their existing governance structure (accounting, risk management). All documentation, including termsheets, are produced in a tailor made and white-labelled way. Our services include:

- Risk management, hedging, market-making and secondary-market servicing (e.g. monitoring of corporate actions, valuation, service hotline);
- Advice on structuring, establishment of an issuance programme, and design of information and marketing material;
- Production of termsheets and documentation for individual trades;
- Listing and settlement of structured investment products;
- Provision of risk, regulatory and sales reporting related to structured investment products;
- Provision of corporate centre services (e.g. account postings, book entries and cash flow reports).

Sponsor model

The sponsor model launched in 2022 represents a standardised way to become a producer of structured products. It enables banks to create their own customised and tailor-made investment solutions and provide them directly to their clients. Banks joining Leonteq's ecosystem for investment solutions as a sponsor get access to state-of-the-art services and digital tools.

structuringHUB SA has been established as a standalone securitisation entity in Luxembourg that operates independently from Leonteq. It issues structured products that are guaranteed by the sponsors. Leonteq acts as the arranger, providing its long-standing expertise as well as its full technology platform and a broad range of services along the entire value chain.

Compared to a fully-fledged white-labelling partnership, sponsors gain access to Leonteq's product and service offering while only providing standard commercial banking services in the context of the issuance by structuringHUB. Complexity is reduced because the structured products and related hedging positions are recognised on the balance sheet of structuringHUB rather than the balance sheet of the sponsors. At the same time, all documents and processes are standardised.

structuringHUB SA is a CSSF-regulated standalone securitisation entity in Luxembourg, independently from Leonteq and its prudential supervision and governance framework. The structuringHUB issuance platform was conceived, designed and launched by Leonteq. structuringHUB is audited by PricewaterhouseCoopers, Luxembourg and the corporate service provider is a subsidiary of BDO Luxembourg (CF Fund Services SA).

Irrespective of the model an intermediary uses, there are several benefits of becoming a producer of structured products:

Benefits of becoming a manufacturer of structured products:

- **Increasing revenues**

Being a producer enables banks to receive a greater portion of the margin as production margin, rather than a lower distribution remuneration.

- **Getting stable funding**

Residual issuance proceeds can be used internally as diversified funding to potentially generate additional core banking revenues.

- **Improving product customisation**

Banks get tailor-made products to enhance client experience, improve service quality and reduce operational risks.

- **Applying best execution**

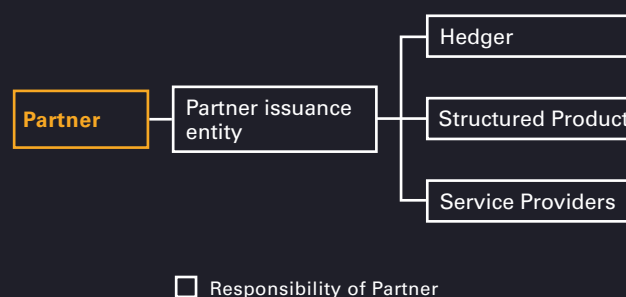
Instead of buying a securitised derivative and bond package, a bank can mix and match the best market price for a derivative with its own bond.

- **Reducing own credit risk**

Credit risk from investment banks can be reduced by replacing structured products with the own credit risk.

Partner Model

Customised Production Platform



Key facts

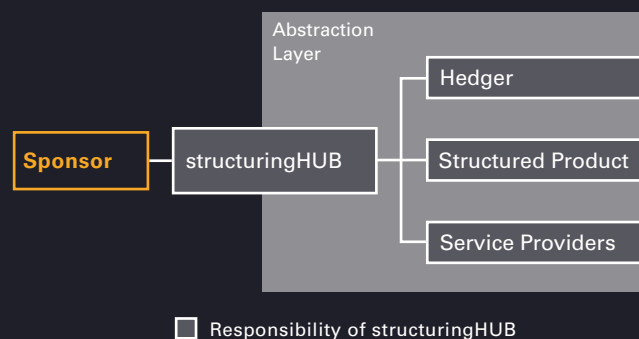
- Partners have full control over the issuance entity and face contractually all hedgers and service providers needed to issue a structured product
- Each transaction, including derivatives, are recognised on the partner's balance sheet
- All services are operated under the Partner's governance

Consequences

- Full issuance competencies
- Own prospectus
- Project costs for Partner
- Funding uplift for Partner

Sponsor Model

Standardised Production Platform



Key facts

- structuringHUB is a CSSF authorised & supervised scalable issuance platform in Luxembourg arranged by Leonteq, and faces as issuer contractually all hedgers and service providers
- Sponsors recognise on their balance sheet only a guarantee as well as collateral
- structuringHUB absorbs the complexity and is as such an abstraction layer for the Sponsor

Consequences

- Short time to market for first issuance
- structuringHUB prospectus
- Limited project costs for Sponsor
- Funding uplift for Sponsor

Since 2012, we have built a network of platform partners in Switzerland, Europe and Asia, and we currently work with the following financial institutions: Aargauische Kantonalbank, Banque Internationale à Luxembourg, Basler Kantonalbank, Cornèr Bank, EFG International, PostFinance, Raiffeisen Switzerland, Standard Chartered Bank, Swissquote and VP Bank.

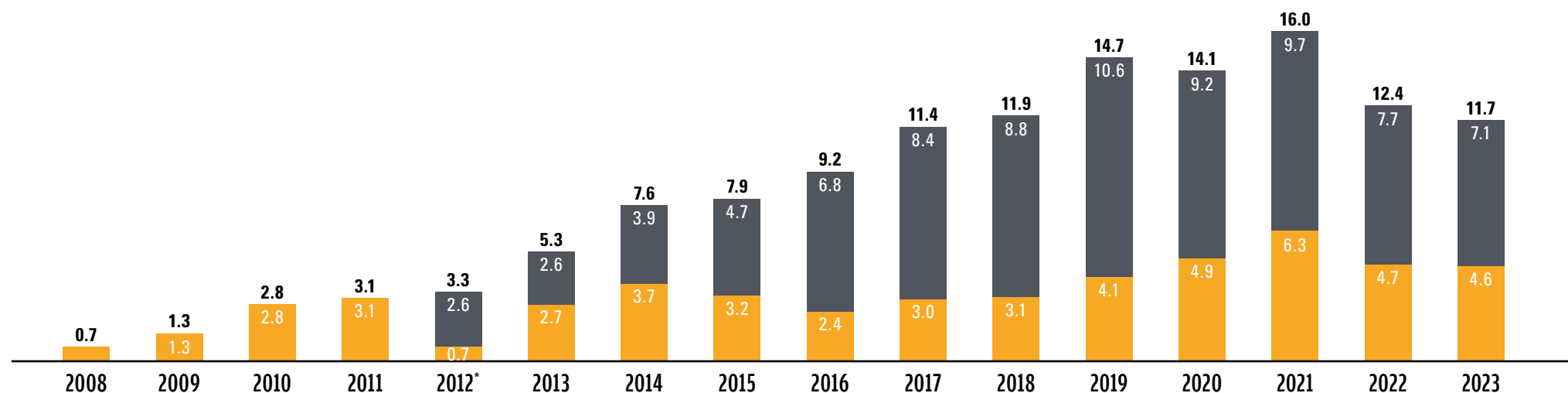
In addition to Leonteq's white-labelling partnerships, we cooperate with 24 more third-party issuers based on manual or semi-automated model. In this context, we have built direct connectivity between Leonteq's digital marketplace and Barclays' electronic trading platform as well as Société Générale's trading platform SG Markets.

Leonteq continues to offer its own products, which serve as its primary source of funding, while maintaining the flexibility to offer clients the full range of products and payoffs, together with any additional features they require. As of end-2023, the volume outstanding on our platform was CHF 11.7 billion.

Our sponsors and partners



Platform assets (CHF billion)



Leonteq Issuance partners

¹ Before 2012, products were issued by EFG Financial Products; at the time of the IPO in 2012, Leonteq sold its Guernsey operations to EFG International; after the rebranding in 2013, Leonteq started issuing products under its own name

Retirement solutions for life insurance companies and banks

Leonteq enables life insurance companies through its digital platform Omega to manufacture capital-protected savings and drawdown solutions, providing their clients attractive and flexible products across all lifecycle stages.

Benefits of life insurance companies using Leonteq's solutions:

- **Attractive client offering**

Clients receive at least a protected amount at maturity and benefit from upside potential through market participation. Leonteq's solution allows clients to directly participate from higher interest rates through increased guarantees and additional upside. At the same time, the product protects clients from falling interest rates.

- **Extensive product range**

The Omega platform supports products with any cash flow pattern (multiple or single contributions and withdrawals) across a broad range of protection tenors and enables life insurance companies to offer highly flexible capital protected savings, investment and drawdown solutions to their clients.

- **Bespoke solutions**

The option to integrate solutions with digital advisory and directly to client front-ends gives advisers and end-clients the possibility to tailor product characteristics, such as protection levels or capital market participation, to individual client needs.

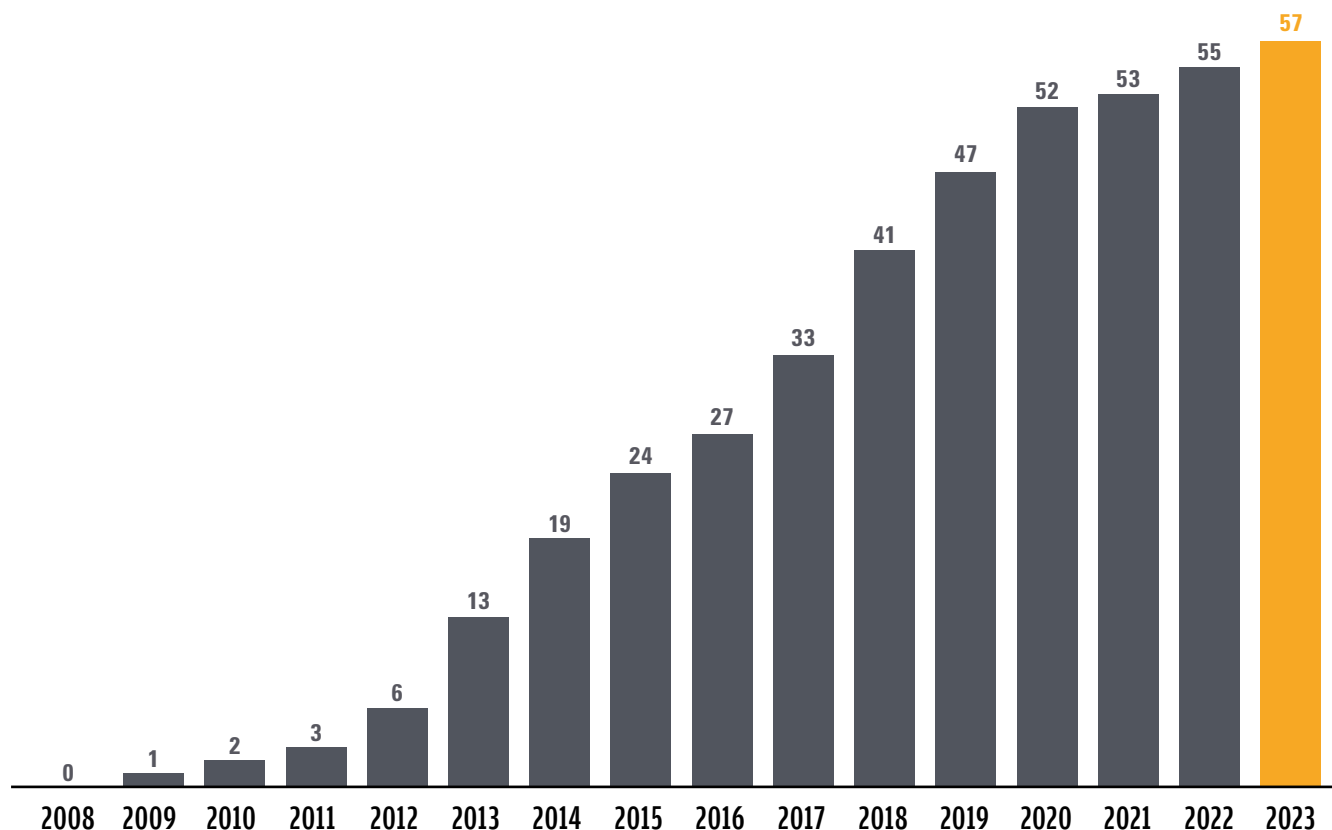
- **Third-party guarantee**

Insurance partners can incorporate different guarantee providers for their solutions, giving clients the choice between guarantees provided by a third-party or the partner itself.

- **High capital efficiency**

Our platform allows to perfectly match assets and liabilities on our partner's balance sheet over the full lifecycle of the client contract.

Unit-linked insurance policies (in thousands)



The Leonteq insurance platform currently enables five products in the Swiss market. Four are offered in partnership with Helvetia Schweizerische Versicherungsgesellschaft AG (Helvetia) and one with Swiss Mobiliar.

The four products offered in partnership with Helvetia include a long-term savings plan, a single premium financed savings

plan, a drawdown plan, and a combined savings and drawdown plan with a guarantee provided by Raiffeisen Switzerland.

As part of our cooperation with Swiss Mobiliar, the Group offers a drawdown plan. The product generates a secure income, with the guarantee provided either by Swiss Mobiliar itself or by Bank Cler AG, depending on the client's preference.

The technologically advanced services we provide in this business line have grown to more than 57,000 individually managed unit-linked life insurance policies, with over 75,000 policy contract changes and over 2,500,000 individual transactions processed on an automated basis every year.

Our proprietary Omega insurance platform enables the fully automated digital processing of the entire lifecycle of insurance policies and capitalisation products. A key feature is the Omega Portal, a web-based application that enables our insurance partners to create, administer and track unit-linked life insurance products. Leveraging a convenient web-interface allows the insurer to immediately price and process policy adjustments. It supports a comprehensive set of business transaction events out of the box and thus substantially reduces onboarding costs. In combination with the fully modularised product design, the Omega Portal enables quick time-to-market for new unit-linked insurance solutions.

The newly developed digital savings platform for banks, Sigma, allows banks to offer flexible savings products where clients can make contributions without any fixed prior payment commitments.

Benefits of banks using Leonteq's solutions:

- **Innovative retail offering for underserved client segment**
Many retirement savers are afraid of the risk of investing in securities and maintain their retirement savings in low-yield cash accounts. Safe and attractive alternatives that offer a higher return while addressing the fear of loss are currently lacking in the market.
- **Comprehensive retail platform**
Our cloud-native proprietary Sigma banking platform enables the fully automated digital processing of the entire lifecycle of new bank savings products.
- **Light-touch integration**
Our cloud-native platform allows for integration via standardised APIs with limited effort and fast-time-to-market. Banks can easily connect and extend their retirement product offering to provide clients with a new innovative proposition.

Our market

Structured products market

We are primarily active in the structured investment products markets of Switzerland, Europe, Asia and the Middle East.

The global market for structured investment products is fragmented and each region is characterised by different types of investor behaviour and product preferences.

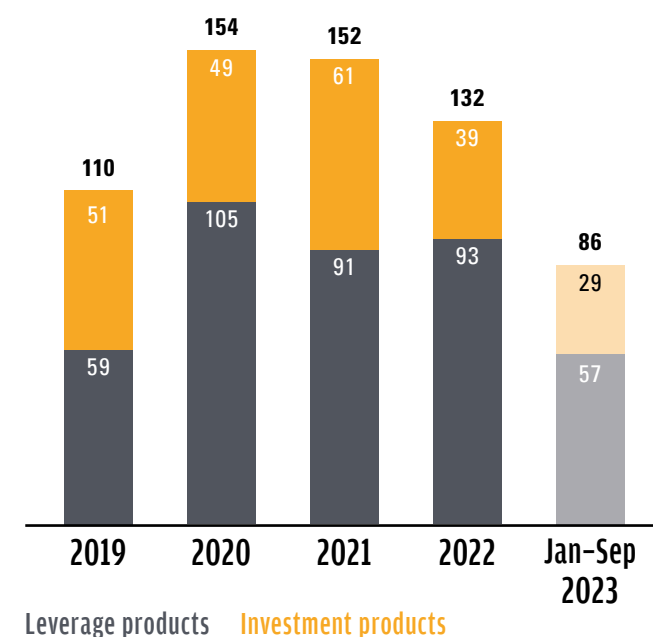
The structured products market tends to be highly competitive.

European market

The European Structured Investment Products Association (Eusipa) represents the interests of the European structured investment products business. Its activities are focused on derivative instruments such as structured investment products and warrants. It publishes a quarterly market report with details of the listed turnover and outstanding volumes of the largest structured product exchanges in Europe, including Austria, Belgium, France, Germany, Italy, Luxembourg (since 2022), the Netherlands, Sweden and Switzerland. This report provides an indication of market trends but only reflects a fraction of the total volume traded. This is due to the fact that in Switzerland, for example, only around 30% of total turnover is generated with products listed on the exchange.

Turnover in structured products on European financial markets reached EUR 85 billion in the first three quarters of 2023, 20% lower than EUR 107 billion in the same period of 2022. The decrease was predominantly driven by significantly lower turnover in leverage products (EUR - 20.1 billion, or -26%) in the first three quarters of 2023. Turnover with investment products declined by 6% to EUR 28.8 billion in the same period.

Eusipa listed market turnover (EUR billion)



Source: European Structured Investment Products Association

Swiss Market

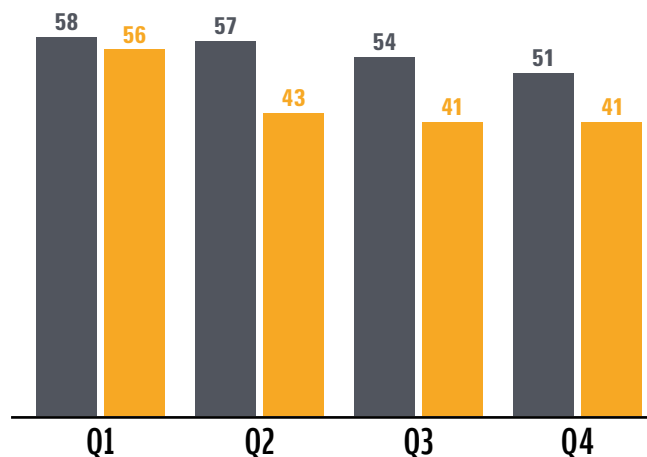
The Swiss market can be assessed by looking at statistics published by the Swiss Structured Products Association (SSPA), taking into account both listed and unlisted products created in or for Switzerland and sold nationally and internationally, as well as listed turnover published on a monthly basis by SIX Swiss Exchange.

SSPA has changed its reporting methodology in 2022. The definition of the products taken into account was amended and thus the product coverage was narrowed. Due to this optimisation, the reported statistics are not directly comparable to preceding reports anymore.

Total turnover with structured products reported by SSPA in 2023, decreased by 18% to CHF 180.3 billion, compared to CHF 221.2 billion in 2022. This was predominantly driven by lower turnover with leverage and capital protection products.

Yield enhancement products represented the largest product category with a total volume of CHF 88.5 billion in 2023 (2022: CHF 84.8 billion), representing a share of 49% (2022: 38%). Leverage constituted the second largest product type with a turnover of 35.5 billion (2022: CHF 58.9 billion) and a share of 20% (2022: 27%), while capital protection products turnover was CHF 26.5 billion (2022: CHF 43.0 billion) and represented a share of 15% (2022: 19%). Turnover with participation products amounted to CHF 18.9 billion (2022: CHF 24.0 billion), corresponding to a share of 10% (2022: 11%). Equities were the most important asset class, accounting for 50% of turnover in 2023 (2022: 49%), followed by foreign exchange and fixed income at 26% (2022: 21%) and 16% (2022: 18%), respectively. With a contribution of 71%, OTC products accounted for the majority of turnover in 2023 (2022: 68%), which totalled CHF 128.3 billion (2022: CHF 151.5 billion). Turnover in listed products amounted to CHF 51.9 billion (2022: CHF 70.0 billion), representing a share of 29% in 2023 (2022: 32%). With a share of 42%, the US dollar was the dominant currency traded in 2023 (2022: 40%), followed by the euro which accounted for 32% of total turnover (2022: 32%). The Swiss franc accounted for 15% of total turnover (2022: 13%).

SSPA market turnover (CHF billion)



2022 2023

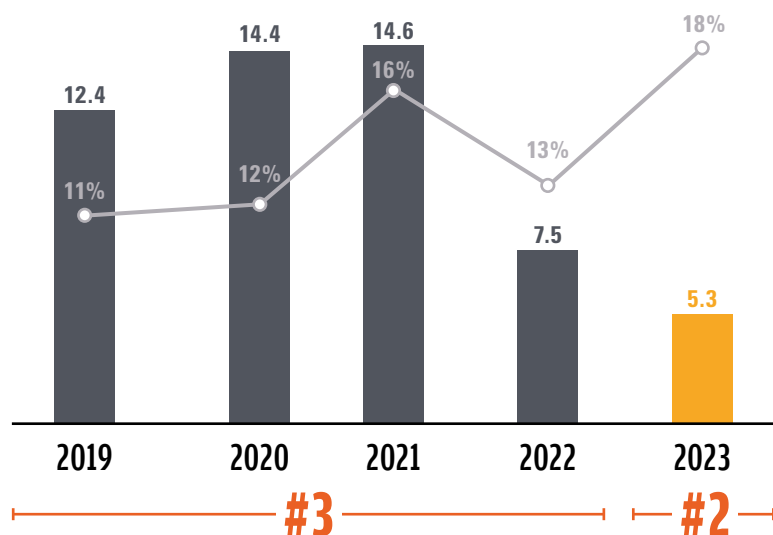
Source: Swiss Structured Products Association

Exchange-listed product statistics are published on a monthly basis by SIX Swiss Exchange. Listed products at the SIX Swiss Exchange contribute typically less than 10% to the overall Leonteq platform turnover.

Leonteq is predominantly listing yield enhancement, participation, capital protection and investment products with reference entities at the SIX Swiss Exchange (that is, investment products), which is why the following analysis excludes leverage products.

Turnover with listed investment products decreased by CHF 2.2 billion, or 29% to CHF 5.3 billion in 2023, compared to CHF 7.5 billion in 2022. This was mainly driven by a CHF 2.4 billion decline in turnover in participation products in 2023 (CHF 2.9 billion in 2023 vs. CHF 5.3 billion in 2022) partially offset by 11% higher turnover in yield enhancement products (CHF 2.3 billion in 2023 vs. CHF 2.1 billion in 2022). The Leonteq platform, including products issued by Leonteq and its partners Basler Kantonalbank (since April 2020), Banque Internationale à Luxembourg (since 2021), Cornèr Bank, EFG International, Raiffeisen, and Swissquote (since January 2022) remained stable at CHF 0.9 billion (-1% year on year) in turnover in 2023, compared to 2022. As a result, the Leonteq platform increased its market share to 18% in 2023, compared to 13% in 2022 and ranked second amongst all issuers on SIX Swiss Exchange for listed investment products (excluding leverage).

SIX listed market turnover: Investment products (excluding leverage, CHF billion)

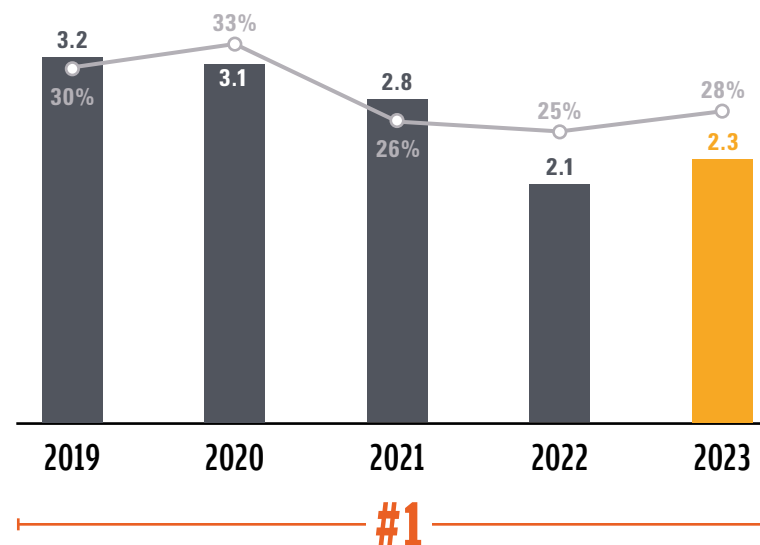


Market turnover Leonteq platform market share Leonteq platform ranking

Source: SIX Swiss Exchange

In the yield enhancement product category, market turnover amounted to CHF 2.3 billion in 2023, compared to CHF 2.1 billion in the previous year, reflecting an increase of 11%. At the same time, the Leonteq platform generated turnover in yield enhancement products of CHF 0.6 billion in 2023, compared to CHF 0.5 billion in 2022 (+22%) year on year. This corresponds to a market share of 28% in 2023 (vs. 25% in 2022). Leonteq has thus maintained its market-leading position in listed yield enhancement products on SIX Swiss Exchange.

SIX listed market turnover: Yield enhancement products (CHF billion)

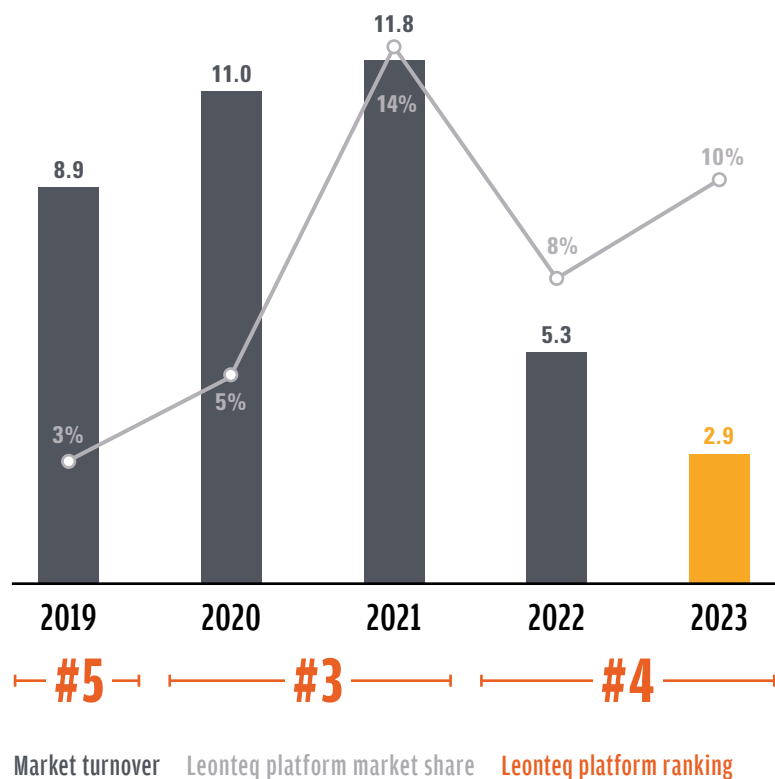


Market turnover Leonteq platform market share Leonteq platform ranking

Source: SIX Swiss Exchange

Listed participation products on SIX Swiss Exchange experienced a significant decrease in demand. Market turnover declined by CHF 2.4 billion in turnover to CHF 2.9 billion in 2023, compared to CHF 5.3 billion in 2022. However, the reduction was mainly driven by one single issuer whose turnover in participation products reduced by CHF 1.8 billion. The Leonteq platform generated turnover in participation products of CHF 0.3 billion in 2023, compared to CHF 0.4 billion in 2022. This corresponds to a market share of 10%, compared to 8% in the prior year.

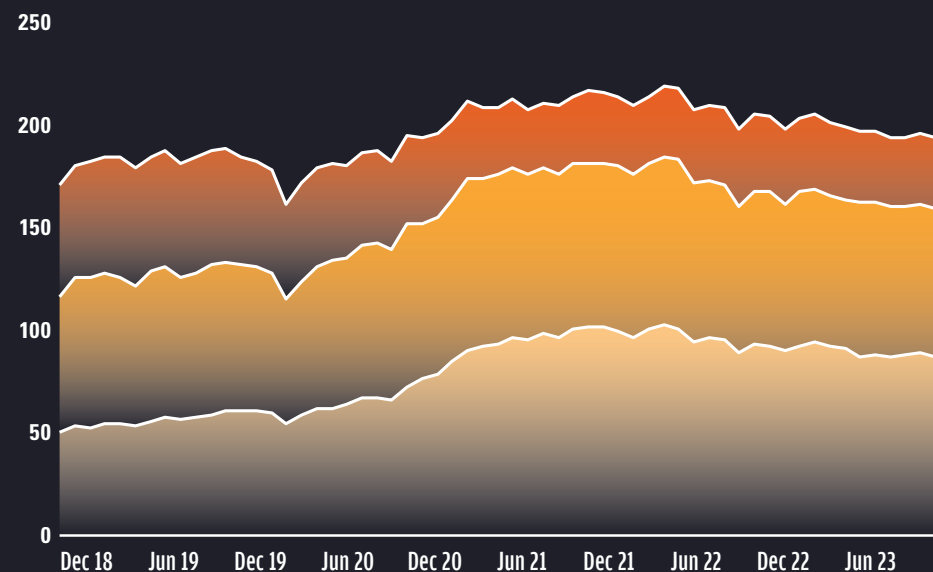
SIX listed market turnover: Participation products (CHF billion)



Source: SIX Swiss Exchange

The Swiss National Bank publishes data on securities holdings in bank custody accounts for resident and non-resident custody account holders. The custody accounts are comparable to Leonteq's platform assets and represent the volume of structured products outstanding. The numbers show that the amount of money invested in structured investment products (excluding leverage), totalled CHF 198 billion as of end-November 2023, only slightly lower than CHF 201 billion as of end-December 2022. The share of yield enhancement products remained stable at 37% in 2023.

Swiss National Bank: Securities holdings in bank custody accounts (CHF billion)



Capital Protection Yield enhancement Participation

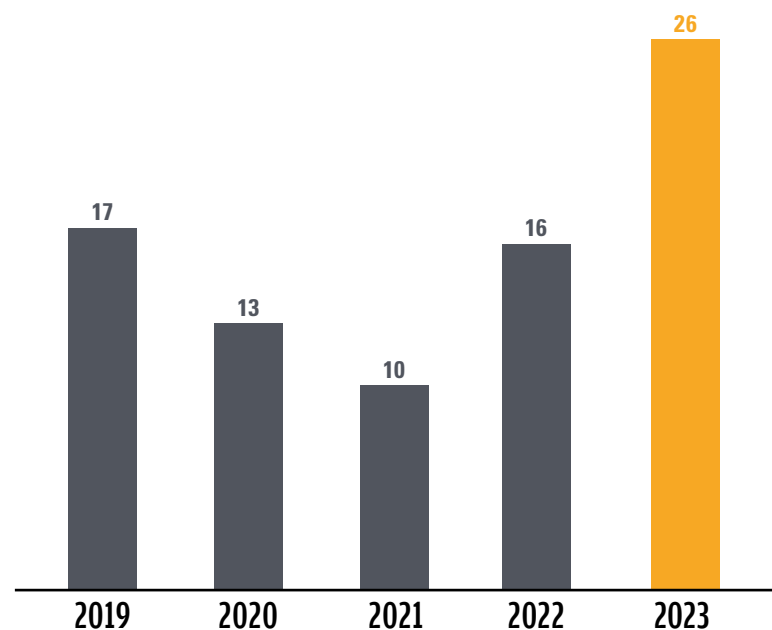
Source: Swiss National Bank

Italian market

Primary issuance data is reported on a quarterly basis by the members of the Italian Association of Certificates and Investment Products (ACEPI). Secondary market turnover is defined as listed market turnover in structured products on the SeDeX as well as Cert-X market and is published by Borsa Italiana on a monthly basis.

The volumes placed by ACEPI members in 2023 totalled EUR 25.8 billion, significantly exceeding the EUR 16.2 billion placed in 2022. The increase was mainly driven by higher volumes of capital protected products (+85% year on year) which also accounts for the largest share of all product categories (69%).

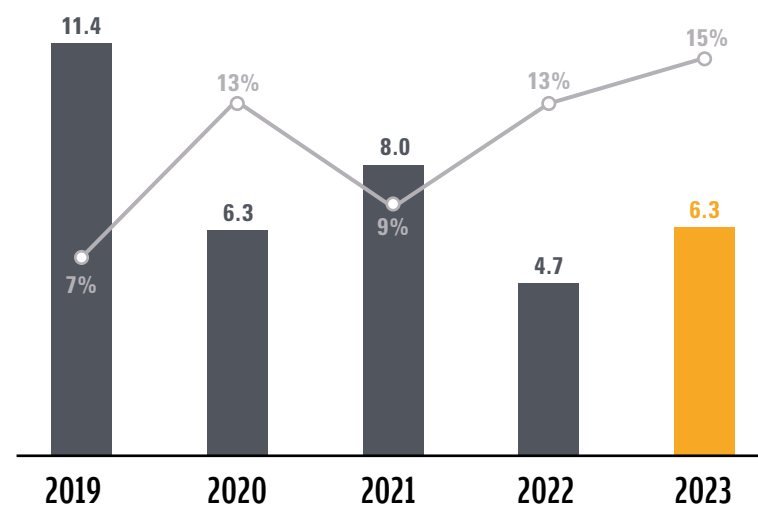
ACEPI primary issuance (EUR billion)



Source: Associazione Italiana Certificati e Prodotti di Investimento

Borsa Italiana provides investors with two dedicated markets for trading securitised derivatives: SeDeX and Cert-X. The products listed on SeDeX and Cert-X are primarily aimed at retail customers, while Cert-X also offers products targeted at professional clients. The Italian secondary market is one of the most active in the European landscape for securitised derivatives. Cert-X market has specialised mainly as a trading venue for investment certificates or other structured products listed after a public offer or following a private placement. The Leonteq platform, including products issued by Leonteq Securities AG and its platform partner EFG International, is listing its products predominantly on Cert-X and achieved a market share of 15% in 2023, compared to 13% in 2022.

Cert-X listed market turnover (EUR billion)



Market turnover Leonteq platform market share

Source: Borsa Italiana

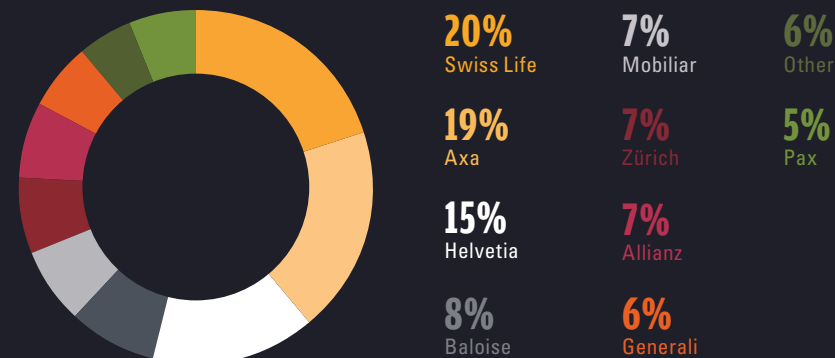
Pension savings market

The long-term savings market is continuing to grow in importance in Switzerland. Several factors are driving this trend, including demographic developments, which mean that an increasing proportion of the population is now beginning to consider building and using pension assets; the low interest rate environment in recent years, and the lack of progress in reforming the pension system are putting pressure on occupational pension planning (Pillar 2), thus increasing the relative importance of private (Pillar 3) pension savings. At the same time, industry standards for investment and savings advisory are increasingly shifting away from “selling outperformance” towards purpose-oriented, goal-based approaches, with pension savings typically being the minimum objective for retail and affluent clients above the age of 35–40 years.

A large share of Pillar 3 savings is held in capital-protected solutions, as many clients are not willing to take investment risks. For banks and insurers, this poses a problem, as their investment solutions are not aligned with their clients’ needs. This has led to a supply gap in the current market for attractive solutions with financial protection. If the additional increased preference for flexibility and transparency is factored in, there is a need for a modern and integrated platform that enables a capital protection proposition similar to traditional offerings, produced in a capital- and cost-efficient manner based on a prudent product design and modern hedging approach.

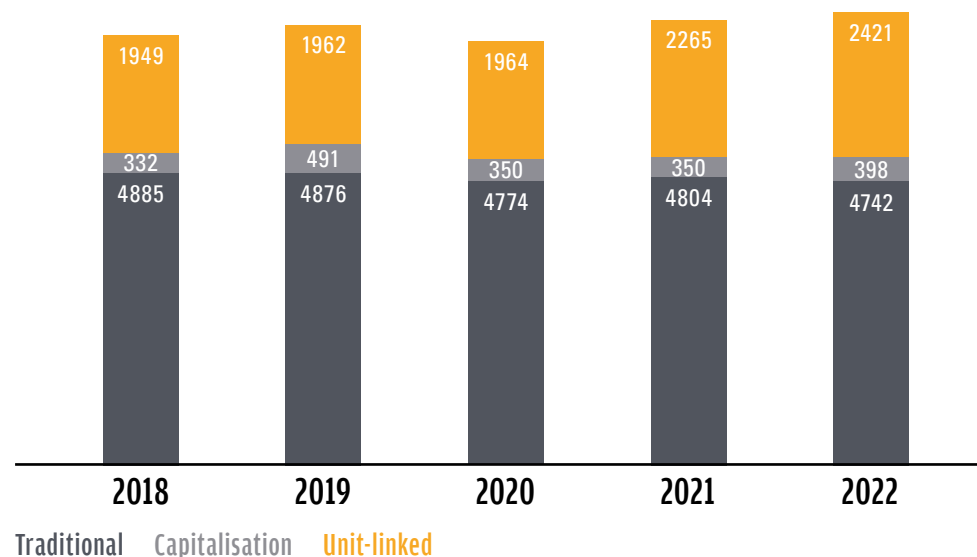
The following chart illustrates the booked gross premiums for individual life insurance. From 2018 to 2022, the premiums of private endowment life insurers were relatively stable with the exception of 2020, when premiums decreased. Over the same period, premiums for unit-linked insurers increased, with 2022 representing the highest level in the past five years.

Market share (individual life insurance savings) 2023



Source: Swiss Insurance Association

Individual life insurance market (Switzerland) – Booked gross premiums (CHF million)

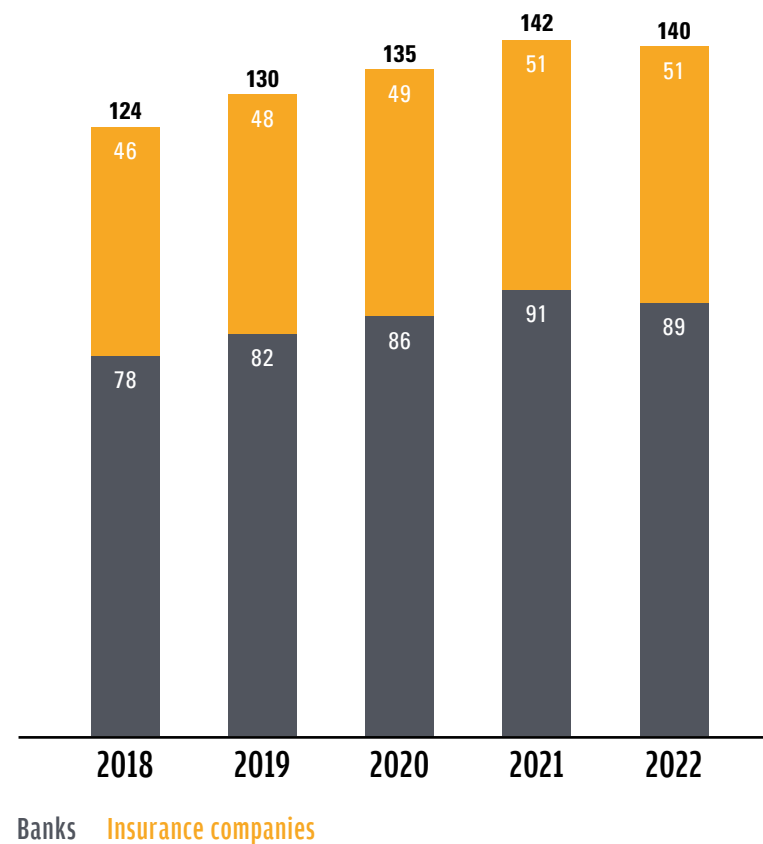


Source: Swiss Federal Social Insurance Office

Private retirement savings (Pillar 3a)

Pillar 3a is a voluntary pension product that is used by around two-thirds of the Swiss population. The annual contribution is limited and the funds are blocked until withdrawal five years before retirement. Contributions can be deducted from taxable income. Between 2018 to 2022, the funds invested in 3a pension funds at banks and insurance companies increased by 3% per annum in the reported years and demonstrate the market potential for Leonteq and its partner banks.

Pension funds 3a (CHF billion)



Source: FINMA

MANAGEMENT

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Our strategy

Our Growth Strategy 2026

Since our Group was founded in 2007, we have focused on developing an integrated technology platform that enables the automation of key processes in the value chain for the production and management of structured investment products and long-term savings and pension solutions.

In the first years after Leonteq was established, our business remained client focused and our value proposition centred around the transparency of our product documentation, service throughout the product lifecycle, liquidity in the secondary market and security through the innovation of COSI® products.

We subsequently entered our second phase as a platform business and white-labelling service provider.

Taking advantage of major technology advancements and using state-of-the-art tools and services, the scalability of our platform increased, with automation enabling 3 billion product computations per minute.

In 2018, Leonteq embarked on a third phase of business transformation and implemented several initiatives to invest in the growth of the Group and the scalability of its offering.

Leonteq has successfully executed on this strategic plan over the past few years, refining its position as a global fintech company and transforming the business into an ecosystem and a leading marketplace for structured investment solutions. This is underscored by its solid overall financial track record and strong capital base.

2022 marked the beginning of a new five-year strategy cycle. Leonteq's Growth Strategy 2026 is focused on four pillars: Offering, Platform, Regions and Sustainability.

Offering

We are further expanding and diversifying our offering across products, asset classes and issuers.

Regions

We continue to focus on our strong position in our Swiss home market while expanding our offering to serve a global client base.

Platform

We are at the forefront of digitalisation and will continue to invest in digital client solutions leveraging our scalable technology platform.

Sustainability

We are implementing responsible investment opportunities for our clients and integrating ESG best practices to drive the sustainable development of our company.

FINANCIAL TARGETS 2026

Total operating income (CHF million)	450–500

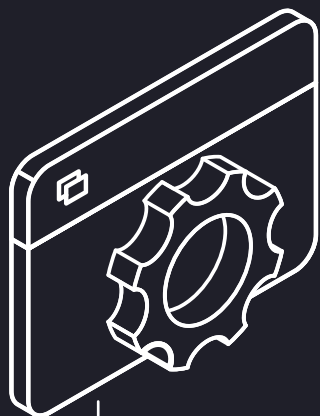
Return on equity	>15%

ESG TARGETS 2026

Great Place to Work® Trust Index Score	>72%

Gender diversity	>25%

GROWTH STRATEGY 2026 KEY ACHIEVEMENTS



OFFERING

EXPANDED OF
ETP+ PRODUCT SUITE

REVENUE CONTRIBUTION OF
47% FROM NEW BUSINESS INITIATIVES

ENHANCED
**AMC PLATFORM BY ADDING CRYPTO ASSETS
AND CORNER BANK ENABLED AS ISSUER OF ITS OWN AMCS**

BALANCE SHEET-LIGHT TURNOVER
CONTRIBUTION OF 13%



REGIONS

INCREASED
**MARKET SHARE FOR SIX-LISTED PRODUCTS
FROM 8% TO 13% YEAR ON YEAR**

RECOGNISED AS
TOP SERVICE PROVIDER FOR THE 13TH CONSECUTIVE YEAR
at the Swiss Derivative Awards

INCREASED
**NET FEE INCOME CONTRIBUTION
OUTSIDE SWITZERLAND FROM 52% TO 57%**

GROWTH STRATEGY 2026 KEY ACHIEVEMENTS



PLATFORM

INTRODUCED
**SEVERAL NEW FEATURES
FOR ITS AWARD-WINNING DIGITAL
INVESTING PLATFORM, LYNQS**

GREW NUMBER OF
**INTERMEDIARIES ON LYNQS
BY 25% TO 1,059**

INCREASED
**CLICK'N'TRADE RATIO ON LYNQS
TO 17% FROM 7%**

SUSTAINABILITY

RECEIVED
**ESG RATING SCORE UPGRADE FROM MSCI
TO AA AND ASSIGNED ESG RISK RATING
OF 12.3 ("LOW RISK") BY SUSTAINALYTICS**

ESTABLISHED
GROUP SUSTAINABILITY FRAMEWORK

EXPANDED
**GHG EMISSIONS REPORTING FRAMEWORK
TO ALL OFFICES AND DATA CENTRES GLOBALLY**



PRODUCT ORGANISATION

With technology and innovation at the core of its activities, Leonteq operates according to a "product organisation" framework in order to manage its initiatives and remain agile. This project management approach encompasses several "products" or projects and is aligned with Leonteq's business model, as well as reflecting the company's strategic priorities. The products are run independently by stable core teams; if necessary, the core teams are supported by subject matter experts from across the entire organisation to ensure the effective and efficient implementation of the products. Each product has a Product Chairman and a Product Owner, both of whom drive its long-term vision and strategy. Many of Leonteq's key offerings and achievements, including SHIP, LYNQS, Omega, Sigma, structuringHUB and our wide-ranging offering, are a direct result of, or have been further enabled by, the Product Organisation framework.

OFFERING

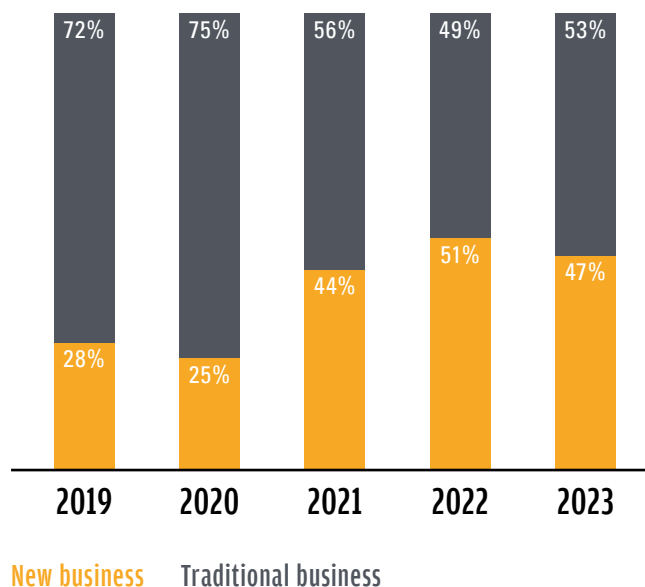
Following the introduction of the new ETP+ label in November 2022, the product suite was further expanded in 2023 to include a total of 15 products covering equities, commodities, crypto assets and fixed income asset classes.

Besides adding additional asset classes to the ETP+ setup, ETP+ products can now be dual-listed on SIX Swiss Exchange and on BX Swiss. Furthermore, AMCs were extended to ETP+, enabling the listing of actively managed ETPs+ on both exchanges. Our ETPs+ are now visible to a broad set of data vendors and brokers through the implementation of several data distribution channels. For its innovative ETP+ concept, Leonteq was awarded with “Best newcomer” and “Best ETP issuer” at the Swiss ETF awards.

For clients using our AMC offering, crypto assets were added to the investable universe of underlyings and our white-labelling partner Cornèr Bank was enabled as an issuer of own AMCs.

Our revenues from new business activities contributed 47% to total revenues (excluding hedging result) in 2023 (2022: 51%). In particular, the pension savings business performed well, driven by higher interest rates, significantly improving product conditions and product enhancements, all of which increased product attractiveness. Further, the AMC business (including actively managed certificates, tracker certificates, exchange traded products, and other open-end products) generated relatively stable revenues year on year despite the difficult market environment, demonstrating the recurring nature of its income contribution. Our balance sheet-light business also demonstrated resilience with balance sheet-light turnover totalling CHF 2.7 billion in 2023 (2022: CHF 3.0 billion). This corresponds to a stable contribution of 13% of overall turnover (2022: 13%). At the same time, contributions from the Group's fund derivatives business, crypto asset business and treasury activities decreased year on year.

Economic revenues by business type¹ (excluding hedging result, CHF million)



¹ Traditional business comprises revenues from traditional structured products (e.g. BRCs/autocallables), primarily on equity and equity indices as underlyings; new business comprises revenues from growth initiatives and activities with a lower balance sheet intensity (including AMC business, crypto assets, fund derivatives, balance sheet-light business, treasury income and pension savings)

Our progress on various aspects of the business were also recognised externally. The rating agency Fitch Ratings Ltd. has upgraded the long-term issuer default rating (IDR) of Leonteq to “BBB” from “BBB-” with a stable outlook. According to Fitch, the upgrade reflects the material progress made to grow the franchise and diversify the business by increasing the number of issuance partners as well as increasing Leonteq’s own issuances. It also reflects progress made on new business initiatives which include plans to reduce the level of market risk adopted by Leonteq through its balance sheet-light business activities. Leonteq’s IDR further reflects its increasingly diversified franchise which includes a well-established and scalable structured product issuance platform. Further, Fitch views risk management, capitalisation, and liquidity as adequate.

PLATFORM

Leonteq continued to invest in digital client solutions, leveraging its scalable technology platform. It launched a dedicated version of LYNQS for Asia-based wealth managers and family offices, which provides access to dedicated trade ideas, multi-channel pricing and the most popular structured products in Asia. This version of LYNQS also offers a new generation of actively managed certificates that support a wide range of index components. Further, the Quote module of LYNQS was made available in the mobile version of for professional investors in Singapore and Hong Kong, making Leonteq one of the first platform providers offering access to a click 'n' trade platform via mobile devices in Asia.

In addition, a number of new features were added to LYNQS in 2023. The Equity Screener and Basket Optimizer allow our clients to build up and price structured products more easily and efficiently, as well as improving the yield of these products.

Post-trade services have also been enhanced with the launch of the Revenue Tracker, which allows for real-time tracking of payments in LYNQS, including access to details and centralised confirmation documents in one place.

In 2023, 213 intermediaries were onboarded on LYNQS globally, increasing the total number by 25% to 1,059 intermediaries. Further, the click 'n' trade rate increased to 17% of all issued products on the Leonteq platform (2022: 6%). In January 2024, Leonteq announced the expansion of its digital offering to insurance companies for the lifecycle management of investment products. CNP Luxembourg is

the first insurance company to use LYNQS for the performance monitoring of its structured products.

LYNQS received the accolade for "Innovation of the year" at the Zertifikate Award Austria. Further, LYNQS was named "Best Multi-Issuer Platform" for the second consecutive year by Structured Retail Products at the SRP Europe Awards 2023 in March 2023, in recognition of the continuous improvements made to the platform by Leonteq and its efforts to offer clients a wide variety of functionalities and rapid processing.

At the annual WealthBriefingAsia Awards 2023, Leonteq was further named as the winner in the category "Structured Product Solution Pan Asia" in June 2023 in recognition of its multi-issuer model, as well as the scalability and speed of Leonteq's platform. In particular, the jury was impressed by the complete automation of services and the white-labelling option.

Leonteq also made further progress in its retail flow business initiative. It focused on delivering the full value chain for retail flow activities and made good progress in developing a core platform for market-making and issuing a large number of flow products, as well as creating fully automated and scalable life cycle processes. Leonteq aims to launch leverage products in Switzerland towards mid-2024.

In this context, Leonteq acquired a 10% minority stake in BX Swiss which is one of two stock exchanges in Switzerland. This will give the company access to the ecosystem of Boerse Stuttgart Group.

Client transactions increased by 15% year on year to 197,118 in 2023 (2022: 171,863), reflecting the continued expansion of Leonteq's franchise.

Leonteq also made good progress in establishing a new pension savings concept for the Swiss 3a retirement market in collaboration with Glarner Kantonalbank. The two companies set-up a joint-venture company in 2023 and following a recent "Friends & Family" phase, Leonteq expects the market entry in the near future.

The number of pension savings contracts managed on the platform increased to 57,008 as of 31 December 2023, compared to 55,423 at end-2022.



REGIONS

Leonteq maintained its strong position in its Swiss home market in 2023. Together with its platform partners, Leonteq remained the leading issuer of SIX-listed yield enhancement products with a market share of 28%, and it currently ranks third among issuers of total SIX-listed structured products with a market share of 13%. At the Swiss Derivative Awards 2023, Leonteq was recognised as the top service provider for the 13th consecutive year.

Leonteq strengthened its regional leadership in European markets with the hire of a new Head Sales Europe, new general managers in Frankfurt and a new branch manager in London. In Italy, Leonteq made continued progress in establishing a strong market position, achieving a market share of 15% in 2023 for listed products on Borsa Italiana's Cert-X market (2022: 13%), and was recognised at the Italian Certificate Awards, where it received two product-related accolades.

In Portugal, Leonteq further strengthened its service centre in Lisbon, where it currently has 78 employees.

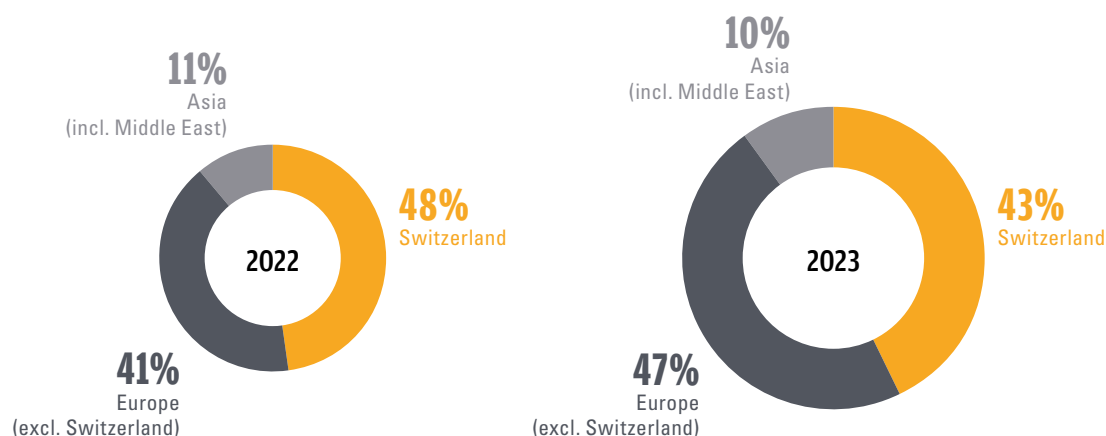
As part of its ambition to further expand its offering that is targeted at an international client base, Leonteq also strengthened its regional management teams in Asia (including the Middle East) in 2023.

Net fee income in its Swiss home market totalled CHF 92.3 million in 2023 (2022: CHF 105.3 million). Operations in Europe delivered strong performance and generated 10% growth in net fee income to CHF 99.5 million (2022: CHF 90.5 million). Net fee income in the Asia region (including the Middle East) decreased by 17% to CHF 21.4 million (2022: CHF 25.8 million).

Breakdown of net fee income by region

CHF million	FY 2023	FY 2022	Change y-o-y	H2 2023	H1 2023	H2 2022	Change y-o-y
Switzerland	92.3	105.3	(12%)	44.1	48.2	53.9	(18%)
Europe (excl. Switzerland)	99.5	90.5	10%	36.8	62.7	39.6	(7%)
Asia (incl. Middle East)	21.4	25.8	(17%)	8.4	13.0	12.5	(33%)
Total net fee income	213.2	221.6	(4%)	89.3	123.9	106.0	(16%)

Net fee income by regions



SUSTAINABILITY

Leonteq continued to drive the Group's sustainability efforts through various ongoing initiatives in 2023.

To further strengthen our sustainability governance, Leonteq developed a Sustainability Framework in early 2023. This policy outlines the overarching organisational framework for the implementation of the Group's commitment to sustainable development and the implementation of its ESG strategy. Additionally, Leonteq updated its Code of Conduct & Ethics to include additional information and reference to Leonteq policies. It also established a community engagement framework and introduced a new global tax policy, which sets out the overall approach of Leonteq AG and its directly or indirectly controlled entities to corporate taxation in line with applicable rules and regulations.

Leonteq continues to develop a responsible investing framework to assess the sustainability of structured products. As part of these efforts, it has drafted a first approach to a basic methodology for the classification of structured products with sustainable features, also in connection with potential sustainability preferences of investors. Leonteq remains engaged in active discussions with relevant industry associations in Switzerland and Europe to agree on a common denominator when it comes to determining sustainability features in structured products.

Our efforts to expand Leonteq's greenhouse gas emissions reporting framework (which previously covered our three largest office locations and data centres) to include all office locations and data centres globally was achieved in 2023. The Group continues to use 100% renewable energy to power its offices and data centres in Switzerland as well as some of its regional offices.

In terms of IT security and personal data protection, Leonteq further expanded its efforts to increase employee awareness of IT security and the protection of personal data of clients, employees, business partners and other stakeholders by means of mandatory training programmes and awareness initiatives.

We continued to develop our workplace culture in 2023 by expanding upon our educational curriculum for employees and implemented various initiatives in response to the Great Place to Work (GPTW) employee survey conducted in the previous year. Leonteq is guided by the results of the employee survey when taking steps to further develop Leonteq's corporate culture and standing as a great place to work.

After Leonteq became a member of Advance, the leading business association for gender equality in Switzerland, in 2022, it subsequently signed the Advance Diversity Charter in March 2023. Leonteq has thus officially committed to promoting gender equality in business and to providing a workplace environment that supports a fair and balanced approach to hiring, remunerating, promoting and retaining female talent.

Leonteq's 2026 ESG Targets remain to improve the Group's GPTW Trust Index score to over 72% and to increase gender diversity within its workforce to over 25%. Our external targets are aligned with two material topics where Leonteq believes it has the greatest impact: Employee engagement and the diversity of our workforce. Employees are at the core of Leonteq's business, and we are convinced that by making improvements in these areas, we can drive positive change and capture further business opportunities in other areas. In 2023, Leonteq increased its gender diversity to 20% from 19% in 2022. The Great Place to Work survey was not conducted in 2023, is it was an in-between year for the biennial survey.

In 2023, Leonteq received its second rating upgrade from MSCI within a 12-month period, and now holds an AA ESG rating. With this upgrade, Leonteq is leading its industry in managing the most significant ESG risks and opportunities and ranks among the top twenty-five of MSCI's 63 diversified financial peers worldwide. Sustainalytics additionally assigned Leonteq an ESG Risk Rating of 12.3 under its newly introduced "Core Framework". This score categorises Leonteq as continuing to have "Low Risk" of experiencing material financial impacts from ESG factors. The company ranks among the top five percentile of Sustainalytics' Global Universe as well as the Diversified Financial Universe.

Our results

2023 was characterised by a challenging market environment, with further rate hikes, albeit at a slower pace, and increasing geopolitical tensions. Equity markets rallied, and bond markets reversed the losses made at the beginning of the year when recessionary fears were replaced by growing confidence that the actions of policymakers would ensure an economic soft landing. At the same time, volatility declined to multi-year lows.

Against this backdrop, Leonteq delivered relatively stable net fee income and recorded a normalised net trading result. Group net profit was CHF 20.6 million in 2023, compared to CHF 156.4 million in 2022. Earnings per share amounted to CHF 1.15, compared to CHF 8.58 in 2022.

Shareholders' equity totalled CHF 780.1 million as of 31 December 2023, compared to CHF 870.0 million as of end-2022 and the capital base remained strong at CHF 837.9 million as of 31 December 2023 (2022: CHF 932.8 million). As a result, return on equity was 2% in 2023, compared to 19% in 2022.

Income statement

CHF million	FY 2023	FY 2022	Change y-o-y	H2 2023	H1 2023	H2 2022	Change y-o-y
Net fee income ¹	213.2	221.6	(4%)	89.3	123.9	106.0	(16%)
Net trading result	36.6	236.7	(85%)	18.8	17.8	57.3	(67%)
Net interest result	6.5	(8.0)	N/A	3.2	3.3	(0.3)	N/A
Other operating income	3.7	6.1	(39%)	1.6	2.1	4.2	(62%)
Total operating income	260.0	456.4	(43%)	112.9	147.1	167.2	(32%)
Personnel expenses	(138.0)	(151.6)	(9%)	(65.0)	(73.0)	(66.8)	(3%)
Other operating expenses	(60.9)	(61.3)	(1%)	(32.2)	(28.7)	(33.2)	(3%)
Depreciation	(35.3)	(33.5)	5%	(17.7)	(17.6)	(17.0)	4%
Changes to provisions	(7.4)	(16.7)	(56%)	(4.8)	(2.6)	(2.7)	78%
Total operating expenses	(241.6)	(263.1)	(8%)	(119.7)	(121.9)	(119.7)	0%
Profit before taxes	18.4	193.3	(90%)	(6.8)	25.2	47.5	(114%)
Taxes	2.2	(36.9)	N/A	(1.4)	3.6	(9.1)	(85%)
Group net profit	20.6	156.4	(87%)	(8.2)	28.8	38.4	(121%)

¹ With effect from the start of 2023, the Group is disclosing the net result from securities lending and borrowing transactions and the net interest result from margins for derivative transactions in the net trading result. The figures for the prior year were adjusted accordingly. For further information refer to page 234 of this report (Note 9).

Total operating income

Leonteq's client franchise demonstrated its resilience in a challenging market environment. The number of clients actively entering into transactions on its platform was stable at 1,021 (2022: 1,030), the number of client transactions grew by 15% to 197,118 (2022: 171,863), and the number of new products issued rose by 32% to 38,206 (2022: 28,835), albeit with lower average ticket sizes.

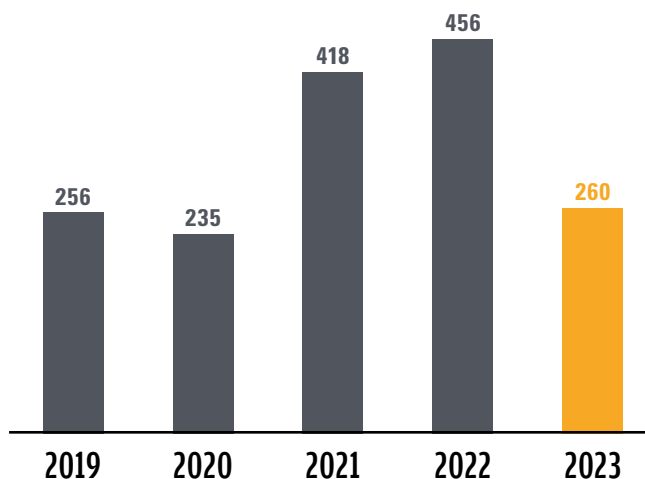
Net fee income decreased by 4% to CHF 213.2 million, compared to CHF 221.6 million in 2022. Taking into account the significant strengthening of the Swiss franc against major currencies, in particular the US dollar and the euro, net fee income decreased by 2% on a currency-adjusted basis. While the net fee income margin remained fairly stable at 89 basis points in 2023, compared to 88 basis points in 2022, turnover decreased by 8% to CHF 21.3 billion (down 4% on a currency-adjusted basis), compared to CHF 23.1 billion in 2022. Reflecting continued efforts to diversify revenues across issuers, turnover from products issued by new partners increased significantly by 39% year on year to CHF 4.3 billion (2022: CHF 3.1 billion), partially offsetting lower turnover from products issued by historic partners of CHF 6.0 billion (2022: CHF 6.4 billion) and turnover from products issued by Leonteq of CHF 11.0 billion (2022: CHF 13.6 billion). Platform assets reached CHF 11.7 billion as of 31 December 2023, compared to CHF 12.4 billion as of 31 December 2022.

The net trading result normalised in 2023, driven by limited but positive contribution from both hedging and treasury activities totalling CHF 36.6 million. This compared to an exceptionally strong net trading result of CHF 236.7 million in the prior year, which benefited from unprecedented market conditions, including exceptional fluctuations of selected large-cap companies. In 2023, market volatility declined significantly, resulting in lower hedging contributions of CHF 25.2 million, compared to CHF 215.1 million in the prior year. The treasury result was CHF 11.4 million, compared to CHF 21.6 million in 2022.

The net interest result increased to CHF 6.5 million in 2023, compared to CHF -8.0 million in the prior year. This was mainly driven by higher interest rates throughout 2023, with higher interest income more than offsetting the increase in interest expense. In addition, a decrease in the expected credit loss allowance resulted in a credit loss recovery of CHF 1.9 million, compared to a credit loss expense of CHF -5.1 million in 2022.

Other operating income mainly represents income charged to issuance partners for services not related to fee income, such as onboarding and project-related costs. It also includes rental income from subleases. In 2023, other operating income decreased by 39% to CHF 3.7 million from CHF 6.1 million in 2022, which benefited from non-recurring platform cost reimbursements.

Five-year summary: Total operating income (CHF million)



TOTAL OPERATING INCOME (CHF million)

260.0

⊖ 43%

PLATFORM ASSETS (CHF billion)

11.7

⊖ 6%

TURNOVER (CHF billion)

21.3

⊖ 8%

CLIENT TRANSACTIONS

197,118

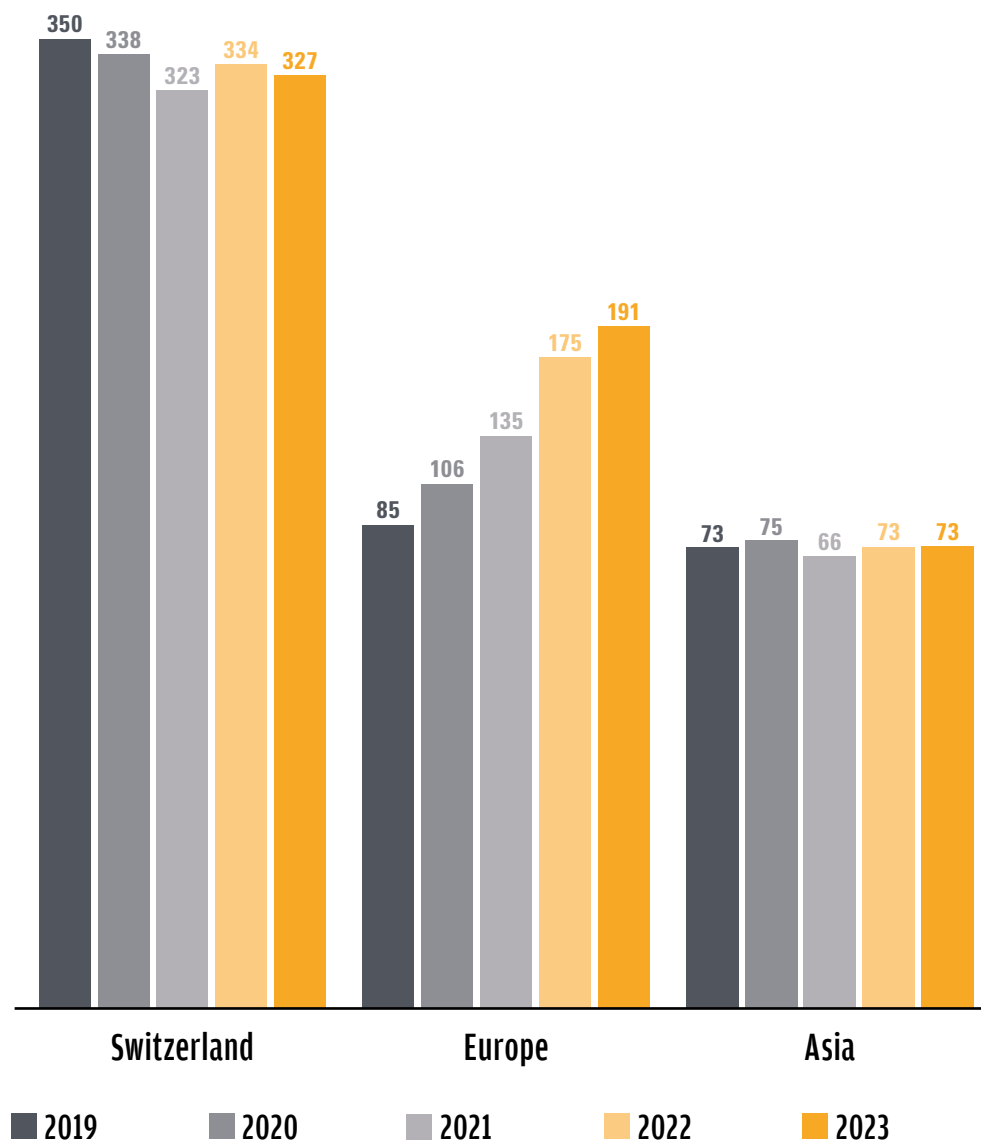
⊕ 15%

Total operating expenses

Total operating expenses decreased by 8% to CHF 241.6 million in 2023 compared to 2022, mainly reflecting a significant reduction in discretionary compensation.

Personnel expenses are the largest component of total operating expenses and mainly comprise fixed and variable compensation for the Group's employees. Fixed compensation increased year on year on the back of selective hirings in IT development and the retail flow business as well as inflation. Leonteq's staff base increased by 2%, or 9 FTEs, to a total of 591 FTEs with Leonteq's service centre in Lisbon growing its staff base by 8% to 78 FTEs. Discretionary compensation declined by more than 50% year on year, due to Leonteq's subdued performance in 2023. However, this decrease was partially offset by deferred compensation impacts from prior years. As a result, personnel expenses decreased by 9% to CHF 138.0 million in 2023.

Five-year summary: FTE per region



Other operating expenses remained stable at CHF 60.9 million in 2023 (2022: CHF 61.3 million). A decrease in professional services costs due to a reduction in IT consulting fees was offset by higher IT-related costs for network, data centre and market data services.

Depreciation rose by 5% to CHF 35.3 million, compared to CHF 33.5 million in 2022. Capital expenditure on information technology and systems amounted to CHF 26.8 million, up by 5% from CHF 25.4 million in 2022, reflecting increased investments in Leonteq's major strategic initiatives, such as the retail flow business, LYNQS, AMC Gateway and the Sigma platform for pension solutions. In addition, Leonteq continued to invest in its IT infrastructure and analytics library.

CAPITAL EXPENDITURES IN INFORMATION TECHNOLOGY AND SYSTEMS (CHF million)

26.8

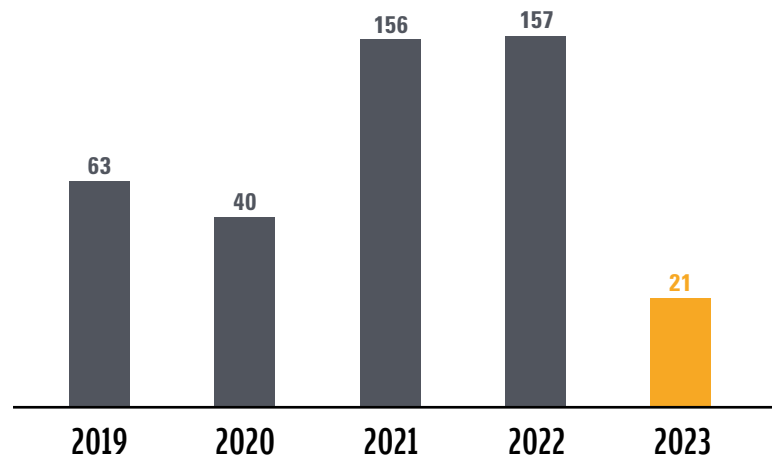
+ 6%

During the reporting period, the Group increased provisions in the amount of CHF 7.8 million for legal cost mainly in connection with ongoing legal and regulatory cases (2022: CHF 16.7 million).

Profitability

Leonteq reported profit before taxes of CHF 18.4 million in 2023, compared to CHF 193.3 million in 2022. Income taxes were positive at CHF 2.2 million in 2023, mainly reflecting prior-year tax adjustments. Group net profit amounted to CHF 20.6 million in 2023, compared to CHF 156.4 million in 2022. Earnings per share declined to CHF 1.15 from CHF 8.58 in the prior year. Shareholders' equity remained strong at CHF 780.1 as of 31 December 2023 but was 10% lower than in the prior year (31 December 2022: CHF 870.0 million). This decrease was mainly driven by a total distribution to shareholders in the amount of CHF 90.4 million, including a share buyback programme of CHF 18.0 million. Together with deferred fee income of CHF 57.8 million, Leonteq's capital base totalled CHF 837.9 million as of 31 December 2023 (31.12.2022: CHF 932.8 million). As a result, the return on equity was 2% for 2023 (2022: 19%).

Five-year summary: Net profit (CHF million)



CAPITAL BASE (CHF million)

⊖ 10%

837.9

GROUP NET PROFIT (CHF million)

20.6

⊖ 87%

RETURN ON EQUITY

⊖ 17PP

2%

Balance sheet

The composition of Leonteq's balance sheet is driven on one hand by the outstanding volumes of structured products issued by Leonteq and on the other hand by the hedge positions to offset the exposure from structured products issued by Leonteq as well as by its platform partners.

When distributing own issued products, Leonteq uses part of the cash proceeds to finance hedge positions and part to invest into a high-grade investment portfolio. Proceeds generated through the issuance of partner's products are recognised on the issuance partner's balance sheet. The market risks arising from partner issuances are mainly hedged by Leonteq as part of its service offering. The risk transfer from the issuance partner back to Leonteq happens through OTC transactions which are fully collateralised.

Leonteq applies a dynamic hedging approach to offset the market risk exposure induced by the client flow by investing either in listed equity securities (e.g. single stocks) or engaging into derivative transactions (e.g. futures, listed derivatives and OTC transactions) on the corresponding underlyings.

Due to Leonteq's core franchise being historically centred on yield enhancement payoffs with equity securities as underlying asset class, the embedded derivative components in such products are usually put options. The values of these options depend largely on share prices, with rising markets leading to lower replacement values and with decreasing markets leading to higher replacement values, the same also applies for the derivative hedge transactions. Likewise, the collateral placed with hedging counterparties for exchange-traded derivatives as well as the hedging arrangements entered into with Leonteq's partners increase or decrease in the same direction.

Leonteq's total assets decreased by CHF 3,069.6 million, or 25%, to CHF 9,256.0 million as of 31 December 2023, compared to CHF 12,325.6 million as of 31 December 2022. Cash and receivables declined by CHF 697.0 million, or 43%, mainly driven by a reduction in the provision of collateral to counterparties and lower cash positions held with banks. Trading financial assets decreased by CHF 582.3 million, or 16%, mainly due to a reduction in outstanding

platform assets with historic partners and lower equity hedging positions. Further, the decrease in total assets also reflects lower valuations of derivatives in line with the positive performance in the equity markets. Financial assets / investments reflect Leonteq's investment portfolio which remained unchanged at CHF 2,790.0 million as of 31 December 2023 (31 December 2022: CHF 2,822.3 million), in line with stable outstanding volumes of Leonteq's own issued products.

Total liabilities declined by CHF 2,979.7 million, or 26%, to CHF 8,475.9 million, driven mainly by lower short-term credit and liabilities due to a decrease in cash collateral received and securities financing transactions as well as the lower valuation of derivatives with negative replacement value. At the same

time, the outstanding volume of Leonteq's own issued products remained stable at CHF 4,667.0 million (31 December 2022: CHF 4,674.3 million).

Shareholders' equity totalled CHF 780.1 million as of 30 December 2023, a decrease of 10% from CHF 870.0 million as of 31 December 2022, predominantly due to total distribution to shareholders of CHF 90.4 million, including a share buyback programme of CHF 18.0 million, that started on 3 April 2023 and was completed on 22 December 2023. Leonteq has repurchased 439,855 of its shares via a second trading line on SIX Swiss Exchange, equivalent to 2.3% of the company's share capital, for a total purchase value of CHF 18.0 million at an average purchase price of CHF 40.92 per share.

Balance sheet

CHF million	31.12.2023	31.12.2022 ¹	Change from YE 2022	Change from YE 2022
Cash and receivables ¹	917.9	1,614.9	(43%)	(697.0)
Trading financial assets ²	3,013.0	3,595.3	(16%)	(582.3)
PRV ³ of derivative financial instruments	2,398.7	4,144.4	(42%)	(1,745.7)
Financial assets / investments ⁴	2,790.0	2,822.3	(1%)	(32.3)
Other assets	136.4	148.7	(8%)	(12.3)
Total assets	9,256.0	12,325.6	(25%)	(3,069.6)
Short-term credit and liabilities ¹	1,541.4	3,395.7	(55%)	(1,854.3)
Trading financial liabilities	54.0	201.5	(73%)	(147.5)
NRV of derivative financial instruments	1,999.6	2,907.6	(31%)	(908.0)
Own structured investment products ⁶	4,667.0	4,674.3	(0%)	(7.3)
Other liabilities	156.1	213.7	(27%)	(57.6)
Deferred fee income	57.8	62.8	(8%)	(5.0)
Total liabilities	8,475.9	11,455.6	(26%)	(2,979.7)
Shareholders' equity	780.1	870.0	(10%)	(89.9)
Total liabilities and shareholder's equity	9,256.0	12,325.6	(25%)	(3,069.6)

¹ At end-2023, exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior year were adjusted accordingly, resulting in a reduction of CHF 27.1 million on the balance sheet line items "Amounts due from/to banks" for the year 2022

² Also includes trading inventories

³ Positive replacement values

⁴ Includes other financial assets designated at fair value through profit or loss and financial investments measured at FVOCI

⁵ Negative replacement values

⁶ Other financial liabilities designated at fair value through profit or loss

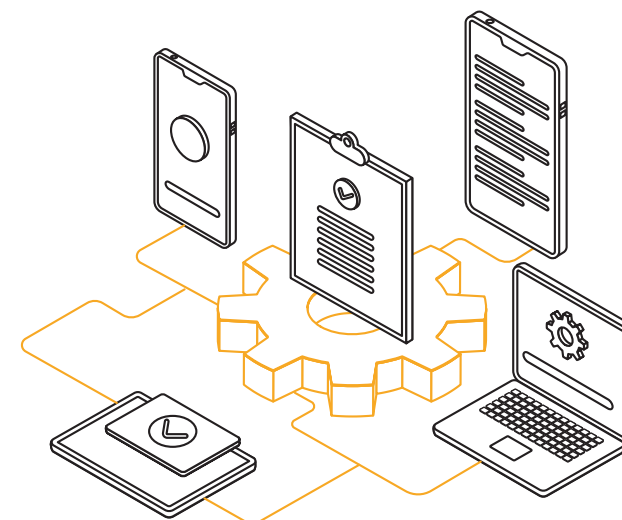
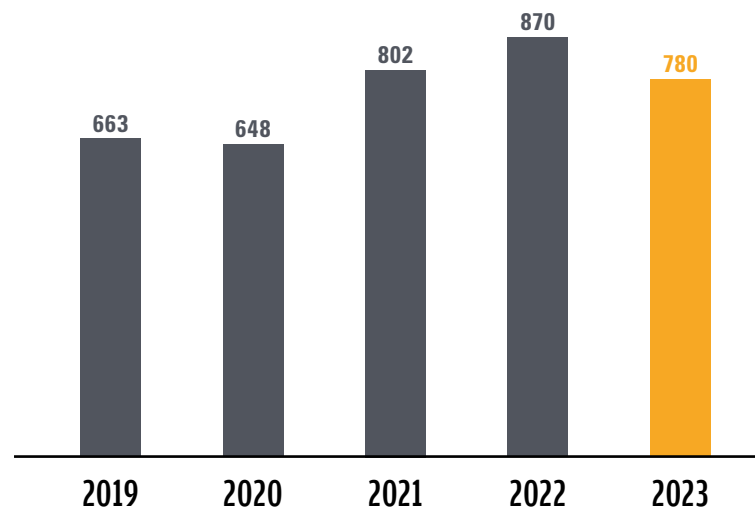
Regulatory framework and capital management

Leonteq is subject to the Swiss Financial Institutions Act (FinIA) and the Financial Institutions Ordinance (FinIO) that entered into force on 1 January 2020. FinIA regulates the licensing requirements and further organisational rules for certain financial institutions, including securities dealers such as Leonteq, which have since been designated as securities firms. The regime distinguishes between account-holding and non-account-holding securities firms for the application of capital requirements. Securities firms that do not hold accounts for clients are not subject to the Capital Adequacy Ordinance but must permanently hold capital corresponding to at least one-quarter of the fixed costs of the last annual financial statement, up to a maximum of CHF 20 million. FinIA further stipulates that securities firms must have sufficient own funds and liquidity, both individually and on a consolidated basis. Leonteq does not hold client accounts and is thus not subject to the requirements of the Capital Adequacy Ordinance.

Under the regulatory framework for securities firms, Leonteq calculates its eligible capital on the basis of the Group's shareholders' equity less intangible assets and less expected upcoming dividend payments. As of 31 December 2023, Leonteq reported eligible capital totalling CHF 703.5 million (31 December 2022: CHF 742.9 million).

Leonteq also has a robust capital planning process in place to ensure that its own funds are sufficient to cover potential losses in the event of severe adverse market shocks or other events. For further details of Leonteq's risk management framework, please refer to the "Risk Management & Control" section on pages 193 to 220.

Five year summary: Shareholders' equity (CHF million)



SUSTAINABILITY

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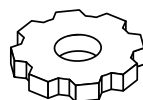
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SUSTAINABILITY HIGHLIGHTS OF 2023



Expansion of
**GHG emissions
reporting framework**
to all offices and data centres globally



**Sustainability
Framework**
established



**Anti-corruption
training**
launched for members of
Leonteq's Board of Directors



**AA ESG
rating score**
received from MSCI



ESG Risk Rating of
12.3
("Low Risk")
assigned by Sustainalytics



**Supplier Code
of Conduct**
integrated into supplier
onboarding process



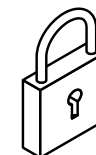
Gender diversity
increased to
20%
female representation



Further progress made in developing
**Responsible
Investing framework**



7 SDGs
addressed as part of new Community
Engagement Framework



**Security awareness
and data protection**
training programmes
launched for all employees

Introduction

Leonteq launched its sustainability initiative in 2020 in recognition of the growing importance of environmental, social and governance (ESG) criteria and the increased focus being placed on sustainability practices by clients, investors, employees and the broader public. We also took this step in the knowledge that we have the potential to positively influence the conduct of our clients and partners and to strengthen our own sustainable business practices, by investing in this area. As part of this initiative – which took shape in the course of 2021 and 2022, and further advanced in 2023 – we have analysed Leonteq's sustainability efforts as a company and identified how and where we can integrate ESG considerations and sustainability practices into our own operations and management processes and how we can best support our clients and partners in investing responsibly. Our sustainability strategy, which is a key pillar of our Growth Strategy 2026, aims to drive the sustainable development of our Group and to realise our ambition to become a leading provider of structured products addressing investors' sustainability preferences.

In connection with our sustainability initiative, Leonteq has, since 2021, published a Sustainability Report, which forms part of the Annual Report. Leonteq's Sustainability Report covers the reporting period 1 January 2023 to 31 December 2023 (in alignment with the Annual Report). The publication date of the Sustainability Report is 8 February 2024. The Report describes the current situation and the progress made in the area of sustainability in 2023, and provides a comprehensive overview of Leonteq's approach to sustainability, the material topics that we have decided to focus on, our sustainability strategy and governance, as well as sustainability achievements reached and current sustainability measures and initiatives in place at the Group.

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 as well as article 964 of the Swiss Code of Obligations. The Sustainability Report has been approved by Leonteq's Board of Directors and will be submitted

for approval by shareholders at the Annual General Meeting 2024. Limited assurance has been obtained over specific sustainability indicators from Leonteq's external auditor, Deloitte, and these indicators are listed in their Assurance Report on pages 124 to 125. The point of contact for inquiries regarding the Report can be found at the end of the Annual Report.

About Leonteq

Leonteq is a Swiss fintech company with a leading marketplace for structured investment solutions. Based on proprietary modern technology, the Group offers derivative investment products and services. Leonteq acts as both a direct issuer of its own products and as a partner to other financial institutions. Leonteq further enables life insurance companies and banks to produce capital-efficient, unit-linked pension products with guarantees.

Leonteq is committed to offering clients and partners excellent service delivered by an international team of experienced industry professionals. We have a strong presence in our home market of Switzerland and in Europe, as well as an established footprint in Asia, including the Middle East.

Leonteq focuses on building a unique ecosystem for investment solutions with a highly automated marketplace. It offers B2B and B2B4C services to more than 1,000 financial intermediaries globally. Leonteq has a strong capital base of CHF 837.9 million as of 31 December 2023 and investment grade ratings assigned by renowned rating agencies. Leonteq's shares are listed on SIX Swiss Exchange. 39% of its equity capital is held by a shareholder group comprising the Swiss cooperative bank Raiffeisen Switzerland and two of its founding partners, Lukas Ruffin and Sandro Dorigo. The remaining 61% is distributed among institutional investors as well as retail shareholders mainly from Switzerland. Leonteq's workforce consists of 591 experts from 55 different nationalities who administer CHF 12 billion of assets on the platform and support the continued development of the Group's ecosystem.

Our brand

Our brand identity is at the heart of our Group and our engagement with our stakeholders – helping to inspire trust and ensure transparency across all our activities. Our brand is the essence of our identity and it extends from our company name and logo to everything we do. The name "Leonteq" combines two components that make our Group what it is: "leon" and "teq". "Leon" is associated with the botanical name for the Edelweiss flower (*Leontopodium alpinum*) and represents the Group's origin and its commitment to Swiss values. The second component – "teq" – emphasises our innovative platform offering that combines state-of-the-art technology and expertise. Our logo is a symbol of our networks created both externally – by our platform along with our banking and insurance partners – as well as within our employee base.

Our mission

Based on our vision to be the leading marketplace for structured investment solutions, our mission is to deliver quality products and services to our partners and clients. We achieve this by living our core values, which form the essence of our corporate culture. Our people work together every day with passion and dedication, combining their expertise to deliver quality services for the benefit of our clients, our partners and our Group.

Our culture

Leonteq's corporate culture, including our vision, mission statement and values, has been created and defined by Leonteq employees from across the Group and is reflected in the Leonteq's Code of Conduct & Ethics. Initiatives related to our corporate culture are spearheaded by our Corporate Culture Committee. The members of the Committee represent all areas of the Group and are selected based on their functions and expertise. Leonteq has a global Corporate Culture Committee, composed of representatives from its 13 regional Corporate Culture Committees.

Our Vision

[We aspire] to be the leading marketplace for structured investment solutions

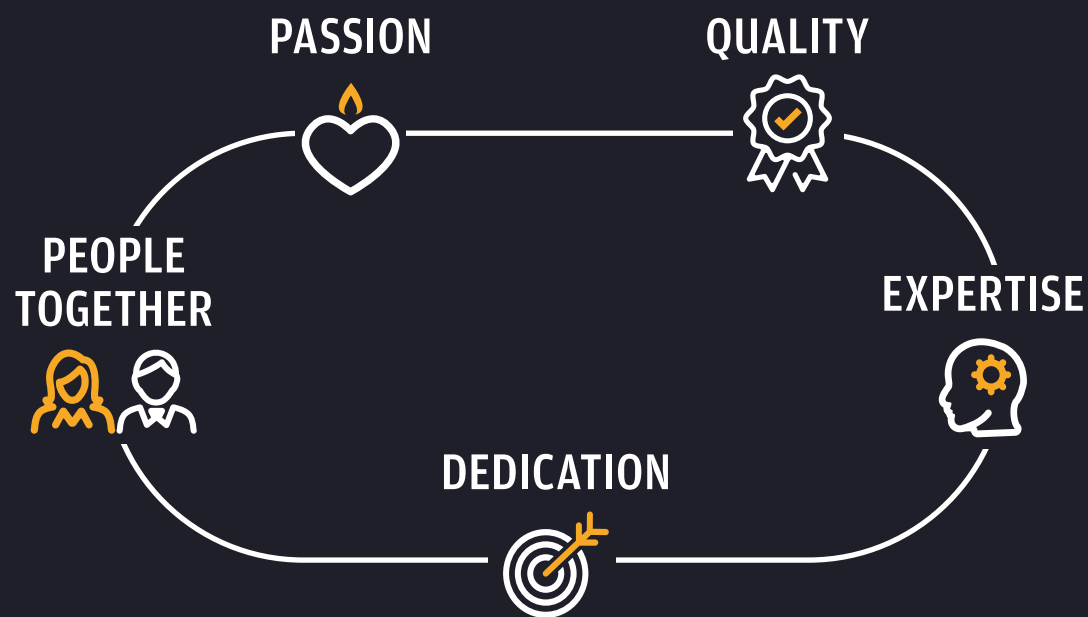
Our Mission

We deliver quality products and services to our partners and clients

Our Values

Our core values build the foundation of our corporate culture. We live, respect and protect them

How we live our values



How we live our values



PASSION

We love what we do, take pride in our work, and are excited to be innovators in our field

- I complete my work with great care and attention.
- I engage regularly with my colleagues and encourage and motivate their contributions.
- I voice my ideas because my work inspires me to inspire others.
- I create a positive atmosphere in my team by having fun and motivating others.
- I am proud to work for Leonteq and inspired to contribute my best ideas.



QUALITY

We uphold professional excellence in everything that we do, creating sustainable relationships and driving innovation

- I always deliver my highest quality work on time.
- I give the same constructive feedback that I expect from my colleagues and clients.
- I challenge my team's processes and services because I know improvement is collective.
- I understand and accept that mistakes happen, and when they do, I learn and grow from them.
- I respect the time my colleagues need to complete their work.



EXPERTISE

We are a team of experts; we trust our specialists, develop our teams and share our knowledge

- I invest in my knowledge by staying curious, showing interest and educating myself.
- I am an expert in what I do, but I still acknowledge, respect and involve other experts when needed.
- I encourage my team to expand their professional network by connecting with market participants and specialists in their field.
- I share my knowledge and educate and help others to support company-wide excellence.



DEDICATION

Our success is driven by committing to and focusing on our clients' needs, professionally and in a solution-oriented manner

- I take responsibility and ownership in everything that I do.
- I am focused on achieving my and my company's goals.
- I know and care about the business and client needs.
- I am committed to going the extra mile for my team, my company and my clients.



PEOPLE TOGETHER

We believe in the power of collaboration between our employees, our clients and our partners, and we respect them for their values, knowledge and experience

- I am honest, friendly, professional and transparent with my colleagues.
- I arrive at meetings on time.
- I support and care for my colleagues always, humbly challenge them when needed, and celebrate with them when appropriate.
- I manage my stakeholders' expectations.
- I proactively collaborate and cooperate with others to reach a common goal.
- I respect others for who they are, what they believe in and where they come from.

Our offices

Leonteq's headquarters are located in Zurich, Switzerland. The Group has additional offices in 13 other locations: Amsterdam, Dubai, Geneva, Guernsey, Frankfurt, Hong Kong, Lisbon, London, Milan, Monaco, Paris, Singapore and Tokyo.



ZURICH



AMSTERDAM



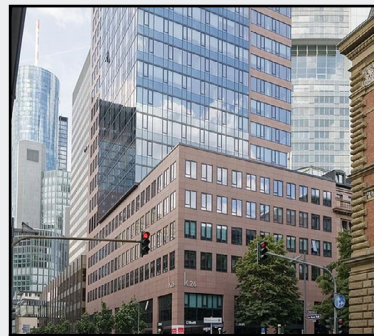
DUBAI



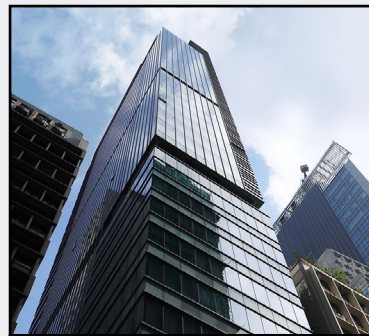
GENEVA



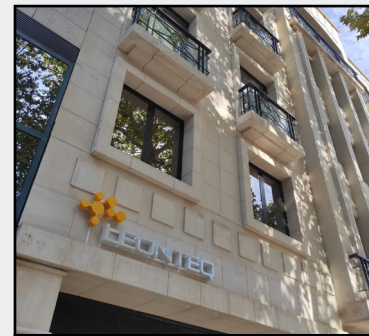
GUERNSEY



FRANKFURT



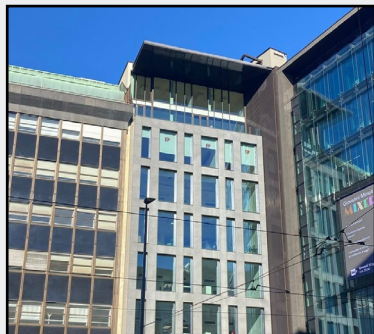
HONG KONG



LISBON



LONDON



MILAN



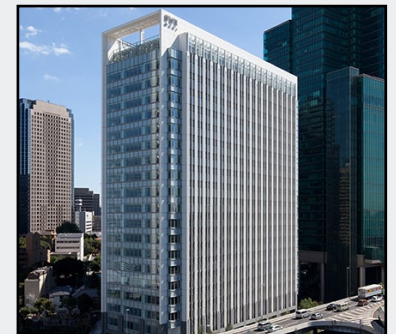
MONACO



PARIS

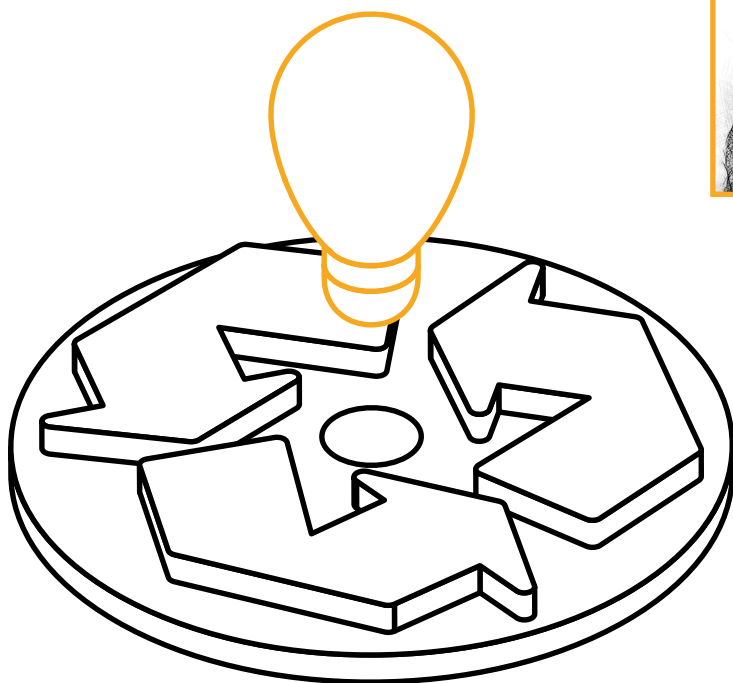


SINGAPORE



TOKYO

Our approach to sustainability



SYLVIE DAVIDSON

Sustainability delegate
of the Board of Directors



“Contributing to sustainable development across environmental, social and governance aspects is a key area of focus within Leonteq’s overarching strategy. In 2023, we continued to work towards our 2026 ESG targets. With an established sustainability governance framework, an expanded understanding of the Group’s environmental footprint, additional initiatives launched to foster our social impacts and strides made in the development of a responsible investing framework, Leonteq is committed to continuously advancing its sustainability efforts.”

Our sustainability journey



2020

- Leonteq launches its **Sustainability initiative**



2021

- Leonteq pronounces its commitment to the **UN Global Compact**
- Leonteq becomes signatory to the **UN supported Principles for Responsible Investment**
- Leonteq becomes a member of **Swiss Sustainable Finance**



2022

- **Inaugural Sustainability Report 2021** published
- Leonteq's **Growth Strategy 2026** announced
- Leonteq's **Sustainability Committee** established
- Leonteq publishes its **Code of Conduct & Ethics**
- Leonteq becomes a member of **Advance**
- Leonteq becomes **Great Place to Work** certified
- Leonteq receives **MSCI ESG rating score of A**



2023

- Leonteq publishes its second **Sustainability Report 2022 with limited assurance on selected KPIs**
- Leonteq signs the **Advance Diversity Charter**
- Leonteq receives an **ESG Risk Rating of 12.3 ("Low Risk")** by Sustainalytics
- Leonteq places in **top 3 financial services companies** in **Inrate zRating study 2023**
- **MSCI** upgrades Leonteq's **ESG rating score to AA**

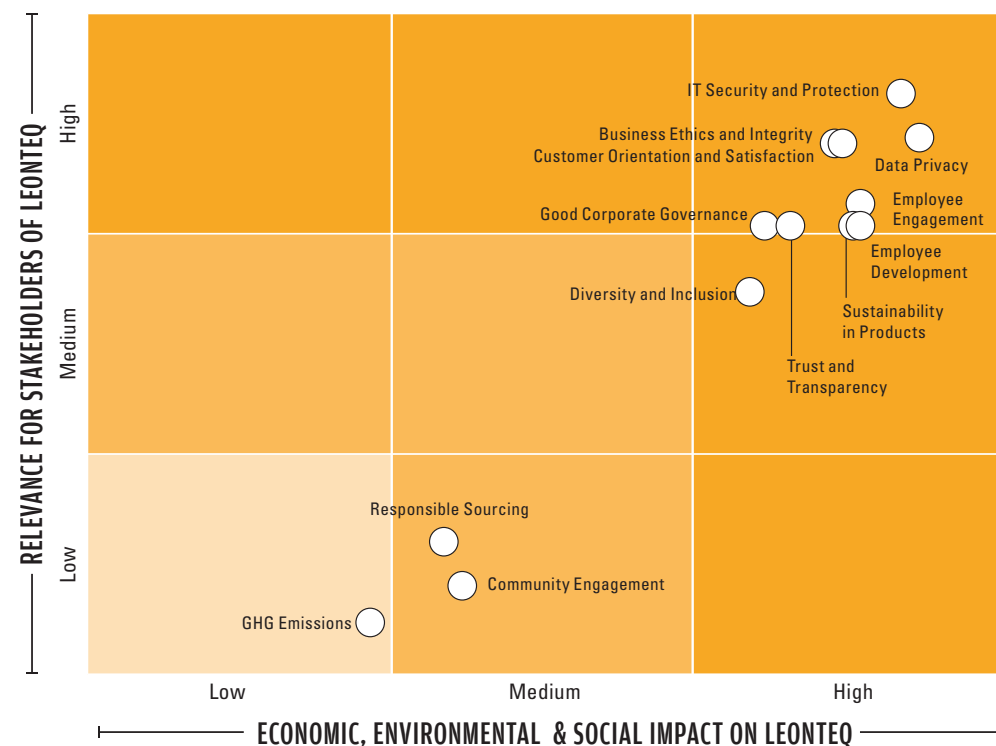
Material topics

The Sustainability Report covers the topics that matter most to our Group and our stakeholders. Leonteq's 13 material topics were defined in 2021 and, albeit reviewed annually, have remained the same for the 2022 and 2023 reporting periods. As part of the process carried out in 2021 to define our material topics, we conducted a stakeholder engagement process together with external consultants specialising in the field of sustainability. This process involved two internal workshops and was also based on interviews with external stakeholders to gain the best possible understanding of which topics are most important to them and to identify areas where Leonteq should further focus its sustainability efforts.

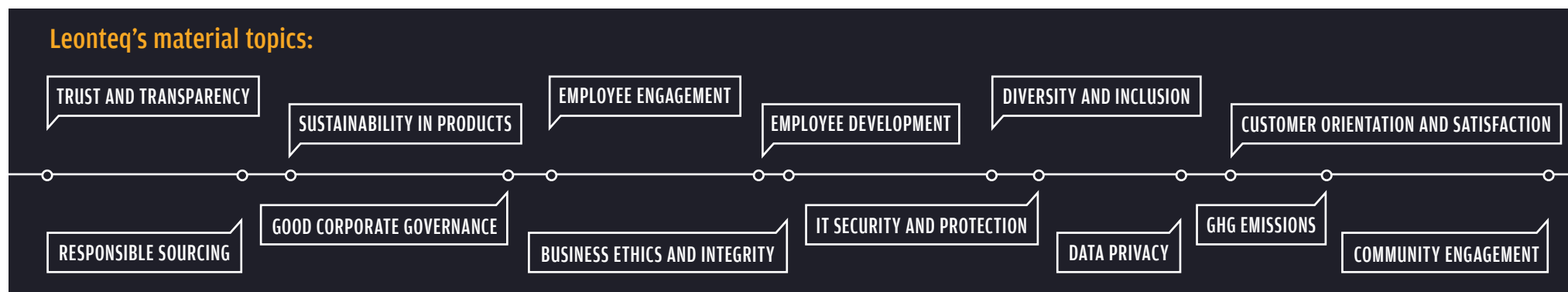
The central outcome of the stakeholder engagement process is shown in the materiality matrix. It integrates input from all participating internal and external stakeholders and defines Leonteq's priorities in terms of their relevance from a stakeholder perspective and the significance of Leonteq's economic, environmental and social impacts. The materiality matrix shows the significance of all topics Leonteq has identified during the above-mentioned stakeholder engagement process. Some topics refer to an existing Global Reporting Initiative (GRI) standard, while others have been identified as Leonteq's own topics that best fit its business as a structured investment product service provider.

Further information about where each material topic is covered in this report can be found in the GRI content index on pages 119 to 124.

Materiality matrix



Leonteq's material topics:



Sustainability governance

Efficient and effective sustainability governance is essential to ensure that we continue to embed sustainability considerations into our business practices and product and service offering, achieve steady progress towards our sustainability goals and recognise potential opportunities and challenges at an early stage.

In 2023, Leonteq further developed its sustainability governance with the establishment of a Sustainability Framework. This policy outlines the overarching organisational set-up and governance for the implementation of the Group's commitment to sustainable development and the execution of its ESG strategy.

The Board of Directors determines the overall direction of the Group's sustainability strategy, oversees the implementation of the strategy and approves sustainability-related targets and KPIs. At the same time, the Board of Directors reviews and endorses the Group's main ESG-related policies, including the Group's governance policies and practices.

Oversight of sustainability and ESG is interdisciplinary by nature, and as such, the discussion and monitoring of sustainability topics fall partially within the mandate of the Audit and Risk Committee and partially within the mandate of the Nomination and Remuneration Committee. In specific terms, the Audit and Risk Committee is responsible for monitoring and assessing the Group's sustainability reporting and the integrity of the ESG claims made, as well as discussing the Group-wide risk management framework as it relates to ESG and presenting relevant

recommendations to the Board of Directors. The Nomination and Remuneration Committee is responsible for monitoring and assessing the Group's efforts to increase gender diversity and approving programmes that enable the Group to attract and retain employees. It also defines the framework used to determine how the implementation of ESG measures impacts the compensation of the Executive Committee.

In 2022, Leonteq established a Sustainability Committee, which is positioned at Executive Committee level alongside the existing Product Approval Committee, Risk Committee, Treasury Committee and Index Committee. The composition of the Sustainability Committee reflects Leonteq's five sustainability focus areas – Responsible Investing, Environment, Social, Governance and Corporate Sustainability Reporting – and its members are appointed to represent these focus areas based on their function within the Group. Each focus area is linked to one or more material topics. Committee members are either a member of the Executive Committee or hold a senior management position, subject to the internal provision that the Sustainability Committee should not comprise more than three members of the Executive Committee.

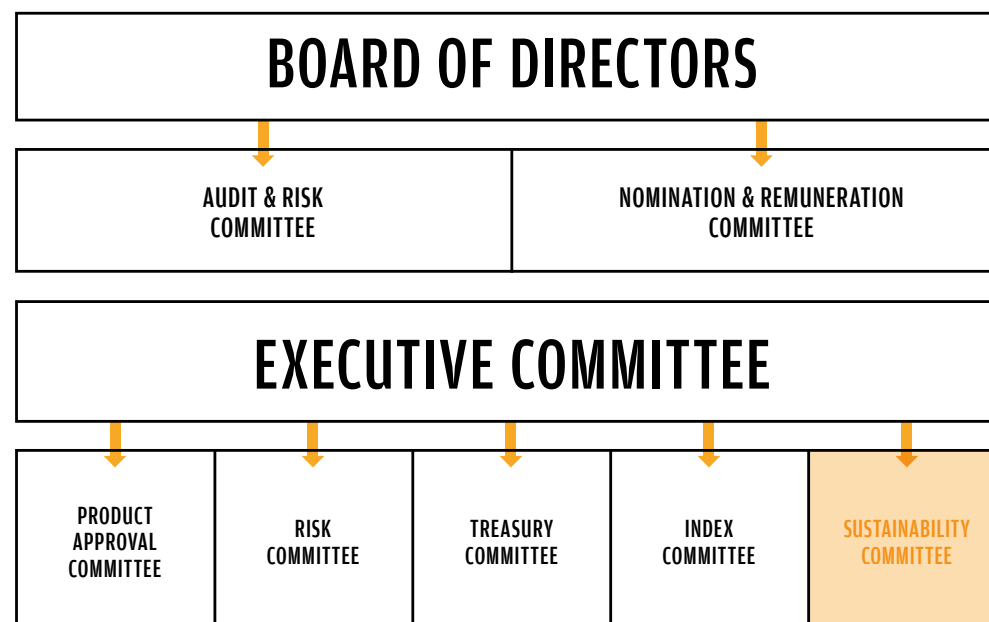
The Sustainability Committee is primarily responsible for the implementation of the sustainability strategy defined by the Group's Board of Directors, with the aim of improving the integration of ESG practices across all business areas and of positioning Leonteq as a leading ESG provider for investment solutions. In specific terms, the Sustainability Committee is responsible for overseeing the integration of ESG best

practices across the Group's business activities and management approaches, as well as overseeing the implementation of Leonteq's sustainability initiatives. The Sustainability Committee defines a sustainability KPI framework with sustainability-related targets and KPIs in cases where it is possible to monitor implementation. It is approved by the Group's Board of Directors, which subsequently also monitors the progress of the agreed sustainability initiatives by reviewing the Group's performance against its sustainability KPIs, targets and ambitions.

The Sustainability Committee meets at least four times a year. Following each meeting, the Chairman of the Sustainability Committee provides an update to the Sustainability Delegate of the Board of Directors. Additionally, the Sustainability Committee regularly submits updates

and reports to the Board of Directors about the Group's progress against its sustainability strategy, including KPIs, trends, regulatory requirements and recommendations.

The Board of Directors reviews and monitors the integrity of the Group's sustainability and ESG information in the Sustainability Reports that are published annually and it reviews significant sustainability and ESG reporting judgments contained within them. During the preparation of the Annual Report, the Audit and Risk Committee reviews the Sustainability Report and related disclosures in the Group's Annual Report ahead of the final sign-off provided by the Board of Directors before publication. Following publication, the Sustainability Report is submitted to the Annual General Meeting for approval.



Sustainability strategy

Our Sustainability Strategy 2026 – which is based on our business model and value creation capabilities – is a key element of our overall Growth Strategy 2026 that sets out a clear and comprehensible plan for Leonteq's continued sustainable growth and international success.

The importance of ESG and sustainable investing is now widely recognised, and Leonteq has been growing its sustainability efforts since 2020, when it launched its dedicated sustainability initiative with the ambition of becoming a leading provider for structured investment solutions addressing investors' sustainability preferences. As a fintech company with approximately 600 employees and with offices and subsidiaries in 13 countries, we serve over 1,000 clients globally. We have a duty to act responsibly in order to create positive impact through our product and service offering as well as our business practices. Leonteq's sustainability strategy therefore focuses on the implementation of ESG best practices to support the sustainable development of the Group. We have defined two external ESG targets to be accomplished by 2026 alongside additional measures that will support the integration of ESG aspects into our business activities as well as our product and service offering. These external targets align with two material topics that Leonteq believes it has the greatest ability to impact: Employee engagement and the diversity of its workforce. Employees are at the core of Leonteq's business and by making improvements in these areas, we believe positive change

and further opportunities in other areas will follow.

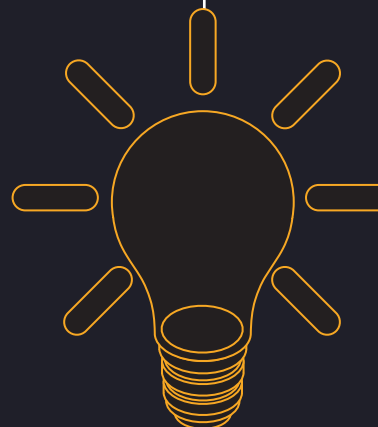
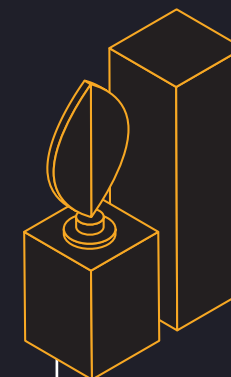
Our sustainability strategy is designed to drive the sustainable development of our Group. In particular, we want to strengthen our focus on responsible investing through the integration of ESG factors into our product and service offering. We also aim to further improve our environmental footprint, maintain an effective system of governance and consider additional social aspects in the interests of our employees and the broader community.

As an added result of these efforts, we expect to further improve the ratings assigned to Leonteq by ESG rating agencies by 2026.

Leonteq has already taken several measures to strengthen its offering and business practices, which are explained throughout this Sustainability Report. We intend to expand on these measures by 2026.

Sustainability

We are implementing responsible investment opportunities for our clients and integrating ESG best practices to drive the sustainable development of our company.



ESG TARGETS 2026

Great Place to Work[®]
Trust Index Score

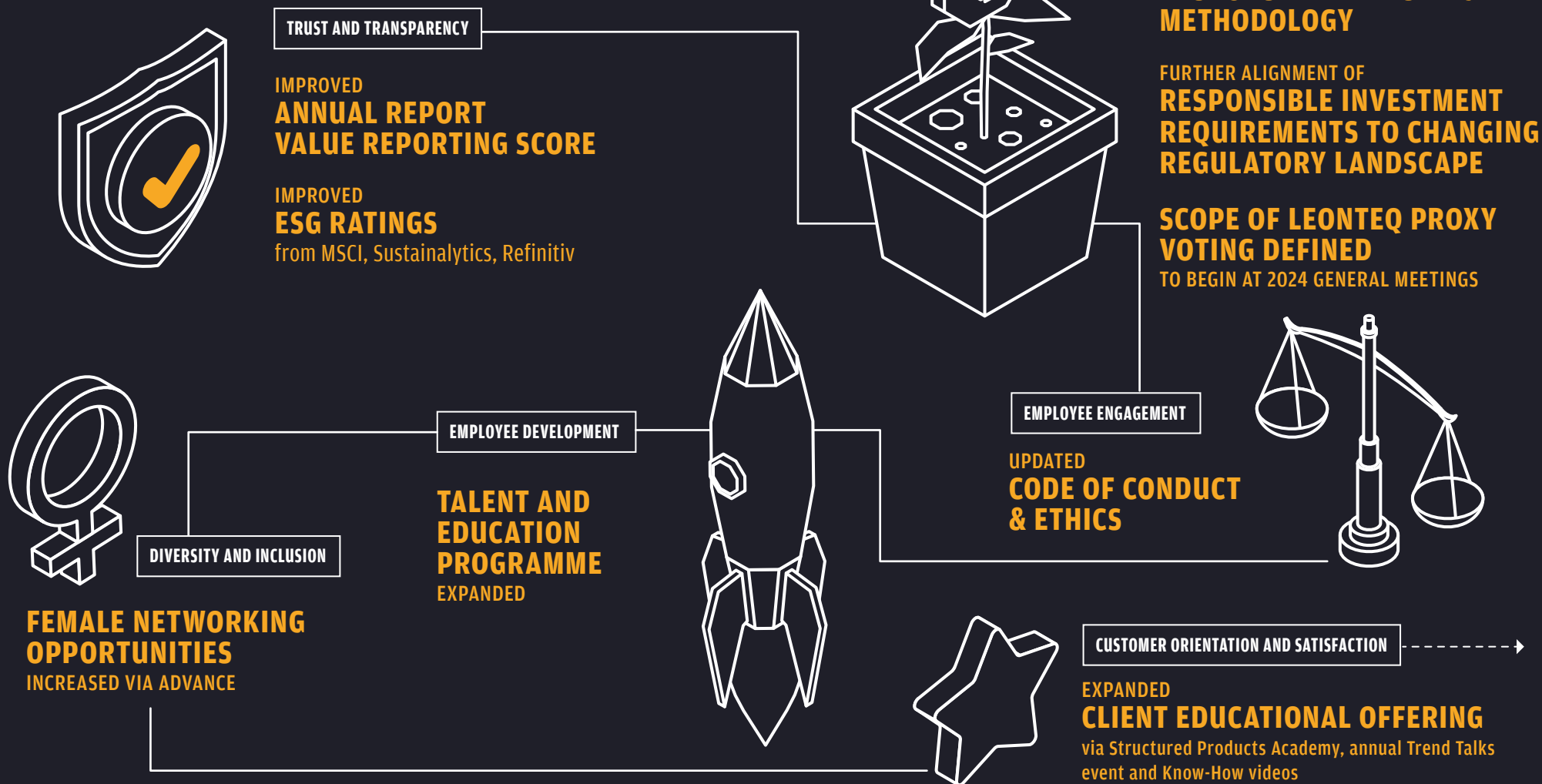
>72%

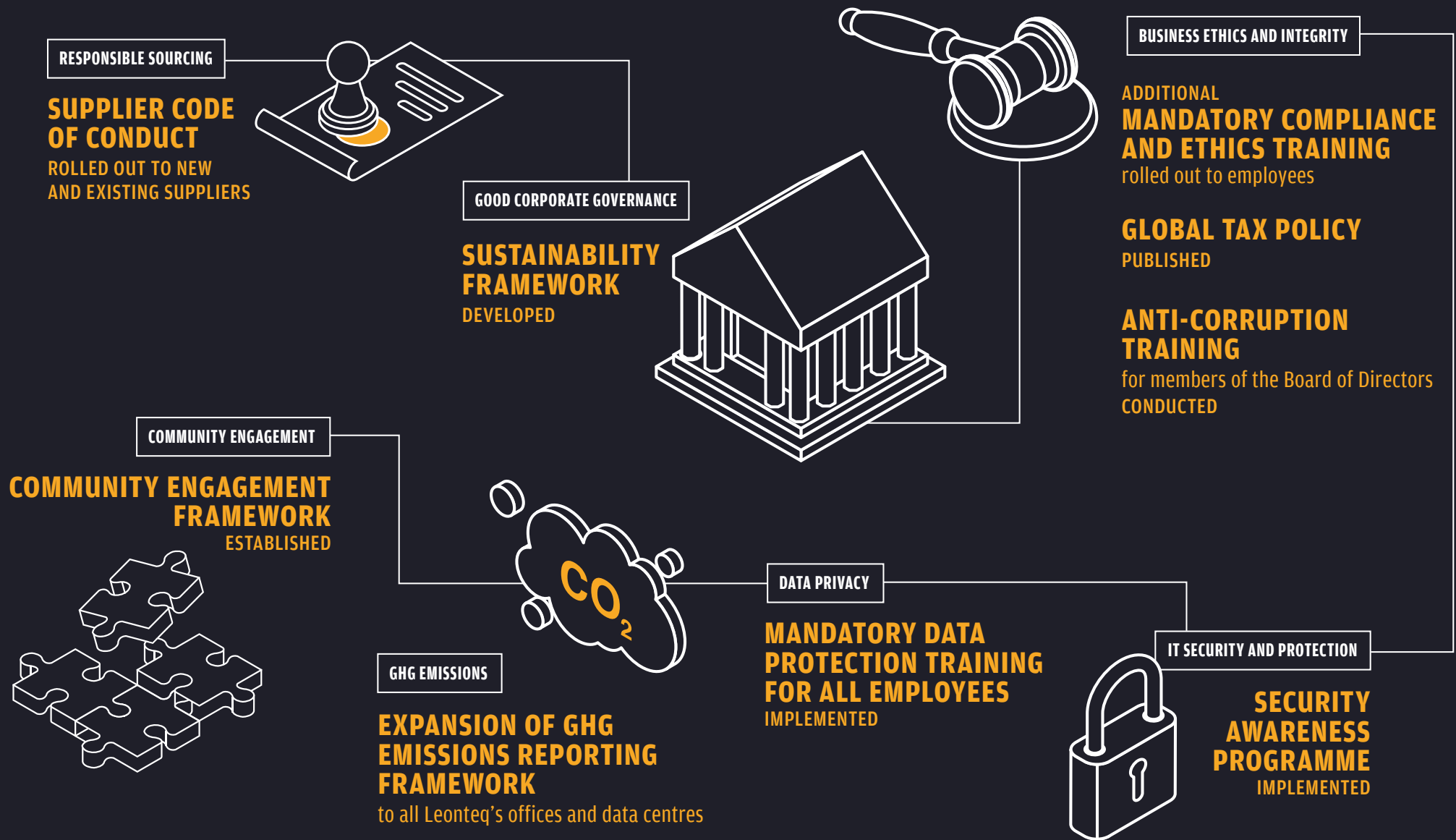
Gender diversity

>25%

STRATEGIC ESG MEASURES AND TARGETS

Key progress made in 2023





Our engagements

Trust and transparency

As a public company listed on the SIX Swiss Exchange, the open and transparent communication of information about Leonteq's performance and business activities is critical and enables our stakeholders to make informed decisions and to draw conclusions about the performance of the Group. We consider open and transparent communication to be vital to build relationships of trust with all our stakeholders. They include our clients whose reputation and credibility are directly impacted by Leonteq's degree of transparency, as well as our shareholders, who have invested their capital in the Company, and employees who depend on Leonteq for paid employment and career development. In this context, we also aim to exemplify transparency within the financial sector and to serve as a benchmark for Leonteq's competitors. "Trust and Transparency" is therefore one of our 13 material topics and an overarching theme in our business operations.

Our corporate communications activities encompass a range of online and offline channels in order to share information with Leonteq's stakeholders in the most effective way possible. We are committed to providing timely and adequate information to our stakeholders so that they can make informed decisions about Leonteq as well as the Group's product offering. We use targeted communication methods and various platforms, and we publish all our corporate and product news on our website. We promptly report all relevant information to fulfil our regulatory obligations. We are also active on LinkedIn, X, Facebook and YouTube and reach different target groups through these channels.

Leonteq aims to provide all the necessary information to its stakeholders. At the same time, the Group limits some disclosures in cases where, for example, the sharing of (aggregated) data would allow information to be traced back to individuals or would place the Group at a competitive disadvantage.

Stakeholder engagement

Clients and partners

Generating high levels of satisfaction and consistent value for our clients and business partners is of key importance to us in all that we do because it helps to strengthen their investment knowledge and security. In turn, this strengthens our relationship with our clients, resulting in recurring business flows.

- Ongoing dialogue with Client Relationship Officers and Key Account Managers
- High quality marketing materials
- Newsletters with product and business updates
- Client events

Employees

It is important that employees receive a consistent and transparent flow of information, which enhances their knowledge of the Group's activities and the understanding of the Group's strategy, business model and priorities. Providing regular platforms where our employees come together as a team fosters global cohesion and a healthy corporate culture.

- Regular information provided via Intranet, TV screens and email newsletters
- Biennial employee survey together with Great Place to Work
- Townhalls, Power Hours and other engagement sessions
- Local and global staff events

Shareholders, investors and analysts

Maintaining regular contact with shareholders, investors and analysts throughout the year increases market transparency and strengthens relationships. Providing up-to-date information about financial and business performance enables investors to make fully-informed decisions when investing in Leonteq.

- General Meeting(s)
- Annual and half year reports and results presentations
- Results roadshows and investor conferences and regular dialogue between Investor Relations department and investors as well as analysts
- Press releases

Credit rating agencies

To ensure the most accurate and up-to-date rating possible, Leonteq maintains regular contact with the rating agencies Fitch Ratings Ltd. and Japan Credit Rating Agency, Ltd. and routinely informs them about business developments.

- Ongoing dialogue with Investor Relations & Communications department
- Annual meetings between our management team and rating analysts

ESG rating agencies

Providing regular feedback and information to facilitate appropriate ESG ratings by Inrate, ISS, MSCI, Refinitiv, Sustainalytics and S&P Global Ratings.

- Annual evaluation of assigned ESG ratings and reports
- Regular engagement between Investor Relations and Communications department and ESG ratings analysts

Proxy advisors

Leonteq is subject to the recommendations of proxy advisors, which can influence voting results at Leonteq's Annual General Meeting. It is therefore important that they receive the information they require to give facts-based voting recommendations.

- Review of proxy voting guidelines
- Regular engagement meetings between Investor Relations department and proxy advisors

Media and general public

To ensure accurate information about the Group is being communicated and published.

- Annual and half year reports, presentations and brochures
- Press releases and newsletters
- Corporate website and social media channels
- Ongoing dialogue with Investor Relations, Communications & Marketing department
- Interviews

Suppliers and service providers

Each supplier or service provider is subject to pre-qualification screening to ensure operations are compliant, for advance awareness and sharing of best environmental practices. Throughout the business relationship, correspondence is maintained to review requirements, ensure payments, negotiate contracts where necessary and ensure a sustainable supply chain.

- Pre-qualification screening
- Ongoing correspondence with Procurement department
- Clear and fair Supplier Code of Conduct

Counterparties and stock exchanges

Through close contact with counterparties and stock exchanges within Switzerland and abroad, (exchange) regulations are monitored and processes to respect them are adopted where applicable. Additionally, the ongoing evaluation of the counterparty network ensures that Leonteq is not exposed to any one counterparty; ensuring market access and business continuity whilst also maintaining cost discipline. Leonteq also enables counterparties to perform their reciprocal assessment of Leonteq.

- Ongoing dialogue between stock exchanges and Leonteq
- Regular review meetings between counterparties and Risk Control, Finance and Operations departments

Regulators

To understand regulatory changes, provide updates and comply with its notification and regular reporting obligations.

- Ongoing reporting to and dialogue with FINMA (Switzerland), AFM (Netherlands), AMF and ACPR (France), BaFin (Germany), CCAAF (Monaco), CMVM (Portugal), Consob (Italy), FCA (United Kingdom), GFSC (Guernsey), MAS (Singapore), FSA (Japan), SFC (Hong Kong), and DFSA (Dubai)

Internal and external auditors

To ensure the adequacy and effectiveness of the internal control system and risk management as well as to obtain independent assurance on the financial statements reporting

- Regular dialogue between the CFO as well as the Finance department and head of Group Internal Audit and lead external audit partner
- Direct contact and regular meetings between head of Group Internal Audit and lead external auditor partner and the Audit and Risk Committee
- Regular dialogues between internal and external auditors

Association memberships and participation in external initiatives

Leonteq is a member of a number of associations, including the Swiss Structured Product Association, Italian Association of Certificates and Investment Products (ACEPI), Swiss Sustainable Finance (SSF), and Advance. The Company is also a signatory to the United Nations Global Compact (UNGC) as well as the UN-supported Principles for Responsible Investment (PRI).

Leonteq and the United Nations Global Compact and Sustainable Development Goals

Leonteq became a signatory to the United Nations Global Compact (UNGC) in 2021. Leonteq is committed to upholding the Ten Principles on human rights, labour, environment and anti-corruption and to making them part of our strategy, culture and day-to-day operations.

Our commitment to supporting the UN Sustainable Development Goals (SDGs) is reflected by our sustainability aspirations and our participation in the UNGC since 2021. The ambitious SDGs are expected to be achieved by 2030 through rigorous and immediate action taken by the public and private sectors globally. In 2022, we began our SDG journey by linking our efforts relating to each of our material topics with the SDGs we consider most relevant. In 2023, we expanded on this by designating seven SDGs to centre our community engagement framework and activities around. We believe that our efforts support the realisation of 14 of the 17 SDGs.

Further indication of how each material topic is linked to the SDGs can be found in the GRI Content Index on pages 119 to 123 of the Annual Report 2023.



Leonteq and the Six Principles of the PRI

Leonteq became a signatory to the UN-supported Principles for Responsible Investment (PRI) in 2021. As a professional service partner, Leonteq recognises the influence it has over how its clients address ESG issues and acknowledges the relevance of ESG issues for investment management. It is therefore committed to providing, promoting and improving services that support the implementation of the PRI's Six Principles for Responsible Investment, and, in turn, contributing to developing a more sustainable global financial system.

Further information about Leonteq's implementation of the Six Principles of the PRI can be found in the following sections of the Sustainability Report: Our Responsible Investing on page 77, Sustainability in Products on page 76 and Association Memberships and Participation in External Initiatives on pages 73 to 74.

Leonteq and Swiss Sustainable Finance

Leonteq has been a member of Swiss Sustainable Finance (SSF) since 2021. In view of its ability to offer and implement sustainable investing opportunities for its clients and partners, Leonteq's ambition is to create awareness and inform its clients about ESG as well as the trends, risks and opportunities deriving from ESG. With its membership of Swiss Sustainable Finance, Leonteq is committed to driving sustainable investment approaches across this field.

Leonteq and the Swiss Structured Products Association

As a leading marketplace for structured investment products, Leonteq actively promotes the image of the structured products sector within the Swiss finance industry and supports efforts to increase transparency and educate investors about this field. Leonteq has been an active member of the Swiss Structured Products Association (SSPA) since 2008. Leonteq representatives have taken part in the expert workgroups "Categorization" and "Documentation" since 2008, in the "Retail Expert Group" since 2018 and in the "Tax" expert group since 2021. In 2022, Leonteq joined the ESG expert working group as part of its increased involvement with SSPA in the area of ESG. It is actively supporting the establishment of a recognised common minimum standard across the Swiss structured product industry for products with sustainability features.

Leonteq and Advance

In 2022, as part of our efforts in the area of Diversity & Inclusion, Leonteq became a member of Advance, the leading business association for gender equality in Switzerland. By becoming a member of Advance – a network of 130+ Swiss-based companies committed to increasing the proportion of women in management – Leonteq is aspiring to improve the gender diversity of its own workforce and to give its leaders additional resources to nurture an inclusive working environment.

As a further commitment towards gender equality in business, Leonteq signed the Advance Diversity Charter in March 2023 and co-sponsored the 2023 Advance International Women's Day Event and Art Exhibition. The sponsorship included the flagship event and a two-week art exhibition at the Zurich Main Train Station by the title "Equal?! – Switzerland on the way to equality". The exhibition housed 29 artists' interpretations of gender equality, diversity and inclusion.

Italian Association of Certificates and Investment Products

Leonteq has been a member of the Italian Association of Certificates and Investment Products (ACEPI) since 2022. The Association aims to promote an interest in and knowledge of certificates and investment products among investors, taking the necessary measures to foster the development of efficient and transparent primary and secondary markets for these products. Membership of the Association enables Leonteq and other market operators to stay informed about developments in this area through ACEPI's research, studies, conferences, seminars and training courses. Our role as a member of ACEPI also helps to position Leonteq as a recognised participant in the market.

ESG ratings and external recognition

Leonteq is assigned an ESG rating by several ESG rating agencies, including ISS, MSCI, Refinitiv and Sustainalytics.



Low Risk (score 12.3)

Maintained Low Risk of experiencing material financial impacts from ESG factors

REFINITIV 

B

Upgraded from B- in 2023

MSCI
ESG RATINGS



CCC B BB BBB A **AA** AAA

AA

Upgraded from A in 2023



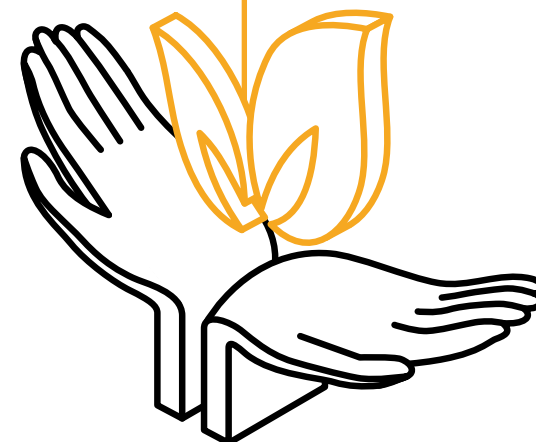
1

Highest Governance Quality Score



SPI ESG INDEX

Leonteq represented in the ESG Index by SIX



Sustainable investing

Sustainability in products

Sustainable finance in general – and the sustainability credentials of financial products such as structured products – have become increasingly important to institutional and private investors. These offerings are also attracting growing attention from the general public, government bodies and the media. Demand for structured products that incorporate ESG aspects has increased in recent years. As a provider of investment solutions, Leonteq is committed to ensuring the quality and integrity of all its products and services, and it strives to offer exposure to ESG indices, as well as giving clients access to a wide range of investment solutions with ESG aspects.

The development and distribution of sustainability-themed products supports the sustainable development of the economy and the protection of the environment. In particular, it affects the security of investments and the performance generated for our clients, the mindset of our employees, and overall trust in the financial sector.

To address these impacts, Leonteq is actively working with industry peers to develop recognised sustainability standards and guidelines for structured products in Switzerland and Europe. The Group is also continuing to develop a responsible investing framework and is aligning its product offering with the changing regulatory landscape.

Responsible investing framework

In 2023, Leonteq developed a basic framework for structured products with sustainability features. The framework sets out a basic methodology for the classification of structured products with sustainable features, that also aims to take account of the potential sustainability preferences of investors. The methodology reflects industry guidelines and standards issued by the German Derivative Association, the Italian Association of Certificates and Investment Products, and the Swiss Structured Products Association.

In line with these standards, Leonteq has identified three key aspects to be considered when determining the sustainability of a product: The issuer of the investment product, the product payoff and the underlying.

First, for an issuer to be considered sustainable, it must demonstrate its commitment to sustainability principles and goals by becoming a signatory to the UNGC and UN PRI. The issuer must also be classified as a sustainable company by at least one independent ESG rating agency, and it must be able to contribute to sustainability from a product perspective.

Second, Leonteq considers the underlying of a product when determining a product's sustainability. Depending on the nature of the underlying, Leonteq has defined various rules that apply in accordance with regulatory standards. Third, when evaluating the sustainability of the payoff of a product, Leonteq considers leverage products and products that benefit from a fall in the price of the underlying as not having sustainability features.

As a first step in analysing the sustainability of investments, Leonteq is evaluating the product issuer. In doing so, it has also identified the need for a different data provider that better fits the Group's investment portfolio and that can also introduce exclusion criteria for existing holdings.

Due to the changing regulatory landscape and uncertainty when it comes to determining sustainability features in structured products, however, Leonteq is continuing to engage in

active discussions with relevant industry associations in Switzerland and Europe. In doing so, the Group intends to reach agreement on a common denominator with regards to a product's payoff and underlying.

Once the new data provider has been onboarded, Leonteq will continue with the development of a comprehensive methodology for the underlying product. It will also continue to develop its framework.

Product offering

Due to the changing regulatory landscape and uncertainty when it comes to determining sustainability features in structured products, Leonteq has removed references to the sustainability of its products from its marketing and labelling. As of September 2023, Leonteq-issued products include an explicit sustainability disclaimer that describes the products as "not sustainable". This decision was made in view of sustainability developments in the structured products market in Europe and in alignment with the current version of Leonteq's Responsible Investment Framework.

Donation products

Fondo Forestale Italiano

As part of its product-related donations, Leonteq launched a product initiative in support of environmental projects in December 2023. The aim of the initiative is to pay a charitable donation on the issuance of one (or more) standard yield enhancement product on the Euro Stoxx 50®, FTSE MIB, Nasdaq 100 and Nikkei 225® indices. Six months after the issuance date, Leonteq will pay a charitable donation equal to 0.50% of the invested amount to the Fondo Forestale Italiano Onlus foundation whose aim is to preserve existing forests and to create new woodlands.

Our Responsible Investing

ESG integration

Leonteq invests part of the proceeds from the issuance of structured products in a high-quality, composite weighted average “AA-” rated bond portfolio comprising governments, supranational issuers, corporates and financials. When investing in bonds, Leonteq’s Treasury department considers criteria including: Credit spread, credit curve, interest rates, credit rating, asset liquidity, sector, country of risk and various diversification metrics. In 2022, Leonteq added ESG ratings as a further investment parameter by sourcing corresponding data from Refinitiv, which covers approximately 58% of the bonds Leonteq invests in. The bonds not covered by Refinitiv primarily comprise those issued by government agencies, development banks and cantonal banks, among other institutions.

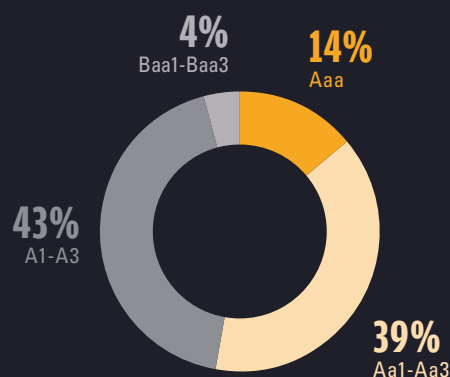
With this current data source, Leonteq’s Treasury Committee focuses on investing in bonds rated B and above and it has implemented a minimum ESG rating floor of C-. No investment is permitted below that minimum rating unless it is specifically approved by the Treasury Committee. As of 31 December 2023, 87% of the ESG-rated bond portfolio comprised bonds with a B rating or above. Leonteq also intends to establish a responsible investing methodology that will define how the Group considers additional ESG criteria when investing in bonds going forward.

In the future, Leonteq intends to change its data provider, including implementing a best-in-class approach as well as introducing exclusion criteria for existing holdings.

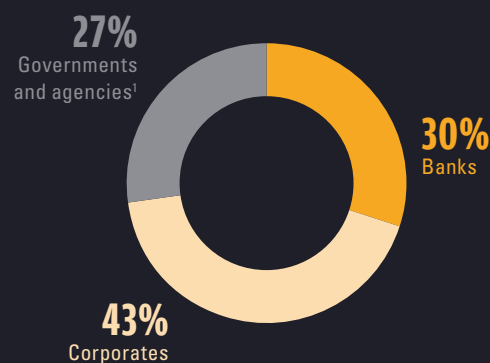
Stewardship

As an issuer of structured investment products, Leonteq hedges its exposure primarily by investing in listed equity securities or listed derivatives linked to the underlying securities used in structured products bought by our clients. The hedge portfolio currently consists of more than 2,500 listed companies with a market value of around CHF 1.5 billion as of 31 December 2023, whilst a proportion of these assets are in turn used for refinancing purposes and pledged as collateral with counterparties. Because this portfolio is not based on an active investment decision for the purpose of generating performance for the benefit of Leonteq or its clients (e.g. in an asset management business), and since Leonteq holds the voting rights on only a limited portion of the portfolio, Leonteq has decided not to implement a proxy voting process.

Investment portfolio by credit rating 2023
(CHF 2.6 billion)

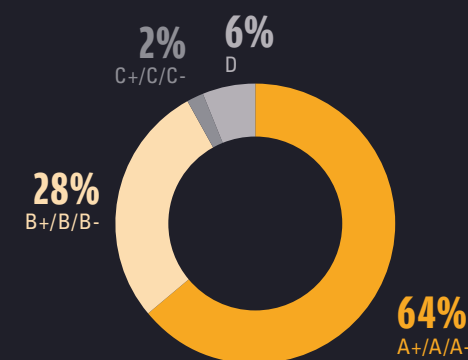


Investment portfolio by type of investment 2023
(CHF 2.6 billion)



¹ Includes bonds issued by governments, public sector bodies and supranational agencies

ESG rating distribution 2023
(CHF 1.5 billion)

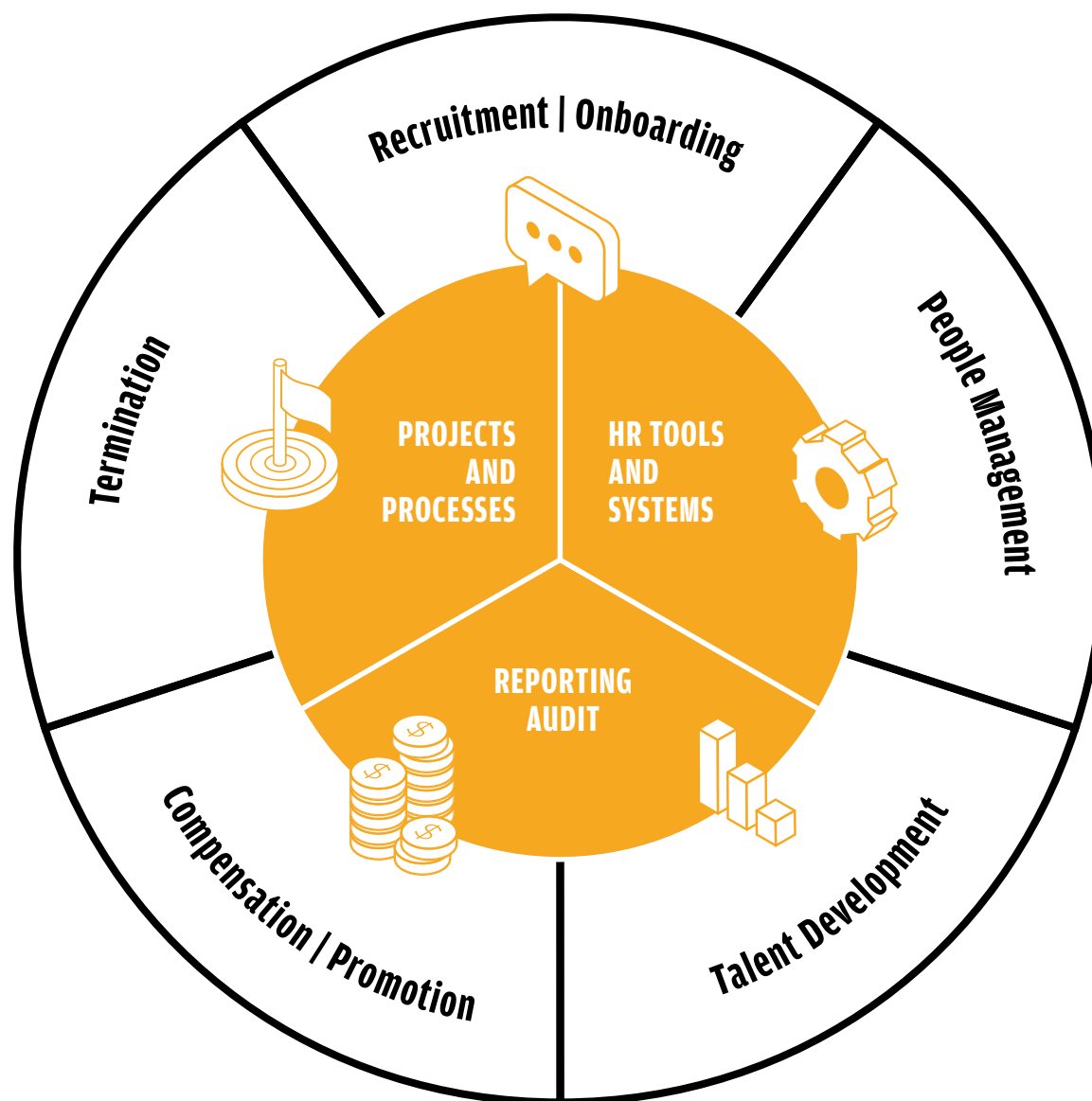


Sustainability in our business activities

Our people

At Leonteq, we recognise that employees are our most valuable asset and are key to our success in all areas of our business. Satisfied and motivated employees engage more effectively with their colleagues, perform better in their day-to-day work and show greater loyalty to the Group. Leonteq is committed to being an attractive employer that fosters the well-being and satisfaction of its employees and is mindful of the need for them to strike a good personal life and work life balance. Employee well-being and satisfaction also impacts public health, while working conditions and benefits correlate with an individual's social security. Leonteq is therefore committed to offering its employees interesting work and a safe working environment, while promoting open communication within teams.

Leonteq's Human Resources department is led by the Chief People Officer, who is a member of the Executive Committee and Chairman of the Sustainability Committee. The department is responsible for positioning Leonteq as an employer of choice. To achieve this, we have a dedicated employment lifecycle that covers recruitment and onboarding, people management, talent development, compensation and promotion, and termination. Within each of these phases, programmes and processes are in place to support employees throughout their career at Leonteq.



Recruitment and onboarding

Leonteq offers full-time and part-time positions in recognition of the need for flexible working models. We employ a unique pool of structured investment product and IT experts as well as young professionals at the beginning of their careers. Leonteq's seasoned experts have extensive experience in our fields of business and many have been hired from major investment banks, leading law firms, Big 4 audit and management consulting companies, as well as from FINMA and SIX Swiss Exchange. Leonteq's referral reward programme also encourages current employees to refer candidates from within their network that they believe could positively contribute to the culture and success of the Group.

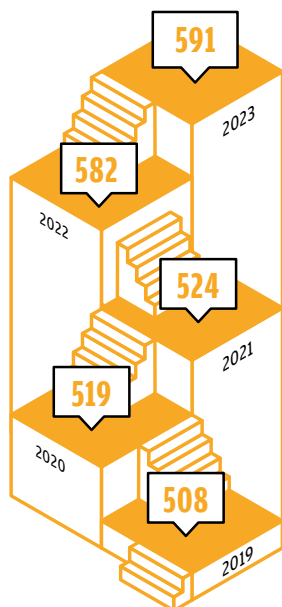
New employees complete a comprehensive onboarding programme, which provides them with an overview of the Group,

its culture, its divisions, and its platform and its value chains. This programme includes three one-on-one sessions with colleagues from other areas of the Group and an additional two weeks of training for members of the Graduate Programme. This exercise helps employees to learn and understand the company by gaining a perspective that goes beyond their own function. Additionally, it fosters Leonteq's corporate value "People Together" from the beginning of the employee's journey with the Group.

Leonteq had a total of 600 employees, corresponding to 591 full-time equivalents (FTEs), as of 31 December 2023. This is an increase from 582 FTEs, or total headcount of 595, in the prior year.

Of the 591 FTEs, 116 FTEs are female and 475 FTEs are male. This corresponds to a headcount of 122 females and 478 males. Out of the global workforce, 327 FTEs are based in Switzerland, 191 in Europe and 73 in Asia, including the Middle East.

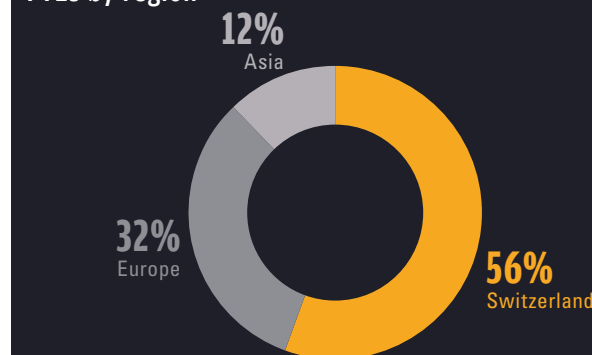
Our growing workforce



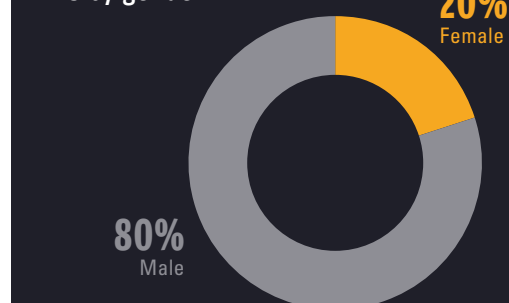
Employment types

FTEs		2023				2022			
		Total	Switzerland	Europe	Asia	Total	Switzerland	Europe	Asia
Employee contract									
Permanent	Female	111	49	42	20	104	49	34	21
	Male	457	264	141	52	443	263	131	49
Temporary	Female	5	3	2	0	5	3	1	1
	Male	18	11	6	1	30	19	9	2
Employee type									
Full-time	Female	100	38	42	20	92	38	32	22
	Male	466	266	147	53	464	273	140	51
Part-time	Female	16	14	2	0	17	14	3	0
	Male	9	9	0	0	9	9	0	0

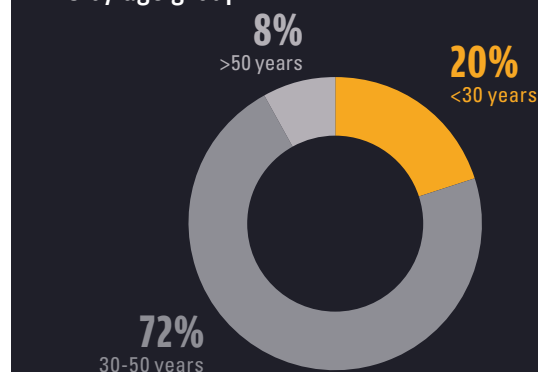
FTEs by region



FTEs by gender



FTEs by age group

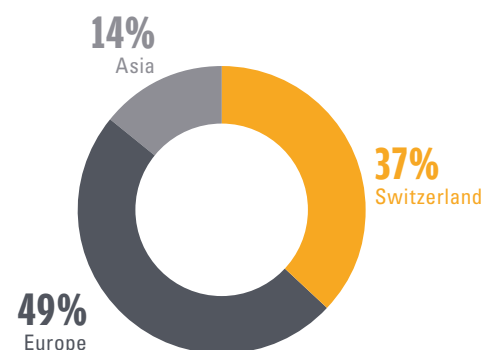


Of the total FTEs, 568 are permanent employees and 23 hold temporary employment contracts. 566 are full-time employees and 25 FTEs (corresponding to 32 headcount) work part-time of less than 100%.

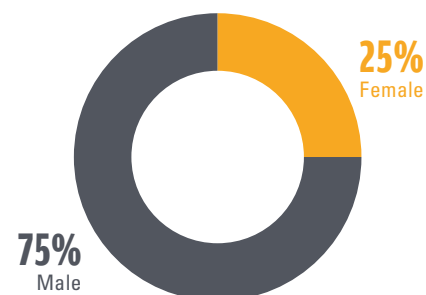
Workers who are not employees are contractors and work at Leonteq at a project level. Contractors are not considered employees as they do not have an employee contract with Leonteq, and are therefore not included in the company's FTE count. As at 31 December 2023, 99 contractors worked at Leonteq.

In 2023, Leonteq hired a total of 108 employees. This corresponds to a total of 107 FTEs.

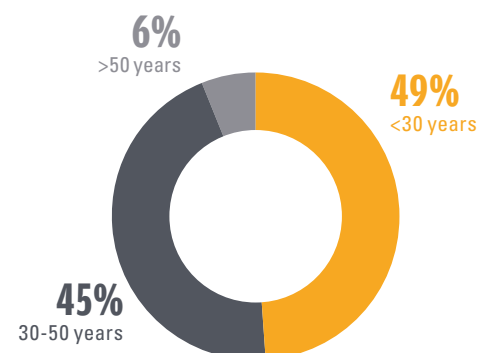
New hires by region



New hires by gender



New hires by age group



FTEs	2023	New hire rate ¹ 2023	2022	New hire rate ¹ 2022
New hires	107	18%	165	30%
Gender				
Female	27	25%	37	23%
Male	80	75%	128	77%
Age				
<30	52	49%	74	45%
30-50	49	45%	82	50%
>50	6	6%	9	5%
Region				
Switzerland	39	37%	56	34%
Europe	53	49%	82	50%
Asia	15	14%	27	16%

¹ Total number of new hires in relation to the average headcount at the end of the respective period.

People management

Our people are at the core of our Group's success, and we strive to offer them a supportive framework throughout their time at Leonteq.

Leonteq's Human Resources department is the point of contact for employees and line managers throughout their employment relationship, and it fosters an open door policy. Employees are assigned a designated HR Business Partner and receive appropriate support in all employee-related matters.

In our Swiss home market, the agreement on the recording of working hours (VAZ) issued by the Employers' Association of Banks in Switzerland (AVG) is applicable to employees who meet the requirements stipulated in the VAZ.

Flexible working model

Following the need to provide flexible working arrangements during the Coronavirus pandemic and the continued demand for flexible working models among employees in the post-pandemic period, Leonteq introduced a flexible work set-up, which was officially communicated to employees in 2021. Leonteq's hybrid model allows employees to work from home for up to two days per week, depending on their function and department. Additionally, they have the possibility to "work from anywhere", subject to regulatory restrictions on working abroad, for up to one week every six months, depending on their function and department. Leonteq's flexible working model is designed to foster a healthy day-to-day work/life balance and also takes into account the length of service of employees with service award benefits as well as offering the option for employees to buy additional vacation days.

Engaging with our employees



GREAT PLACE TO WORK® Switzerland and Portugal

Leonteq took part in the Great Place to Work® initiative for the first time in 2022. Employees globally were asked to participate in an employee survey as the first step in this process. Based on the survey results, which included an overall Trust Index Score of 68%, as well as additional analyses of the company, Great Place to Work® certified Leonteq's locations in Switzerland and Portugal as Great Places to Work.

Leonteq aims to improve its overall Trust Index score to over 72% by 2026, and it intends to further expand its certification across its locations. To help achieve this, Leonteq has implemented a biennial survey cycle, where the employee engagement survey will be conducted every two years, with the interim period ("in-between year") being used to implement measures identified through the survey.

2023 was an in-between year, in which Leonteq worked to define and implement measures at Group level and at the level of individual teams based on the 2022 survey results. These measures included the continuation of the hybrid working model, introduction of new educational curriculums, amendments to the employee pension scheme as well as several individual measures based on local needs in each office location. Leonteq also introduced two external employee development programmes: "GoodHabitZ" and "Speexx". A broader educational curriculum and leadership training programme was implemented and an employee mentoring programme was rolled out. The Group also conducted an organisational empowerment initiative.

More information about each of these initiatives can be found in the following pages.

Corporate Values & Ethical Guidelines

In 2023, Leonteq expanded its Code of Conduct & Ethics and developed complementary Corporate Values & Ethics Guidelines, which are designed to guide employee behaviour and actions in order to maintain a positive and ethical workplace environment. All employees are required to complete online training for both the Code of Conduct & Ethics and the Corporate Values & Ethics Guidelines as part of the Group's mandatory annual training programme.

Fostering corporate culture

Leonteq Clubs

As part of the Group's efforts to instil a positive culture across the company, the Corporate Culture Committee established the Leonteq Clubs initiative in 2023. Through this initiative, employees are encouraged to form interest groups. These groups, or clubs, aim to foster Leonteq's corporate culture as well as give employees with similar interests their own platform and space to engage with each other. Leonteq Clubs is a global initiative across Switzerland, Europe, the Middle East and Asia.

Health and safety

Protecting the health and safety of employees is assigned the highest level of importance at Leonteq. As an employer of a diverse workforce in a world that is changing rapidly and in which new risks are constantly emerging, we consider it our duty as an employer to protect the health, safety and wellbeing of our employees. We examine environmental factors, economic impacts and social issues in this context through our HR and Business Continuity Management (BCM) processes, and we have measures and programmes in place to ensure that employees know that Leonteq has their best interests at heart. It is important to Leonteq that its employees feel safe and comfortable at work and know that we prioritise their health and safety above all else.

Many factors can influence the working environment and thus impact on an employee's mental and physical health: Internal company politics, economic circumstances, an employee's personal or family situation, and of course, exceptional circumstances such as a pandemic or war. Leonteq's Human Resources department, led by the Chief People Officer, is always available to support all employees or their line managers in clarifying any issues that arise in the workplace. For topics that extend beyond the remit and expertise of our Human Resources department, complementary employee assistance services are offered through the specialised counselling firms MOVIS and Enjoy Benefits on topics including physical or mental health, personal concerns or financial issues.

In 2023, Leonteq offered a special "Power Hour" session on the topic of mental health at work. The session was conducted by an expert from MOVIS and was accessible to all employees globally in the form of a digital broadcast.

Leonteq has a Health and Safety Officer, who is also responsible for BCM and is also the IT Risk Delegate. The Health and Safety Officer leads a health and safety team consisting of evacuation officers (fire marshals) and first aiders; they complete refresher training courses on a biennial basis. Health and safety courses on emergency procedures, building evacuation and first aid assistance are provided to all employees upon joining the Group. Fire and evacuation drills are conducted annually for all employees. Hazard identification, risk assessments and incident investigations are also conducted when required.

Leonteq acknowledges the impact that a desk job has on a person's physical health, and the stress and strain placed on the body due to a lack of exercise. Leonteq therefore offers standing desks, ergonomically designed chairs and adjusted lighting to provide optimal comfort and posture support.

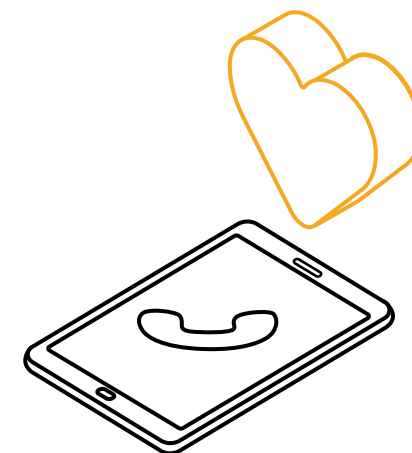
As part of the Leonteq Clubs initiative established in 2023, clubs were formed with a focus on running, football, paddle surfing, table tennis and golf. This reflected the fact that many employees are interested in maintaining or improving their physical health or wellbeing while also engaging with their colleagues.

The Group also takes part in external initiatives that promote employee health, such as the "bike to work" campaign in Switzerland,

which Leonteq has participated in for several years. This nation-wide campaign benefits employee health and the environment. In 2023, 16 Leonteq employees formed four teams and took part in the challenge to support sustainable mobility by cycling a total of 7,378 kilometres.



CYCLING
7,378 KILOMETRES
CYCLED BY LEONTEQ EMPLOYEES



MOVIS AND ENJOY BENEFITS
SPECIALISED EMPLOYEE ASSISTANCE SERVICES



HEALTH AND SAFETY OFFICER
RESPONSIBLE FOR BUSINESS CONTINUITY MANAGEMENT
AND IS THE IT RISK DELEGATE

Talent development

Positions and functions that provide opportunities for development and give employees a sense of purpose, satisfaction and inspiration are important to promote employee motivation and wellbeing and thus also contribute to the long-term success of the business. We recognise our responsibility to support the personal and professional development of our employees and the positive impact that continuous learning has on their professional lives. We are therefore committed to giving our employees attractive training and development opportunities. Through these efforts, we are increasing the employability of our own people and the skills, innovative strength and attractiveness of the local workforce.

We invest in the development of our employees from day one and offer them regular opportunities to grow their skills and knowledge, both as part of their professional role in a company within the financial industry and in areas that are partly unrelated to their core field of work. Overseen by the Human Resources department and Chief People Officer, employees are provided with a variety of professional development opportunities as well as career planning and succession planning as part of Leonteq's Education & Talent Development programme.

The programmes to enhance employee skills include Leonteq's Graduate Programme, the onboarding programme, the Crypto Currency Workshop, the Institute for Management Development (IMD) online structured products course, external presentation skills training, and leadership training. In 2023, the leadership training offering included Leadership Workshops, a New Leaders Webinar, a Coaching as Leadership Tool Workshop and Interview Skills Workshops. Leonteq also encourages employees to complete external courses such as the CFA certification. In 2023, Leonteq additionally introduced a digital business language training programme offered by the external provider Speexx. We also work with MOVIS to provide transition assistance programmes for employees to increase their employability and to help them navigate a change of direction due to retirement or the termination of employment.

Talent development initiatives

Job architecture

In 2023, Leonteq initiated a project to further define the job architecture of its workforce. As part of this project, each job function will be analysed and defined according to the standards of a new global job framework. This exercise will not only help to maintain an overview of Leonteq's diverse job offering and career paths for professional development, but it will also enable the company to further align with market standards across the industry in terms of recruiting, compensation, performance management and reporting.

Organisational Empowerment

The Organisational Empowerment initiative was launched based on the findings of Leonteq's Great Place to Work employee survey conducted in 2022. The goal of the initiative was to recognise and unlock the full potential of employees and to support their professional growth while identifying how they can best contribute to the Group's success. The relevant process was conducted by each employee's line manager using a "potential analysis" that comprised a series of questions in the categories: Drive & Commitment, Self-Awareness & Teamwork, Learning Agility & Change Management, and Resilience & Stress Management. The results of this questionnaire, combined with the employee's performance review, identifies an employee's "performance potential" within the 9-Box Grid evaluation framework.

The 9-Box Grid is an employee assessment tool that divides and plots employees across nine key data points. This grid-based system is used to evaluate the employee's level of performance (retrospective) in combination with the employee's growth potential (future-oriented).

Mentoring Programme

In 2023, Leonteq launched a Mentoring Programme that is designed to support and foster the development of employees by pairing them with a more experienced colleague. Through this programme, employees can obtain valuable insights from their mentor, build their skills, develop their careers, and expand their professional network. The programme is available to all employees globally.

Educational programmes

Leonteq's educational programmes are available to all employees globally, including part-time and temporary workers, unless otherwise stated.

Employee training hours are determined by considering both required compliance training courses and Graduate Programme training as well as optional educational programmes offered in-house by Leonteq professionals or external partners.

Employee training hours

	2023	2022
Average hours of training per employee (FTE)	18	15
Gender		
Female	20	13
Male	18	15
Employee rank		
Senior Management	15	9
Professionals	19	16
Division		
Executive Committee members	9	2
Finance & Corporate Services	18	16
Human Resources	22	8
Investment Solutions	17	14
Legal & Compliance	17	14
Markets	18	18
Operations & IT	18	13
Risk Control	25	27

GoodHabitz

Through the external provider, GoodHabitz, Leonteq employees have unlimited access to over 100 soft skills training courses on a range of topics, including Personal Strength, Inspirational Leadership, Communication, Health, Safety & Wellbeing, Productivity, and Digital Skills.

IMD online course "Investing in Structured Products"

Together with the Institute for Management Development (IMD), Leonteq offers an online course in structured investment products to clients and employees. This course combines the excellence and academic rigour of IMD's executive education offerings with Leonteq's expertise and innovation in the structured products business.

The jointly developed online course is a custom offering comprising two modules: The first, called "Foundations", instructs participants on the fundamentals of structured products, while the second course, "Advanced", provides a deeper understanding of more complex topics and product features.

By completing these modules, participants gain a thorough understanding of structured products across all the different product types. Participants who successfully complete the course receive a customised IMD-Leonteq certificate.

SpeeXX business language courses

Leonteq employees with a permanent contract have access to the digital language training service provided by SpeeXX. This external partner uses AI to create a completely personalised learning environment based on a growing library of more than 30,000 business language activities and exercises to improve business language skills.

Graduate Programme

Leonteq's Graduate Programme offers long-term career development opportunities for new graduates in the form of tailored, business-specific professional training. The 12-month programme includes an off-campus, two-week intensive training course.

Leadership and professional development

In 2023, Leonteq offered the following leadership development training courses: Leadership Workshop, New Leaders Webinar, Coaching Workshop and Interview Skills Workshop.

A strong leadership team is crucial for the achievement of our business objectives. Our Leadership Programme informs management about various topics that are important to successfully lead a team, including identifying employee potential, workplace diversity, and individual and professional growth. In 2023, Leonteq held several training sessions led by in-house professionals – Leadership Workshops, a Coaching as Leadership Tool Workshop, three Interview Skills Workshops as well as two New Leaders Webinars – and encouraged its female managers to attend events hosted by Advance, a business network promoting gender equality in Switzerland.

As Leonteq employees who progress in their careers have the option to take on senior management positions, Leonteq additionally has several tools in place, including external coaching services, to ensure the talent and professional potential of individual employees are identified and leveraged.

External degree programmes and certifications

Leonteq encourages its permanent employees, including part-time workers, to complete external degree programmes and certifications. In 2023, Leonteq supported the employee participation in 13 different programmes.

Power Hours

“Power Hour” events feature both internal and external speakers who provide employees with information from across the Group’s divisions on key topics relating to the development of Leonteq’s business, as well as a wide range of external topics. Power Hours are held on a monthly basis. In 2023, the topics presented by external experts included “Mental Health at Work”, “Make-it-C.L.I.C.K. Human-centric communication in a complex reality”, “Success Factor Body Language”, and “Enhancing Workplace Success through Emotional Intelligence” from external experts. Educational power hours presented by Leonteq specialists included “Presentation Skills”, “Insights into the Legal Department”, “Insights into Personal Data Protection”, and “Insights into Cybersecurity at Leonteq”.

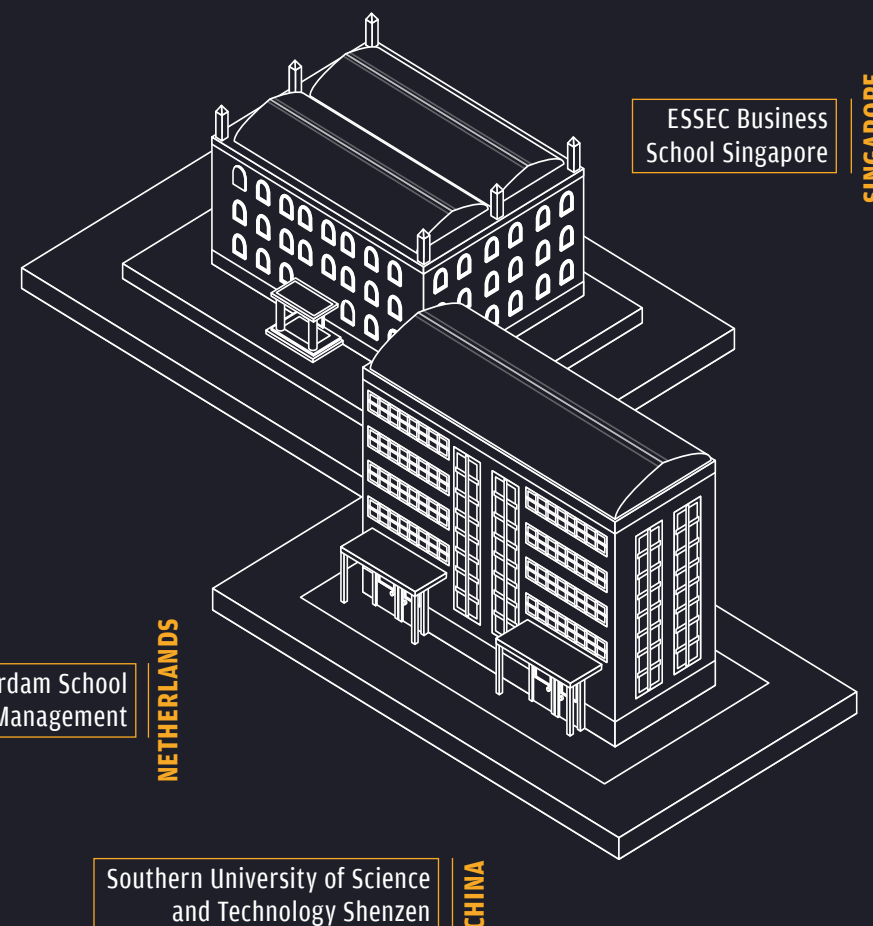
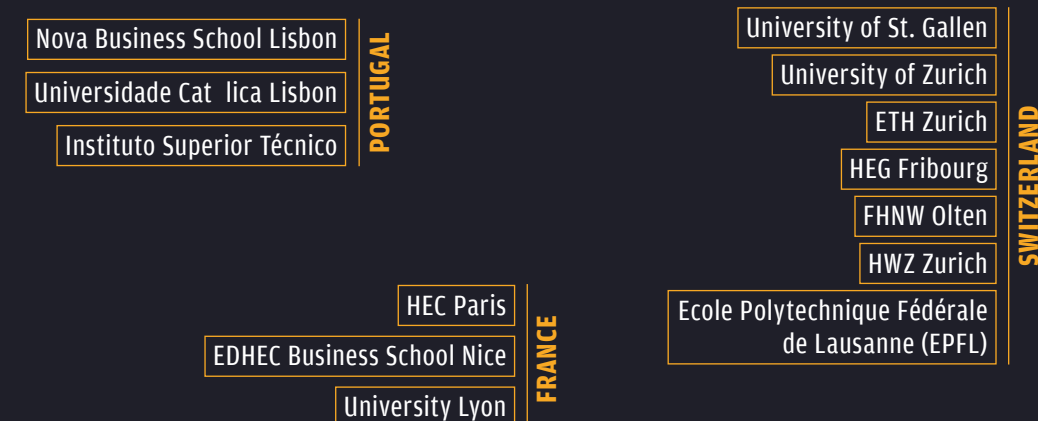
Young talent

Leonteq values and recognises the importance of young talent in the workforce. As part of its goal to develop the next generation of leaders, Leonteq has a talent pipeline in place to bring young professionals to the Group. Leonteq is actively involved in university education and recruiting activities, and it offers IT apprenticeships, internships and graduate positions to young employees on an ongoing basis. These different posts take the form of temporary contracts for students and young professionals at the start of their career.

As part of its efforts to connect with universities and young talent globally, Leonteq engaged with 16 universities across Switzerland, Europe and Asia in 2023. This enabled it to reach over 1,500 students who were predominantly completing finance and technology degree programmes at the University of St. Gallen, University of Zurich, ETH Zurich, École polytechnique fédérale de Lausanne (EPFL), HEG Fribourg, FHNW Olten, HEC Paris, EDHEC Business School Nice, University Lyon, Nova Business School Lisbon, Católica Lisbon, Superior Técnico Lisbon, Instituto Universitário de Lisboa, Rotterdam School of Management, ESSEC Business School Singapore, and Southern University of Science and Technology Shenzhen.

The internship programme, lasting between 6 and 12 months, gives university students and new graduates their first professional experience within the industry. In 2023, Leonteq hired 25 interns, one of whom subsequently took on a graduate position.

Leonteq's graduate programme, which was initiated in 2015, offers long-term career development opportunities for new graduates in the form of tailored, business-specific professional training. In 2023, Leonteq hired seven young professionals for its Graduate Programme, of whom five were female and two male.



FAIRS AND EDUCATION SERIES ATTENDED	PRESENTATIONS GIVEN ONLINE AND IN PERSON	STUDENTS REACHED
23	11	>1,500

Compensation and promotion

Appropriate compensation is an important factor determining employee satisfaction and loyalty. Leonteq is committed to offering employees fair and competitive compensation and benefits that exceed all country-specific minimum living wage requirements where the Group operates and that are in line with market standards and the Group's remuneration principles.

In 2023, based on its remuneration process, the Group established a new global remuneration policy, which was approved by the Board of Directors and came into effect as of January 2024. The policy governs the fundamental aspects of Leonteq's approach to remuneration and outlines the Group's key remuneration principles.

Leonteq's key remuneration principles include:

- Leonteq offers a competitive and merit-based compensation, which rewards consistent high performance and the successful, sustainable implementation of business objectives in the interest of the stakeholders;
- The remuneration procedures and practices are compatible with, and supportive of, effective and prudent risk management and compliance with legal and regulatory requirements;
- Remuneration is based on the function's responsibility and latitude as well as the incumbent's capabilities, experience, and knowledge. The level and future progression of a salary are aligned with market practice in the respective labour market;

- Employees are rewarded on a total rewards basis, which includes fixed and short-/long-term variable compensation, as well as tangible and intangible benefits (in line with market practice). The proportions of the variable compensation shall incentivise appropriate conduct and actions; and
- Leonteq encourages a safe and healthy work environment, free from any kind of discrimination. In terms of compensation, we promote equal pay for work of equal value.

Compensation types

Total employee compensation consists of both fixed and variable compensation, with each compensation category broken down further into specific remuneration types and subject to various determinants.

Fixed employee compensation comprises an employee's base salary and allowances. It varies according to the responsibility, requirements, rank and labour market associated with the role as well as the individual employee's qualifications or expertise, experience and other attributes that influence performance.

Variable compensation is awarded annually based on contractual agreements and/or at the discretion of the Group. It varies, depending on the overall performance of the Group, as well as divisional and individual performance, measured on the basis of predefined, strategy-oriented quantitative and qualitative KPIs, including non-financial factors such as ESG aspects, cultural values, compliance and risk-taking. The payment of any variable compensation is subject to employees having always acted appropriately

and in line with any law, regulatory rules or policies of the Group.

Sales employees mainly receive variable compensation based on a sales formula, which is linked to sales productions. Adjustments are made to reflect the Group's trading result, the Group's net profit and the sales organisation's direct and indirect costs of production. Additional adjustments are made for negative performance contributions, including among others material client complaints and non-observance of internal policies and failure to meet appropriate standards of fit & proper.

More information about compensation plans for employees can be found in the Compensation Report of the Annual Report 2023 on page 179 and in article 13 of the Financial Report on page 238.

Executive Committee members are remunerated based on their specific compensation model, which is based on clearly defined performance metrics with the aim of ensuring maximum transparency. Further information about the Executive Committee compensation model can be found on pages 172 to 177 and information about the remuneration of members of the Board of Directors can be found on pages 178.

Annual Year-End Process

Every year between September and March, Leonteq conducts an annual year-end process, which includes annual performance reviews, determination of variable compensation, and the promotion process.

Performance review and variable compensation

Discretionary variable compensation is determined at Leonteq's discretion and is subject to a broad range of assessment criteria. These include the performance of the Group as a whole, of the division and of the individual, as well as the individual's disciplined risk management and compliance-centred behaviour. In order to support this, Leonteq has a comprehensive performance management system in place based on three ratings: Job function, tasks and culture. An employee's overall rating is determined based on the calculated result of all performance indicators combined with their respective assigned weight. Non-compliant or unethical conduct and unreasonable risk-taking can lead to a manual downward adjustment of the overall rating.

Permanent employees who join the company before 1 July are required to complete a performance review with their managers for that year. Employees who are on long-term leave, such as parental leave or a sabbatical, during the performance review period, or who have a set employment end-date near the beginning or end of the calendar year, are exempt from the need to complete an annual review. Consequently, the percentage of employees who received an annual performance review

is based on the total number of employees (in terms of headcount) who are eligible for a performance review, as outlined above.

In 2023, all employees, including members of the Executive Committee, completed a year-end performance review.

Promotion process

Each employee's rank is evaluated during the annual year-end process and promotions are awarded based on various criteria. To be considered for promotion, an employee's line manager must complete a promotion request form. Depending on their rank, employees must present their case to the Executive Committee or another designated committee, they must have held their previous rank for a certain period of time, and they must have succeeded in achieving defined KPIs as part of their performance review, among other factors.

Six different ranks exist at Leonteq: Employees, Analysts, Associates and Directors (collectively defined as "Professionals") and Executive Directors and Managing Directors (collectively defined "Senior Management").

Leonteq-specific benefits

Leonteq's benefit programme is available to employees both on a global and regional level. Whilst benefits such as the length of service award, work from anywhere allowance and corporate travel insurance are offered globally, local offerings such as car and public transportation discounts, fitness offerings and food and drink discounts are organised locally and differ from region to region.

The majority of benefits offered in each office location are available to all employees working there. The "work from anywhere" benefit is also dependent on an individual's function within the Group. The only benefits provided to full-time employees that are not offered to temporary and/or part-time employees are subsidised public transportation. Lunch allowances are provided in Switzerland and Portugal to all employees including part-time and temporary employees, but not interns.

Additional vacation days and length of service awards

Leonteq grants employees additional vacation days when they reach various service milestones. Employees who reach a 5-, 15-, 25-, or 35-year anniversary, are awarded five additional vacation days. On reaching a 10-, 20-, 30-, or 40-year anniversary, they are awarded a sabbatical of up to two months, of which four weeks comprise paid leave.

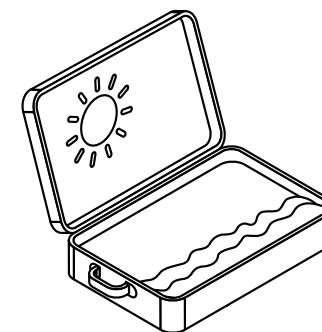
In addition to these gifted vacation days, an employee has the option to buy additional vacation days at any point during their employment at Leonteq.

Pension and insurance benefits

Leonteq employees in Switzerland additionally benefit from generous pension provision and are covered by Leonteq's accident insurance policy, which exceeds statutory requirements. In terms of accident insurance, Leonteq employees are insured against occupational and non-occupational accidents, in accordance with the Federal Accident Insurance Act, and Leonteq pays the employer and employee premiums for both occupational

and non-occupational accidents. This insurance not only covers treatment costs but also additional capital insurance benefits in the event of disability or death.

Leonteq employees also benefit from an occupational benefit plan governed by separate regulations, which insures them against the financial consequences of retirement, disability and death in accordance with the established pension fund plan. As part of this offering, Leonteq also contributes to each employee's pension fund, paying the highest level of savings regardless of the employee's chosen contribution level. Equivalent benefits for Leonteq employees outside Switzerland vary depending on local legal requirements.



ADDITIONAL VACATION DAYS

EMPLOYEES CAN BUY
ADDITIONAL VACATION DAYS
AT ANY POINT DURING
THEIR EMPLOYMENT AT LEONTEQ

Parental leave

Mothers and fathers are granted parental leave following the birth or adoption of a child. The amount of parental leave granted, is in line with the legal requirements in each country where Leonteq operates. Additionally, in Zurich, Geneva and Hong Kong, new parents are paid 100% of their salary while on parental leave, rather than the 80% prescribed by local law.

	Employees ¹ entitled to parental leave in 2023	Employees ¹ who took parental leave in 2023	Employees ¹ who returned to work from parental leave in 2023	Employees ¹ who were still working at Leonteq 12 months after returning from parental leave
Male	25	25	21	23
Female	4	4	3	7
Total	29	29	24	30

¹ Headcount

	Return to work rate	Retention rate
Male	84%	82%
Female	75%	70%
Total	83%	79%

Non-Financial benefits

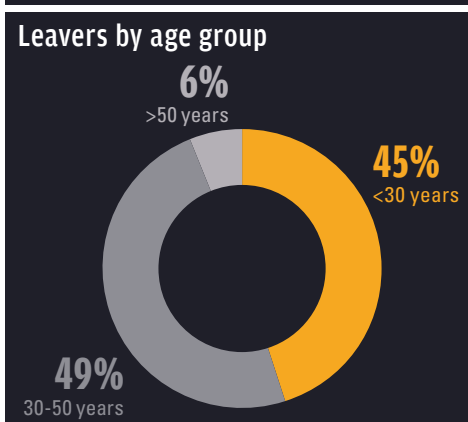
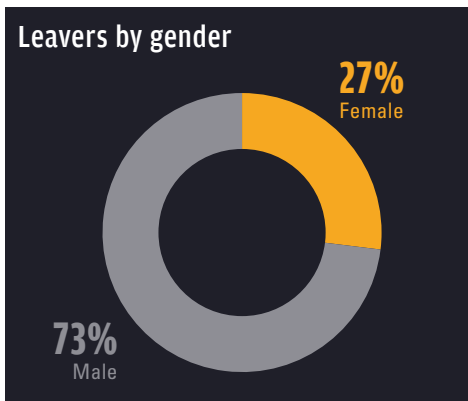
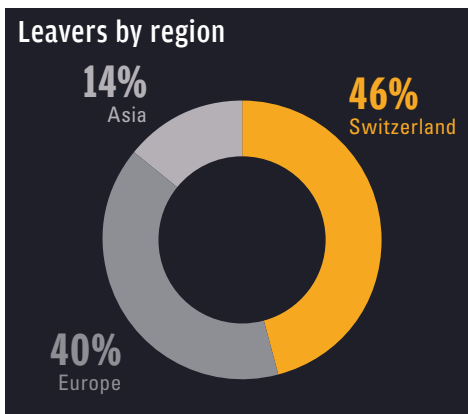
Leonteq offers its employees a range of non-financial benefits.

	BENEFITS COVERING >50% OF WORKFORCE (IN FTE)	BENEFITS COVERING >75% OF WORKFORCE (IN FTE)	BENEFITS COVERING >100% OF WORKFORCE (IN FTE)
Insurance coverage (travel, accident, sickness, life, and/or health)			✓
Retirement plan			✓
Public health services / counselling		✓	
Fitness		✓	
Public transportation support	✓		
Fleet discount	✓		
Lunch allowance	✓		
Coffee & tea in the office			✓
External education support			✓
Length of service award			✓
Parental leave beyond required minimum	✓		
Flexible working			✓

Termination

Leonteq is a young and dynamic company that seeks to attract and retain the best talents. In 2023, we experienced a total voluntary employee turnover rate (defined as the total number of employee-initiated resignations in relation to the headcount at the end of the respective period) of 8% (2022: 11%). This compares to the overall total employee turnover rate of 16% (2022: 15%), which excluding interns with fixed employment contracts amounts to 13%. While we report fully on Leonteq's total 2023 turnover in the following tables, Leonteq considers voluntary turnover metrics when calculating its performance against benchmarks.

Leonteq has a core group of employees who have been with the Group for multiple years – meaning that we continue to benefit from their expertise and long experience. At the same time, our Group is consistently growing and Leonteq continues to welcome new talents. In total, 314 FTEs (53%) have worked for Leonteq for four or more years (2022: 255 FTEs, or 45%), and 277 FTEs (47%) have worked at Leonteq for less than 4 years (2022: 327 employees, or 55%).



Employee turnover

Leavers (in headcount)	2023	Turnover rate ¹ 2023	2022	Turnover rate ¹ 2022
Total leavers	98		87	
Gender				
Female	26	21%	10	9%
Voluntary	15		9	
Involuntary	6		1	
External Influence ²	5		0	
Male	72	15%	77	16%
Voluntary	35		57	
Involuntary	19		17	
External Influence ²	18		3	
Age				
<30	44	37%	27	21%
Voluntary	17		21	
Involuntary	4		4	
External Influence ²	23		2	
30-50	48	11%	54	13%
Voluntary	31		42	
Involuntary	17		12	
External Influence ²	0		0	
>50	6	12%	6	13%
Voluntary	2		3	
Involuntary	4		2	
External Influence ²	0		1	
Region				
Switzerland	45	13%	37	11%
Voluntary	25		30	
Involuntary	10		5	
External Influence ²	10		2	
Europe	39	20%	34	20%
Voluntary	20		23	
Involuntary	8		10	
External Influence ²	11		1	
Asia	14	19%	16	22%
Voluntary	5		13	
Involuntary	7		3	
External Influence ²	2		0	
Rate of employee turnover	16%		15%	

¹ Total number of leavers irrespective of reason in relation to the headcount at the end of the respective period.

² Including employees with limited contracts or who retired

Diversity and inclusion

Leonteq is a global company and employs people from many different backgrounds. The diversity of our workforce enriches the Group as well as the local labour market, as each individual brings specific expertise to their employer. The different cultural backgrounds of our employees help to create a diverse environment with mixed teams whose varied profiles and experience have a positive impact on the business by introducing a range of perspectives – resulting in more diverse outcomes. In 2023, Leonteq employed people from 55 different nations, demonstrating the diversity of our workforce.

As a fintech company with a large portion of its employees in sales and IT roles, Leonteq is aware of the challenges faced when seeking to increase gender diversity. As is characteristic of these two disciplines across the industry, Leonteq's IT and front office staff (IT & Operations and Investment Solutions) have some of the lowest ratios of female employees. Leonteq nevertheless considers diversity across ranks and functions to be a very important factor to help it remain competitive and to position the Group as an employer of choice. It is therefore working to improve its diversity ratios and has defined as one of its key ESG targets to increase the gender diversity across the Group to over 25% by 2026. Some of Leonteq's Human Resources-led initiatives to increase gender diversity within the Group and to attract a more diverse demographic of employees include its participation in university job fairs and its measures to promote part-time and flexible working.

Employee nationality



1-20 employees

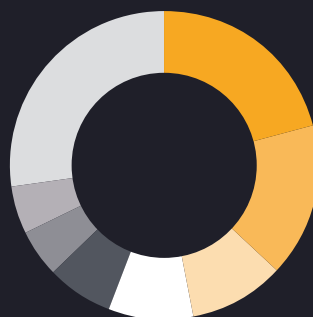
21-40 employees

41-80 employees

81-100 employees

>100 employees

Nationality



21%
Switzerland

10%
Portugal

7%
Germany

5%
Singapore

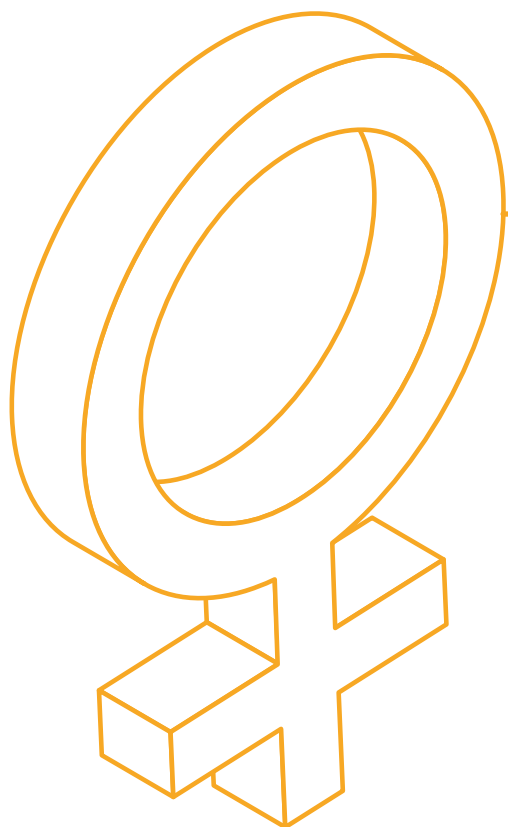
16%
France

9%
Italy

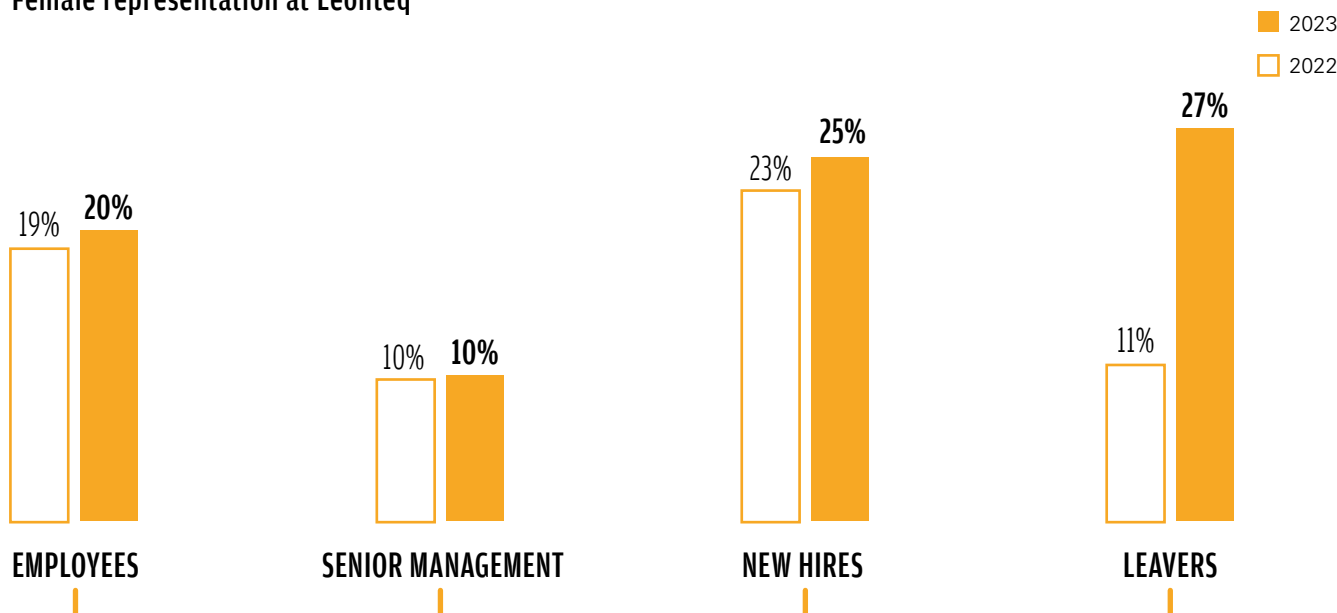
5%
United Kingdom

27%
Other

Our path towards >25% gender diversity



Female representation at Leonteq



Following the Group's commitment to achieve over 25% gender diversity by 2026, several initiatives were implemented during 2023 as a first step towards closing the gender gap among Leonteq employees.

As part of our recruiting efforts to attract female talent, Leonteq took part in over 30 university events, including the Women in Finance Forum at the EDHEC Business School Nice. Initiatives targeted at all current Leonteq employees include the internal Mentoring Programme and Power Hour sessions. Further, female employees in Switzerland with the rank of Director and above have access to Advanced workshops and diversity initiatives.

Leonteq's internal efforts were complemented by the Group's sponsorship of the Advance

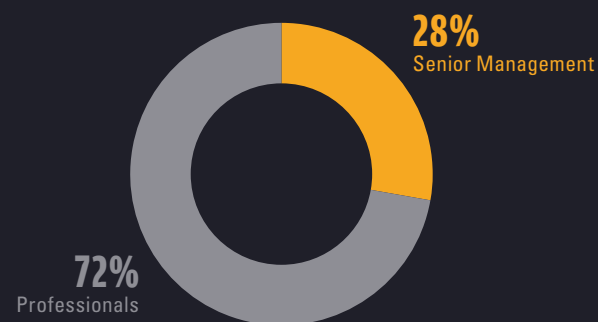
International Women's Day 2023 art exhibition and flagship event. The Group CEO additionally attended the Advance CEO session, which focused on fostering a dialogue between CEOs and young men and women to better understand the transformation needed to achieve a more gender-equal workforce and inclusive leadership. An important topic of discussion, especially at a time of skill shortages, was how companies can retain both male and female talents in the workforce if employees start a family.

In 2023, 20% of Leonteq's workforce was female (2022: 19%), and the percentage of new female hires rose by 2 percentage points to 25% in 2023 (2022: 23%). The percentage of female employees in Leonteq's senior

management remained the same at 10%. However, leavers who were female increased to 27% in 2023 from 11% in 2022.

While Leonteq is moving in the right direction with a 20% female ratio in 2023, the fact remains that Leonteq operates in a niche market between finance and technology where finding suitable talent, and specifically suitable female talent, is generally more challenging. Nevertheless, female representation within the Investment Solutions division has remained the same at 11% in 2023, and it has remained at 16% within our growing Operations & IT division.

Leonteq rank structure



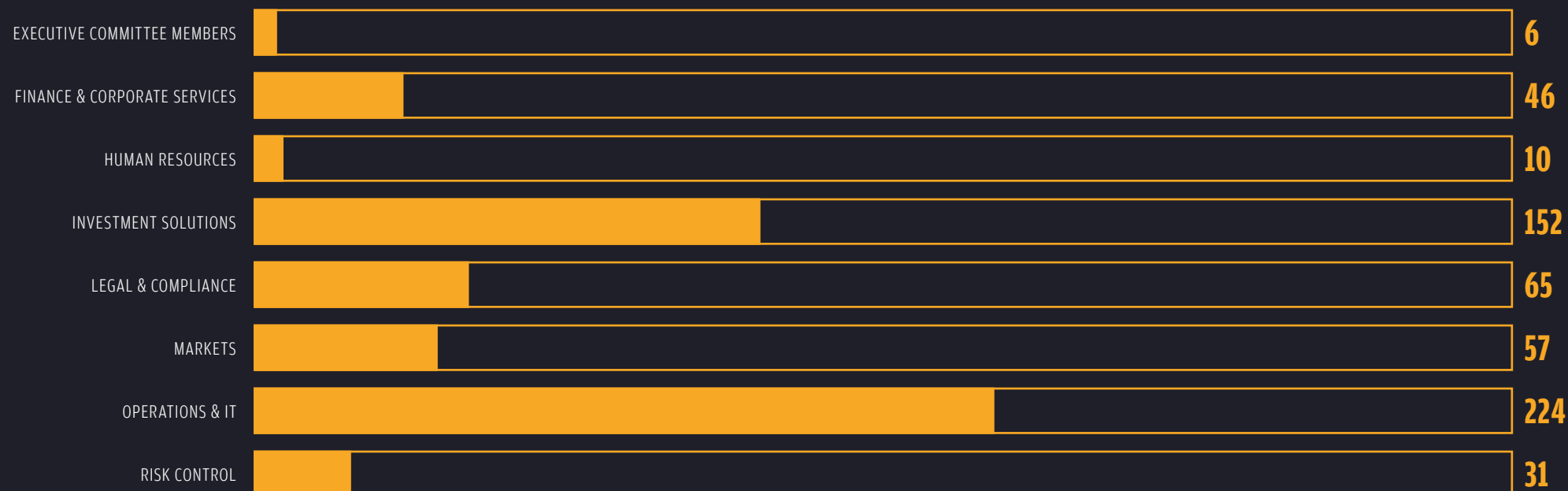
Gender distribution by employment level

Employee Level (in FTEs)	Female	Female %	Male	Male %	Total
Senior Management	17	10%	146	90%	163
Professionals	99	23%	329	77%	428

Age distribution by employment level

Employee Level (in FTEs)	<30	<30 %	30-50	30-50 %	>50	>50 %	Total
Senior Management	0	0%	133	82%	30	18%	163
Professionals	118	28%	292	68%	18	4%	428

Total FTEs by division



Gender distribution by division

Divisions (in FTEs)	Male	Male %	Female	Female %	Total
Executive Committee members	5	83%	1	17%	6
Finance & Corporate Services	29	63%	17	37%	46
Human Resources	2	20%	8	80%	10
Investment Solutions	135	89%	17	11%	152
Legal & Compliance	42	65%	23	35%	65
Markets	54	95%	3	5%	57
Operations & IT	189	84%	35	16%	224
Risk Control	19	61%	12	39%	31

Age distribution by division

Divisions (in FTEs)	<30	<30 %	30-50	30-50 %	>50	>50 %	Total
Executive Committee members	0	0%	4	67%	2	33%	6
Finance & Corporate Services	6	13%	38	83%	2	4%	46
Human Resources	2	20%	7	70%	1	10%	10
Investment Solutions	43	28%	103	68%	6	4%	152
Legal & Compliance	8	12%	45	69%	12	19%	65
Markets	11	19%	42	74%	4	7%	57
Operations & IT	37	17%	168	75%	19	8%	224
Risk Control	10	32%	19	61%	2	7%	31

Non-discrimination

Ensuring the equal treatment of our employees, clients and other stakeholders at all times – regardless of race or ethnicity, gender, nationality, age, disability, sexual orientation, religion or any other status protected by law – is of the utmost importance at Leonteq. The Group has a zero-tolerance policy on harassment and discrimination, as defined in the Code of Conduct & Ethics. It has a defined escalation, whistleblowing and grievance process in place to manage any instances of harassment and discrimination.

Each type of discrimination or other violation of personal rights – such as sexual harassment, mobbing, xenophobia, curtailments of the freedom of religion or belief, etc. – is thoroughly investigated in an interview process. Any person committing acts of harassment and/or discrimination is subject to individual sanctions that include written warnings, personal interviews, transfer to another department or termination. Additionally, employees who have been subject to any discrimination and/or harassment within Leonteq receive support from the Group and they have the right to submit complaints without facing the risk of any negative consequences.

We strive to protect our employees' personal integrity in the workplace at all times, including throughout the hiring process, during their employment with the Group and in the event of the termination of the employment relationship.

There were no incidents of discrimination and no corrective actions taken in 2023.

Leonteq is additionally committed to the principle of offering existing and prospective employees equal opportunities in accordance with the laws and regulations of the jurisdictions in which it operates. It additionally has several rules in place to ensure equal treatment of its employees, including guaranteeing equal professional opportunities for its employees and equal pay for equal work.

Our clients

Based on our vision to be the leading marketplace for structured investment solutions, our mission is to deliver quality products and services to our partners and clients. From offering high-quality products and services to the delivery of transparent and responsible solutions, Leonteq's clients have the potential to generate real impact through sustainable investment opportunities. Generating high levels of satisfaction and consistent value for our clients and business partners is of key importance to us in all that we do because it helps to strengthen their investment knowledge and security.

We typically operate through intermediaries to whom, as part of our regulated B2B4C business model, we pay distribution fees and contractually agree the standards we expect of them, including their duties towards their clients. The vast majority of these distribution partners are regulated financial intermediaries which have to comply with the regulations put in place by the respective financial market authority. Our 1,021 clients are located across Europe, the Middle East and Asia. They are served by Leonteq's experienced sales team of industry experts that provides continuous support and is committed to building long-term client relationships. With a digital marketplace offering a vast universe of structured products, Leonteq gives clients access to a variety of issuers, asset classes and pay-offs that are available on the platform. Leonteq's distribution capabilities are complemented by a dedicated in-house ideation, structuring and trading team and include a digital and automated pricing engine.

Our experts

Sales team

Leonteq's seasoned Sales team is strategically positioned across 12 different locations spanning 11 countries, enabling it to effectively service 1,021 clients globally. Comprising 95 professionals, our Sales team specialises in serving institutional customers, and has a deep understanding of their unique needs. We are committed to helping clients formulate and execute investment strategies, leveraging a diverse range of structured investment products.

The Sales team's close collaboration with our skilled Structuring and Trading teams enhances our ability to meet and exceed client expectations. Notably, Leonteq has received over 90 awards across various categories in numerous countries. Noteworthy achievements include the 13 consecutive Swiss Derivative "Top Service" awards presented to Leonteq since 2011, recognising our commitment to excellence.

Trading team

Leonteq's versatile Trading team, with expertise spanning various asset classes, employs a global cross-asset strategy that covers equity, commodities, credit, FX, rates and funds. The team's international focus on Asia, Europe and the US provides it with valuable insights and perspectives. Key strengths include its scalable, customisable solutions driven by technology that prioritises robust risk management systems. We seamlessly integrate cross-asset expertise, global reach, scalability, technological proficiency and an unwavering commitment to risk management in our client offering. Supported by advanced financial models, our team is at the forefront of the industry.

Financial Engineering team

Leonteq's Financial Engineering experts include those in the Structuring, Special Solutions and Digital Offering teams. Working in tandem with Trading and Sales, each team aims to enhance the Leonteq client experience by continuously improving the services offered. Due to the Structuring and Special Solutions teams' deep understanding of global markets, Leonteq is able to offer innovative solutions for clients that go beyond their initial request. The Structuring team is additionally responsible for generating ideas, which translated into nearly 250 structured product ideas for Leonteq's global client base across all asset classes in 2023. The Financial Engineering teams often support client meetings; in 2023 alone, they took part in over 300 client meetings.

Leonteq's Digital Offering team is responsible for the Group's digital marketplace, LYNQS, and for creating new features to be included within this marketplace, giving Leonteq's clients digital access to one of the largest structured product universes and enabling them to issue and distribute products via their own channels.

Partner Relations team

Leonteq's Partner Relations team comprises eight experts with combined experience of over 100 years in the manufacturing and sale of structured products. It is responsible for the strategic development of existing partnerships and for the acquisition and onboarding of potential new partners. The mandate of the Partner Relations team is to ensure the economic success of each white-labelling partnership. The team identifies new business opportunities, coordinates business development activities and, together with the partner's decision-makers, defines the medium-term strategy for both the partner and Leonteq's salesforce. The Partner Relations team additionally leads negotiations with all stakeholders during acquisition discussions.

Pension Savings team

Leonteq's Pension Savings team is a dynamic and interdisciplinary team comprising experts in regulatory structuring, financial engineering, proposition development, portfolio management, interest rate hedging and IT-platform design and development. It leverages its deep market expertise and knowledge of regulatory developments, working closely with our partners to ensure that our solutions are both innovative and efficient against the backdrop of evolving financial regulations. The team's profound understanding of pension markets and structuring capabilities allows Leonteq to offer tailor-made solutions that precisely meet the needs of both investors and partners.

The Pension Savings team incorporates the principles of scalability and robustness when designing solutions to ensure a high level of operational excellence and smooth and efficient management of all pension-related processes. At the same time, working in close collaboration with our insurance and banking partners, the team continues to improve the joint products on an ongoing basis in line with the changing market environment and evolving client requirements.

Marketing activities

As Leonteq continues to develop its business offering, each business area engages in product development, client communications and marketing activities. We have comprehensive processes in place to ensure accuracy and compliance with applicable legal regulations for best practice messaging and communication with clients, partners and other stakeholders. Our products and services meet the applicable legal and regulatory requirements with regard to labelling product types/structures and transparency, including the disclosure of fees.

Specifically, the documentation and issuance of structured products is created and designed in accordance with the Swiss Financial Services Act (FinSA). Leonteq provides investors with applicable laws and regulations, such as Base Prospectuses, Issue Terms and Key Information Documents (PRIIPs and FINSA KIDs) as well as MiFID II documents.

Leonteq's internal control system comprises controls relating to its business, operational and IT processes, as well as information security controls and controls carried out by Leonteq's partners. The internal control system is audited on an annual basis in accordance with ISAE 3402. A comprehensive report documenting these controls is produced on an annual basis and is certified by means of an external audit.

Leonteq is not aware of any incidents of non-compliance concerning product and service information and labelling, or any incidents of non-compliance concerning marketing communications for the 2023 reporting period.

Our digital platform

LYNQS, Leonteq's digital marketplace for structured products, forms one of the cornerstones of Leonteq's strategy. Based on technology developed in-house, LYNQS gives Leonteq's clients digital access to one of the largest structured product universes via the web or a mobile app. It also enables them to issue and distribute products via their own channels. LYNQS consists of several distinct modules, including investment ideas, quote, portfolio, AMC and academy.

For more information about LYNQS, see pages 19, and 28 to 29 of the Annual Report 2023.

Client education

Structured Products Academy

For professionals in the financial sector, being able to access education and training on an ongoing basis is an important consideration, especially in an environment of rapid change. In conjunction with the Institute for Management Development (IMD), Leonteq therefore offers an online training course in structured investment products for Leonteq clients and partners. The jointly developed online course is a customised offering comprising two modules: Foundations and Advanced. By completing these modules, participants gain a thorough understanding of structured products across various product types.

Trend Talks

In 2023, Leonteq held its second annual Trend Talks for clients and partners. This in-person event in Zurich served as a platform to discuss the year's investment trends. Expert speakers guided participants through an outlook for different asset classes and regions, and they shared their assessments on important investor topics, including inflation, interest rate trends and how to navigate post 60/40 failure.

Know-How video series

In 2023, Leonteq launched a series of "Know-How" videos produced in-house. Nine videos were created in total, explaining different characteristics of structured products and payoffs, including Reverse Convertibles, Yield Enhancement and Capital Protection products as well as Participation products. The videos were posted on the Group's social media channels and are accessible to clients as well as the general public via Leonteq's structured product website.

Client feedback

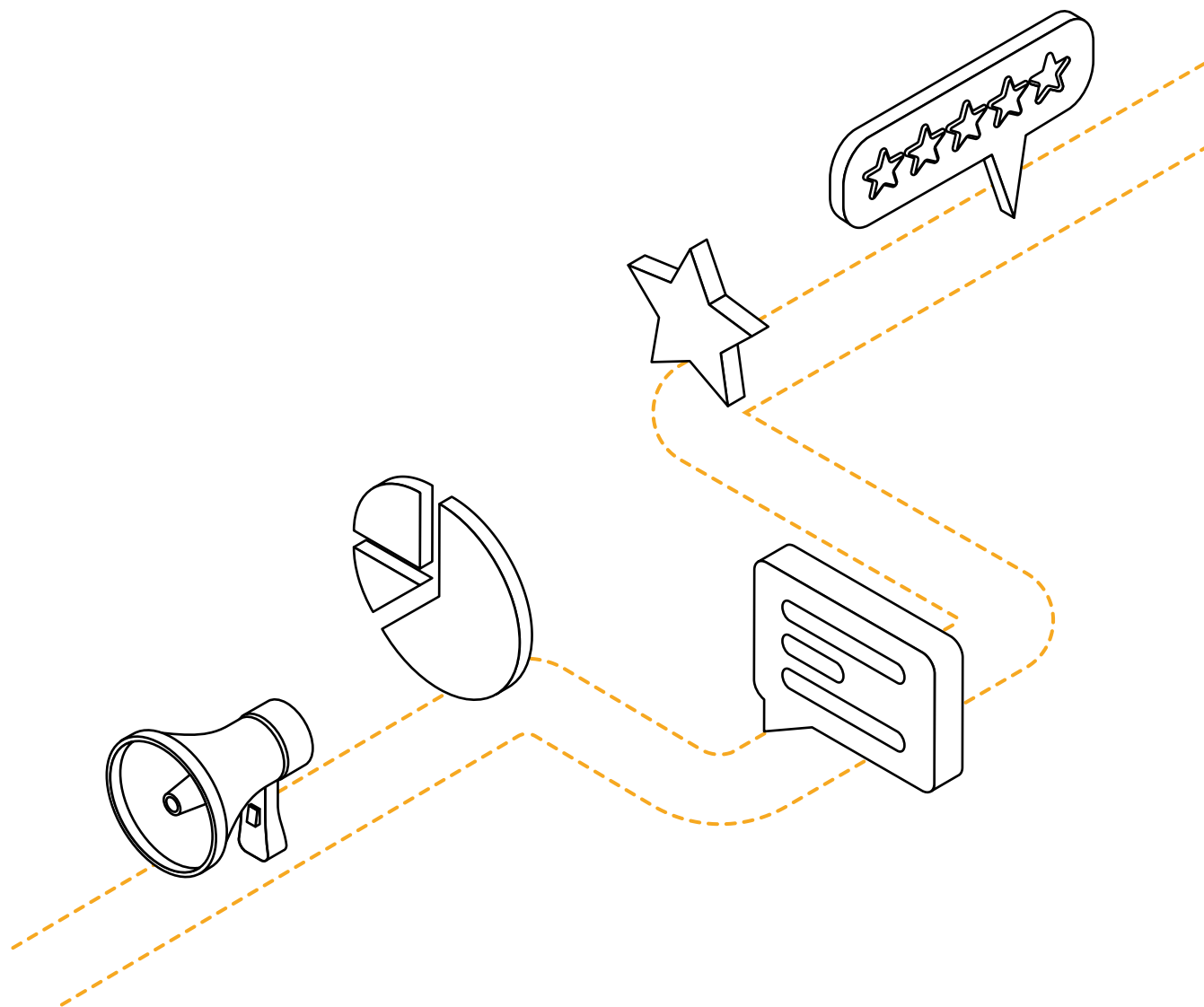
Client survey

Following the global client survey conducted in 2022, Leonteq spent 2023 addressing the feedback provided. This included broadening its offering in the area of thematic investments by launching a variety of tracker certificates that focused on topics such as low-carbon economy, impact investing and artificial intelligence. Leonteq also received the award for the “Best product in the field of climate protection” at the Swiss Derivative Awards 2023.

Client complaint process

Ensuring a high level of client satisfaction is a priority for Leonteq. We have a comprehensive client complaint process in place that is managed by our Compliance department. The process involves clarifying the legitimacy of a complaint. All complaints and claims are forwarded to the Compliance department, the head of the division that is subject of the complaint or claim and the General Counsel, if necessary or appropriate. If a complaint or claim is submitted, Leonteq issues a confirmation that it has been received within one week and informs the client of an expected date by which it will answer the complaint or claim if feasible. Ongoing coordination and monitoring are performed by the Compliance department, which also consults with the affected organisational units where necessary.

This process ensures that good relationships with clients are maintained and that errors are handled appropriately to avoid any recurrence and any detrimental impact on clients.



Our suppliers

Leonteq is active in 13 countries and works with a variety of suppliers around the globe. As our business grows, our environmental and social footprint is also increasing due to our own activities as well as the operations of our suppliers and service providers.

Led by our Procurement team, Leonteq endeavours to work with suppliers who provide high-quality products and services at fair prices while maintaining sustainable practices. In doing so, Leonteq aims to promote sustainable behaviour on the part of suppliers, with a focus on their environmental impact, as well as efforts around employee welfare and human rights. At the same time, we are aware that the suppliers we work with may face challenges due to more complex organisational structures.

Leonteq developed a Supplier Code of Conduct in 2022, which highlights the Group's environmental, social, economic and ethical expectations vis-a-vis its suppliers. Since 2023, new suppliers have been required to acknowledge the Supplier Code of Conduct as part of their onboarding process; existing suppliers have additionally been asked to acknowledge the Supplier Code of Conduct before contracts are renewed. Of its over 300 active suppliers, nearly 50% have acknowledged Leonteq's Supplier Code of Conduct.

Leonteq does not earmark a specific portion of its procurement budget for local suppliers but it recognises the impact of its business on the local job market and economic development. Leonteq therefore strives to purchase local products and services from suppliers that create positive social and environmental impacts through their work, if both quality and pricing requirements are met.

Leonteq defines "local" as products or services that are purchased from suppliers located within the country where it operates. We base our analysis on invoices paid in the financial year; the evaluation does not take into account payments directly recorded in revenues, such as trading-related fees and

interest expenses that are not paid as invoices. Leonteq defines its headquarters in Zurich, Switzerland, as its sole significant location of operations. In 2023, the head office of Leonteq Securities AG, and the head office of Leonteq AG, spent a total of CHF 80.7 million on products and services, of which 71% (2022: 68%) was purchased from a total of 363 (2022: 349) local suppliers. While we aim to support Swiss businesses, we are aware that more complex supply chains exist behind the products that we source from our Swiss suppliers.

Third-Party Risk Management

As part of our ongoing commitment to operational excellence and security, we operate a robust Third-Party Risk Management (TPRM) process. We use a comprehensive TPRM framework to identify, assess, monitor and mitigate potential risks associated with third-party relationships. These relationships can include service providers, vendors, suppliers, contractors, and other business partners, as well as regional offices or entities. Third-party relationships can be internal or external.

By rigorously evaluating third-party adherence to security and compliance standards, we can reinforce our defences against potential vulnerabilities that may arise from the extended enterprise. Effective TPRM is critical to protect a company's reputation, financial stability, and long-term success.

Supplier Code of Conduct

Leonteq is committed to preserving its high legal, ethical, and moral standards as well as a culture of compliance with local and international laws and regulations and expects the same from its suppliers.

Business Standards & Ethical Sourcing

We expect all our suppliers to conduct business with integrity and incorporate ethical and responsible behaviour into their processes and governance whilst complying with all relevant laws and regulations. Leonteq expects any information received by a supplier from Leonteq to be held securely with the same appropriate measures to safeguard that information and to ensure there is no disclosure of the data to any other party without Leonteq's permission.

Environmental Responsibility

We expect suppliers of Leonteq to work together with their supply chains to minimise the environmental impact of their operations and ensure business practices meet all applicable environmental laws and regulations.

Human Rights

Leonteq is committed to upholding the Universal Declaration of Human rights (enacted by the UN in 1948) and the conventions of the International Labour Organization (ILO) and in doing so is especially committed to no child labour, no forced or compulsory labour, freedom of association and the right to collective bargaining, as well as equal remuneration and non-discrimination. Leonteq requires that its suppliers implement and practice the same principles.

Our governance

Leonteq recognises that robust corporate governance and a clear governance structure with defined roles and responsibilities are vital for the long-term success of the Group. They instil the right mindset among Leonteq employees and reinforce the overall credibility of the financial sector.

The Group's corporate governance reflects its regulatory obligations as a Swiss securities firm and as a publicly listed Swiss company, respectively. Leonteq provides transparent disclosures about its governance to help stakeholders assess the quality of the Group's corporate governance and to assist investors in their investment decisions. Leonteq's corporate governance framework comprises its governing bodies and its corporate governance policies, which, together with applicable laws and regulations, define the competencies of the governing bodies and other corporate governance rules and procedures.

In recent years, the Board of Directors has significantly improved the Group's governance framework and strengthened the independence, skills and diversity of the Board of Directors and its Committees, including increasing female representation from 0% in 2018 to 25% since 2021. As part of these changes, the Remuneration Committee became the Nomination and Remuneration Committee, the Audit Committee and the Risk Committee were combined, and all committees were newly composed so that the majority, if not all, of their members are independent directors.

Diversity of culture, experience and opinion, as well as gender diversity, are also important criteria that are considered in the composition of Leonteq's Board. Today, the background, skills and experience of Leonteq's Board members are diverse and include prior experience in senior executive positions at financial services companies in Switzerland and abroad. The Board is composed of individuals with wide-ranging professional expertise in investment banking, wealth management, specialty finance, and audit and advisory services.

The Board continues to be committed to increase its gender diversity and has intensified the process of identifying potential candidates as new member of the Board of Directors in order to increase the female ratio and further enhance its skill set, in particular with regards to technology, digitalisation and innovation.

In 2019, Leonteq redefined its compensation system for the Executive Committee and implemented new transparent disclosures of performance evaluations and the resulting compensation outcomes. This followed the streamlining of the structure of the Executive Committee in 2017 and the appointment of a new CEO in 2018. In 2020, the Group elevated the post of Chief People Officer to the level of the Executive Committee, demonstrating its belief that Leonteq's success depends on its ability to attract, develop and retain talented professionals while ensuring a strong culture and compliant organisation.

Additional information about Leonteq's corporate governance can be found in the Corporate Governance section on pages 126 to 165.

ESG Risk Framework

In 2023, Leonteq began developing an ESG risk framework as part of its Sustainability Framework. The framework encompasses a structured process designed to identify, assess, mitigate, and monitor financial and non-financial risks associated with ESG factors. The framework will be used to define the strategy and risk appetite for the Group, to identify risks and assess their materiality, to integrate ESG risk factors into financial and non-financial risk processes, and to assign metrics and targets to each material ESG risk identified.

The framework will further address ESG risks that may have a significant impact on its financial and operational performance, its reputation, the environment and society as a whole.

Our business ethics and integrity

As a financial services company that operates in regulated markets globally, Leonteq is committed to conducting its business honestly and transparently. We have a zero-tolerance approach to all forms of corruption. We strive to operate with integrity and according to a clearly defined set of business ethics to protect our interests as a company and to serve the best interests of our stakeholders.

Leonteq's approach to ethical business conduct, including the prevention of corruption, insider trading, market abuse and fraud, is designed to safeguard our own reputation, but also the reputation and credibility of the financial sector as a whole. Leonteq's approach is also designed to avoid negative impacts on the business and to protect the Group against the financial penalties and regulatory consequences of non-compliance.

If a Leonteq employee or representative is found to have breached any of the company's rules, regulations or internal directives, they are subject to Leonteq's Disciplinary Measures Policy. The policy sets out different measures, depending on the severity of the breach – ranging from informal or formal warnings to discretionary financial penalties and ultimately dismissal.

In the event of a suspected breach of legal or regulatory requirements, internal guidelines or ethical standards, Leonteq has grievance mechanisms in place, including a global whistleblowing system.

Escalation and whistleblowing

Leonteq's global whistleblowing system is based on the Group's global policy on Escalation and Whistleblowing.

The policy complements Leonteq's Code of Conduct & Ethics and requires employees to report any violations of laws, rules, regulations or the Code of Conduct & Ethics. Reports may be made on a confidential, anonymous basis if required and as permitted by law, using Leonteq's Integrity Line, which is a third-party escalation platform hosted by EQS that serves as a whistleblowing channel to escalate cases of potential legal, regulatory or ethical misconduct.

When a whistleblowing report is submitted, the EQS platform notifies Leonteq's Global Head of Compliance, who conducts a first assessment. Based on those affected by potential accusations, either the Chairman of the Board of Directors, the Chairman of the Audit and Risk Committee (ARC), the head of Group Internal Audit, Chief Executive Officer, the General Counsel and/or the Global Head Compliance decide how to proceed, and an investigation is initiated. The result of an investigation is then reported to the decision body within 20 days of initiation and includes a recommendation for either further measures to be taken or the closure of the case.

This process is subject to supervision by the ARC of the Board of Directors of Leonteq. The ARC receives regular updates on significant reports received as well as on measures taken.

The Leonteq Integrity Line is also open to individuals outside of Leonteq who wish to report violations of laws, rules and regulations or Leonteq's Code of Conduct & Ethics.

In 2023, all reports were investigated and reported to the Executive Committee and ARC, however none of these were of critical nature.

Policies

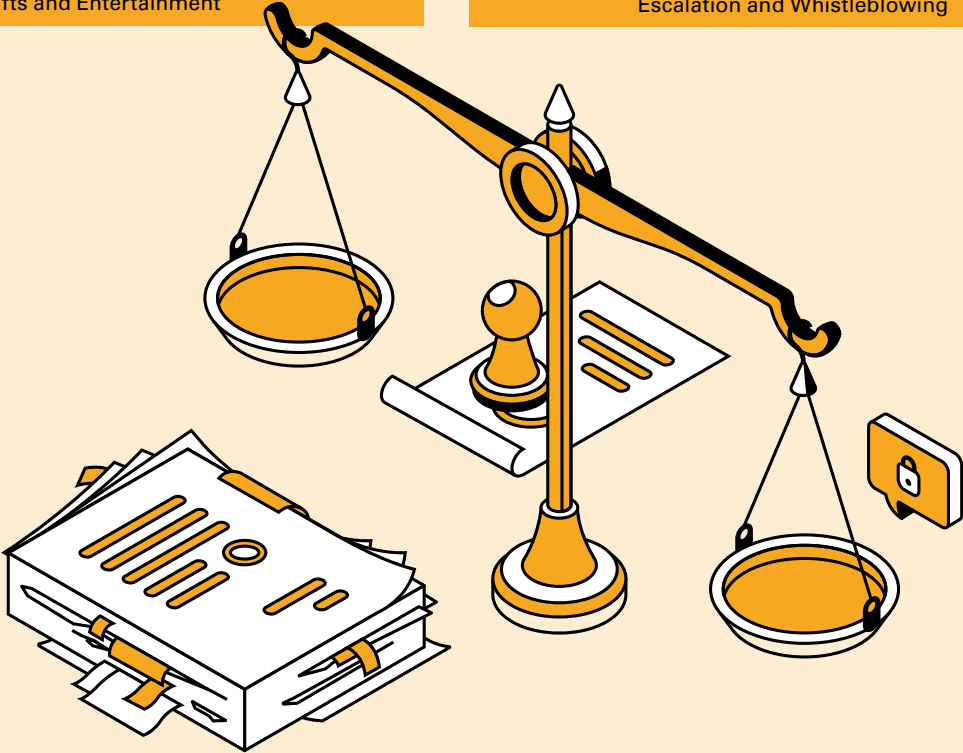
We have a number of policies, including a global Code of Conduct & Ethics, that are communicated to all employees to ensure they understand what is expected of them in terms of ethical conduct and integrity as part of their contractual relationship with Leonteq. Leonteq policies are issued and overseen by the Executive Committee or the Board of Directors. Together with members of our Compliance department and other departments, they manage and monitor each policy.

Corporate Values & Ethics Guidelines

Leonteq is committed to preserving its high legal, ethical and moral standards as well as a culture of strict compliance with local and international laws and regulations. In order to achieve a common understanding of our conduct and ethics standards, we have summarised them in our global Code of Conduct & Ethics, which is approved and overseen by the Board of Directors. It is read and acknowledged by all employees annually, is part of Leonteq’s mandatory compliance training, and guides the company and all our employees in our everyday behaviour, actions and decisions.

Our standards include a commitment to business ethics and legal and regulatory standards, human rights and social responsibility – including a commitment to upholding the International Charter of Human Rights and the International Labor Organization core labour principles. Leonteq is additionally committed to environmental responsibility, responsible investment and to promoting ethical behaviour, ethical operations and corporate values. The Code of Conduct & Ethics can be found on the Leonteq corporate website. It was expanded and updated in 2023 to include reference to Leonteq’s related internal policies. These policies include:

SIX Swiss Exchange Reporting and Disclosure Requirements	Personal Data Protection
FATCA Client Acceptance Policy	Clear Desk Policy
Conflicts of Interest	Securities Firm Secrecy
Market Conduct Rules	Handling of Complaints Claims and Errors
Employee Personal Account Dealing	Employment Rights Obligations
Client Acceptance and Prevention of Money Laundering	Disciplinary Measures
Gifts and Entertainment	Escalation and Whistleblowing



SIX Swiss Exchange Reporting and Disclosure Requirements

This policy defines the information requirements and responsibilities with regard to disclosures of Leonteq AG (the "Company", and together with its subsidiaries the "Group") and to media contacts to ensure that the company informs the public in a fair and transparent manner and at the earliest possible stage about significant developments and changes in the company. The policy ensures compliance with all applicable disclosure obligations under the Swiss Federal Code of Obligations ("CO"), the Swiss Federal Stock Exchanges and Securities Trading Act ("SESTA") and the Listing Rules of SIX Swiss Exchange ("LR", "SIX"), including implementing provisions thereof.

Conflicts of Interest

This policy addresses actions or transactions at Leonteq that may give rise to actual or potential conflicts of interests and sets forth standards by which the firm will identify and manage conflicts. This policy aims to: Uphold Leonteq's reputation for integrity and fair dealing, meet regulatory expectations, and maintain the trust and confidence of our stakeholders.

Market Conduct Rules

This policy defines the global standards for employees, contingent workers and long-term consultants to follow in the market conduct rules.

Employee Personal Account Dealing

This policy defines the global standards for employees, contingent workers and long-term consultants to follow in their "employee personal dealing accounts".

Client Acceptance and Prevention of Money Laundering

This policy serves to implement the relevant laws and regulations for the prevention of money laundering and terrorist financing for all Leonteq legal entities and its branches worldwide.

Gifts and Entertainment

This policy defines Leonteq's rules on what is allowed and what not in relation to gifts and entertainment.

Personal Data Protection

This policy helps to protect Leonteq from tangible data security risks related to personal data as defined in the applicable laws, including breaches of confidentiality, and failing to offer choice to data subjects on how their data may be used.

Clear Desk Policy

The purpose of the Clear Desk Policy is to reduce the risk of unauthorised access, loss of and damage to sensitive data during and especially outside normal working hours or when areas are unattended.

FATCA Client Acceptance Policy

This policy serves to implement the Foreign Account Tax Compliance Act (FATCA). The policy sets out Leonteq's guidelines to comply with FATCA regulations and will be of relevance in Leonteq's client onboarding process together with the Client Acceptance Policy and Prevention of Money Laundering.

Securities Firm Secrecy

This policy is based on Article 69 of the Federal Act on Financial Institutions (FinIA). Client confidentiality is embedded in contract law (duties of fiduciary care and due diligence within the contractual relationship between client and securities firm), the right to personal privacy (the financial sphere is part of the protected privacy) and securities firm law (protection under criminal and supervisory law).

Handling of Complaints Claims and Errors

This policy ensures a speedy and efficient handling of complaints, error handling in a way which avoids loss to clients and minimises damage to client relationships and to give Legal & Compliance or Risk Control an opportunity to assess whether the complaint or error is a result of procedural deficiency, carelessness or fraud and what lessons can be learned.

Employment Rights Obligations

This policy reflects our strong commitment to compliant business behaviour and declares the expectations to our personnel. The policy also serves to obey federal, state or local laws and all the given regulations, and to help to identify potential sources of any kind of criminal acts, of any kind of harassment and of any kind of discrimination (gender, race, age, appearance, homophobia, religion, political affiliation, etc.) as well as to provide practical solutions to such problems of workplace discrimination. This includes – but not limits – conduct that breaches laws, regulations, and rules of our Code of Conduct & Ethics.

Disciplinary Measures

This policy establishes the framework and governance for disciplinary measures and the assessment of the severity of a misconduct.

Escalation and Whistleblowing

This policy outlines Leonteq's escalation structure, describing the manner in which Leonteq personnel are obliged to escalate breaches, unusual incidents or genuine concerns that pose, or may pose, significant risks. Breaches, unusual incidents or concerns that pose, or may pose, significant risks to clients, personnel, the firm, and the integrity of the markets must be escalated in an effective and timely manner. Retaliation against personnel escalating in good faith is prohibited.

Compliance training

All Leonteq employees must complete annual online compliance training courses based on the Group's policies and guidelines.

These courses address specific areas of business integrity and include an annual compliance self-certification and training.

Unless otherwise stated, Leonteq compliance training courses are completed by all Leonteq employees, including part-time employees, contingent workers and long-term consultants.

Comprehensive online training courses on anti-corruption were also launched for members of the Board of Directors in 2023. Training courses included Financial Crime and Anti-Money Laundering, Escalation and Whistleblowing, Non-Financial Risk Controls and Audit Oversight, SIX Reporting Requirements, and Corporate Values & Ethics Guidelines.

Mandatory training courses that were rolled out to employees via Leonteq's e-training platform in 2023, included:

Annual Self-Certification

Employees are required to confirm their awareness of and compliance with all applicable company rules and regulations.

Corporate Values & Ethics Guidelines

This training course was launched in 2023 and aims to ensure that employees are familiar with Leonteq's Code of Conduct & Ethics as well as its Corporate Values & Ethics Guidelines, which are designed to guide employee behaviour and actions in order to foster a positive and ethical workplace environment.

Basic Compliance

This training enhances employees' general knowledge about topics that are relevant to the operations of a securities firm and the matters that they must be aware of when working at Leonteq.

Escalation and Whistleblowing

Following the establishment of Leonteq's global whistleblowing policy and integrity line in 2022, Leonteq has implemented a biannual employee training course on the topic. This training course forms an integral part of Leonteq's commitment to fostering a culture of transparency, accountability and trust within the organisation. It provides employees with the knowledge and tools needed to identify, report and escalate any concerns or potential ethical violations in the workplace.

Personal Account Dealing

This training course reinforces employees' knowledge of the processes, procedures and principles around personal account dealings.

Financial Crime and Anti-Money Laundering

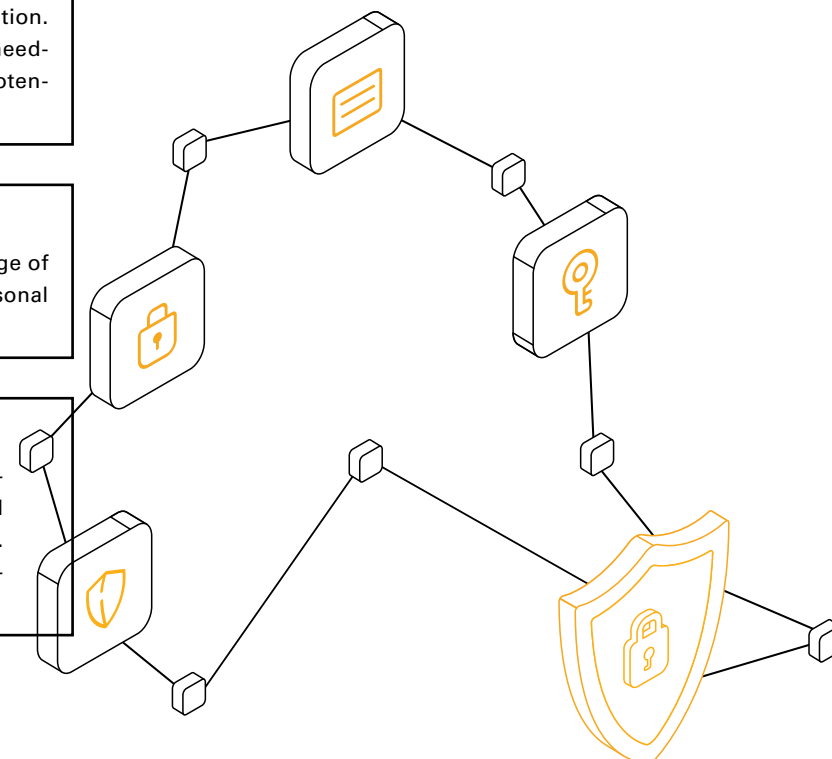
This training course enhances employees' understanding and awareness of different types of financial crime and the inherent risk they pose to the company. The training also educates employees about sanctions and the prevention of money laundering.

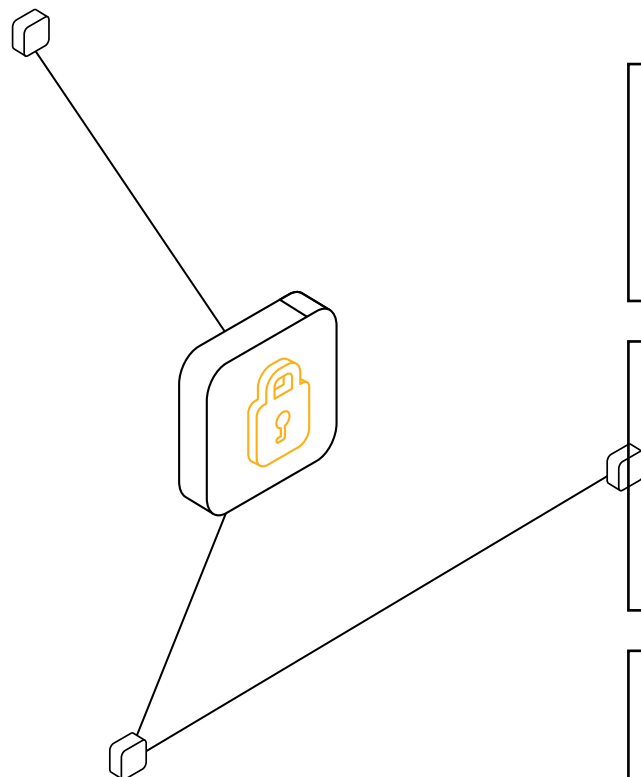
Market Abuse

This training course provides employees with additional clarity and guidance on the main market abuse concepts and regulations.

Non-Onboarded Entities

The purpose of this training is to provide guidance on if and to what extent Leonteq sales can interact with entities that have not completed the onboarding process without exposing Leonteq to undue risks.





Personal Data Protection & Confidentiality

This training course is designed to increase employees' awareness and knowledge of general personal data protection and applicable data protection laws and regulations such as GDPR and the revised Federal Data Protection Act. The training highlights the key principles of personal data protection and provides employees with the knowledge and tools needed to uphold Leonteq's commitment to data protection and to handle personal data with the utmost care and attention.

Disciplinary Measures

This training course introduces employees to the new Disciplinary Measures Policy, which establishes the framework and governance for disciplinary measures and the assessment of the severity of misconduct; it replaced the former Sanctions Policy with effect from January 2024.

Non-Financial Risk Control and Audit Oversight

This training course is designed to increase employee awareness and understanding of operational risk and the Internal Control System. As part of the training, employees are given an overview of what operational risk entails and are informed about the key elements of Leonteq's operational risk framework.

Federal Act on Financial Services

This training course is required of selected employees, including those in front office positions and those serving Swiss-based clients. This training course reinforces employees' knowledge about how financial service providers serving Swiss clients need to comply with investor protection principles, as required by Federal Act on Financial Services (FinSA) (and its Ordinance FinSO).

SIX Reporting Requirements

This training course is required of members of the Board of Directors and Executive Committee. The training highlights key information about the SIX reporting requirements that is particularly relevant to the Board of Directors and Executive Committee.

SIX Reporting Rules for Traders

This biannual training course is required of employees who are registered traders on the SIX Swiss Exchange. The course provides an overview of the rules around reporting trades to the SIX Swiss Exchange.

Fit & Proper Questionnaire

As part of the regular review performed by Leonteq's Human Resources department, in 2023 all employees were required to complete the questionnaire and confirm their continued ability to perform their role at Leonteq.

Market abuse and insider trading

Market abuse and insider trading activities are prohibited by law. Leonteq takes the prevention of these offenses very seriously. Clear rules are in place internally to implement Leonteq's policies. A series of measures and controls are used to detect breaches, including but not limited to the pre-approval of personal account dealings. Prior to any personal account dealings, employees must obtain pre-clearance from Compliance for transactions carried out through employee securities and custody accounts as well as those for which the employee is the beneficial owner or has power of attorney. The relevant transaction must not be carried out until the request has been granted explicit pre-clearance by Compliance. If pre-clearance for a requested transaction is denied, the transaction must not be executed. With this control mechanism, Leonteq strives to ensure that personal account dealings are compliant with Leonteq's Code of Conduct for employees. Compliance also takes measures to detect market abuse in the form of front running or insider trading. It also establishes information barriers to prevent conflicts of interest or the misuse of information, and it reserves the right to access all employees' recorded means to identify any signs of market abuse or insider trading.

Through these and other controls, Leonteq ensures that its employees and the Group itself uphold all relevant laws and regulations.

If a case of market abuse or insider trading is detected, it is reported immediately to the senior management of Leonteq and the competent authorities are notified if required.

Anti-corruption

Leonteq is committed to following strict anti-bribery and anti-corruption best practices and regulations and to doing business based solely on the quality of the products and services it offers and purchases.

To this end, Leonteq takes steps to actively combat any form of corruption or bribery and has policies in place, including a policy governing gifts and entertainment, that outline key requirements for employees and members of its governing bodies to manage the risk of corruption, both internally and externally when engaging with Leonteq's clients. Leonteq's Compliance department regularly informs all employees (including the Executive Committee) and the Board of Directors about Leonteq's anti-corruption policies, and it conducts mandatory annual web-based training globally, as well as continuously monitoring anti-corruption activity. In addition to standardised web training, our individual branches have the possibility to implement local training courses on anti-corruption topics. Compliance risk assessments, including risks related to corruption, are performed by Leonteq's team of experts on an annual basis. If adjustments to employee compliance training or communications are necessary, the Compliance department updates the training annually and increases or reduces its internal communication activities as needed. A compliance report, containing a compliance risk assessment, is additionally submitted to the Executive Committee and the Board of Directors once a year.

These and other measures and policies are actively measured to foster a sustainable, best-practice approach to business and to ensure that Leonteq's clients and business partners receive the best possible service. The majority of Leonteq's business partners are distribution partners, and as part of Leonteq's terms of business and/or distribution agreement, it stipulates the importance of adhering to applicable anti-corruption laws and standards, including in its contracts with distribution partners.

Based on Leonteq's business model, inherent corruption risks may exist in the areas of gifts and entertainment, fee payments, and the evaluation of products and services of providers. Leonteq has frameworks in place to address the respective potential corruption risks. The assessment of corruption and bribery risks forms part of the annual compliance risk assessment, which is performed on branch and legal entity level and aggregated globally. The global compliance risk assessment is presented to the Group's Executive Committee and Board of Directors on an annual basis and included in the compliance report. In 2023, no significant risks were identified when conducting this assessment.

To ensure the Group-wide understanding of our policies, we continuously enhance employee training about the implementation of anti-corruption measures.

In 2023, there were no incidents of corruption at Leonteq.

Leonteq is not aware of any significant instances of non-compliance with laws and regulations that resulted in fines in the reporting period. However, Leonteq's subsidiary based in Frankfurt has received a notification from BaFin to remedy deficiencies in its anti-money laundering and terrorist financing prevention. Leonteq is continuously strengthening its compliance organisation and has taken various organisational and personnel measures in the reporting period. It is cooperating with BaFin and has already addressed some of the findings and the corrective measures will be completed by the end of February 2024. BaFin has not imposed any fines.

Tax compliance

Leonteq strives to have a positive impact on the community and to contribute to a sustainable economy, society and environment. Taxes and other levies form the main component of Leonteq's financial contribution to the macro-economic stability of the different jurisdictions in which it operates.

Leonteq is committed to always complying in spirit and practice with the expectations of the relevant tax authority. The Group further applies the following tax risk tolerance levels as guiding principles:

- It has a zero-tolerance approach to the assumption of tax compliance risks and tax risks that could harm Leonteq's reputation.
- It has a low tolerance regarding tax risks related to structuring, transactions and corporate actions that would include actions being taken without appropriate consideration of the potential tax consequences.

Leonteq is committed to preventing any form of tax avoidance and tax fraud by stakeholders, including clients, employees and suppliers with regard to their interaction with Leonteq. Taxes are determined, secured, and collected using a comprehensive system that is subject to rapid legislative, regulatory, and technological changes. Leonteq's tax management activities ensure the tax compliance of all Leonteq Group entities with the applicable regulations.

Taxes are covered by the overall governance and risk framework. Tax compliance has been adequately assured within the existing organisational setup, reporting lines and responsibilities. Leonteq's Group Taxes department reports directly to the Chief Financial Officer and manages a network of tax advisors locally. It applies the following principles to the management of Leonteq's tax affairs to mitigate risks and comply with tax legislation:

- We undertake our tax affairs with the aim of generating sustainable value while meeting all applicable legal and regulatory tax requirements.
- We give due consideration to the intent and spirit of tax laws, the social context within which we operate, and our standing and reputation with tax authorities, regulators, and the general public.

The Group Taxes department submits regular updates about tax compliance and tax risks to the Executive Committee and the Audit and Risk Committee. Tax compliance errors are reported within the context of operational risk reporting, and the corresponding measures are reviewed and approved by the Audit and Risk Committee. Furthermore, the Group has defined certain criteria and thresholds for the immediate reporting of reputational and financial tax risks to the Executive Committee and the Audit and Risk Committee.

To further improve the Group's management of tax risk, tax compliance and tax transparency, Leonteq introduced its global Tax Policy in 2023. The new policy defines roles and responsibilities in respect of taxation, sets out the Tax Principles, and describes the Group's tax management approach. The Tax Policy is embedded in the existing overall governance and risk framework.

Leonteq follows the recommendations of the good tax practices codes implemented in the countries and territories in which the Group's companies operate, taking into account the specific needs and circumstances of all Group entities. The Group is also committed to complying with the OECD Guidelines for Multinational Enterprises in taxation. Leonteq cooperates with the competent tax authorities in the detection of and search for solutions to fraudulent tax practices of which the Group is aware and that may be used in the markets in which the Group companies have a presence. The Group provides significant tax-related information and documents that may be requested by the competent tax authorities when exercising their powers, as soon as practicable and with the required scope. Leonteq notifies the appropriate body of the tax authority and discusses with it any relevant facts and issues it has noticed, allowing the authority to commence the appropriate investigative proceedings, if any, and to foster agreement and consent during the inspection proceedings, to the extent that is reasonably possible without impairing good corporate governance.

Leonteq is not currently subject to the obligation to report its taxes on a country-by-country basis.

Public policy

Leonteq does not engage in any form of lobbying and did not make any financial or in-kind contributions to political parties, politicians or causes in 2023.

Our IT security and personal data protection

In an increasingly digitalised world, Leonteq recognises the fundamental importance of personal data protection, professional secrecy and IT security and protection, which are key topics for many companies, particularly in the financial services sector. In periods of market volatility, these aspects are especially relevant for business continuity. We know that our IT infrastructure and systems need to function rapidly, reliably and smoothly to ensure business continuity. Our clients, employees, business partners and other stakeholders expect Leonteq to protect their personal data and sensitive information at all times, as a breach of personal data or IT security could potentially have negative economic consequences or lead to the withdrawal of licences or the restriction of market access for Leonteq.

The fundamental goals of IT security management at Leonteq are to protect the confidentiality of important data, the integrity of our assets and the information they contain, and the availability of all systems, services and information when needed by employees, partners and clients.

Data breaches and incident management

In the event of a personal data breach, Leonteq has a comprehensive incident response plan in place: Leonteq informs the relevant supervisory authorities within 72 hours of the

issue being detected in accordance with applicable data protection laws and regulatory requirements. In addition, where there is a significant risk that the personal data breach could adversely affect the impacted individuals' rights and freedoms, Leonteq informs those individuals without undue delay.

In 2023, Leonteq did not receive any substantiated complaints concerning breaches of professional secrecy or losses of client or employee related data and there were no substantial internal breaches.

Leonteq has a dedicated Information Security team led by Leonteq's Chief Information Security Officer (CISO) and a dedicated Data Protection Advisory team lead by Leonteq's Group Data Protection Advisor and Officer. Both teams are also supported by external cybersecurity and legal data protection specialists. Their aim is to prevent, mitigate and reduce the impact of cybersecurity-related events (including data breaches) by identifying threats and risks, implementing appropriate safeguards, monitoring those safeguards and the assets required to manage security breaches, and responding to cybersecurity issues if and when they occur to ensure the reliability of information systems and communication technology used in Leonteq's critical operations. These areas are tested by means of ongoing internal checks and automated vulnerability scans as well as through a broad range of security tests conducted by external cybersecurity specialists on an annual basis and when new critical services are launched. In the event of a cybersecurity incident, the Cybersecurity team is responsible for reducing the impact of that incident and for

ensuring the recovery of services while working with external parties where necessary to document the incident and gather evidence.

In the event of an incident, Leonteq has a comprehensive Business Continuity Management (BCM) response plan in place. Key elements of the Group's BCM plan are: The establishment of a crisis management team, including the Chief Operating Officer (COO), regional branch managers and business critical department heads; the definition of communication plans for internal and external stakeholders; IT and infrastructure redundancies; and a flexible IT set-up that allows Leonteq employees to work from home or other locations without their ability to perform essential tasks being affected.

To ensure preparedness for any event requiring a BCM plan, Leonteq's BCM manager regularly conducts business impact analyses, interested parties analyses and risk assessments for departments across the Group. Employees are also informed about BCM as part of the induction day for new joiners and cyber incident training is provided for employees within key departments involved in business continuity and crisis management. The Group conducts annual reviews of its BCM plan and strategy with the Board of Directors and Executive Committee and holds biweekly BCM management reporting meetings. BCM tests are held several times per year (2-3 major BCM tests and 3-4 minor BCM tests per year) and Leonteq works with an external partner in the cloud space to build safe, secure, and stable business continuity as well as security platforms. Leonteq maintains a dedicated disaster recovery site.

Business continuity management

In view of the environmental, social and geopolitical challenges of recent years, business continuity has become increasingly important to Leonteq. The BCM team works closely with the Information Security Management and Infrastructure teams to preserve the continuity of operations and systems. To ensure the continued availability and stability of the business-critical functions and processes for our employees, clients and partners, and to reduce the negative impacts of existing crises where possible, Leonteq maintains a comprehensive BCM plan and strategy that considers sustainability aspects, as many of today's challenges are related to global environmental and social factors. The BCM plan and strategy include contingency measures for a number of potential events and scenarios that could affect the Group's ability to operate. These events include the loss of human resources, potential IT failures, damage to premises, war, natural disasters and diseases, including pandemics.

More information about BCM in the context of operational resilience at Leonteq can be found in the Risk Management & Control section of the Annual Report 2023 on pages 200 and 216.

Cybersecurity and protection measures

Cybersecurity and the protection of assets and data fall within the remit of Leonteq's Chief Information Security Officer, who reports directly to the Chief Operating Officer. Leonteq's approach to cybersecurity is defined in our official Group policies, instructions and guidelines. The Cybersecurity team also receives input from the Legal and Compliance departments in regular meetings to ensure that Leonteq is up to date and aware of regulatory requirements. Mandatory training is given to all employees on this topic to support compliance.

Leonteq aims to defend itself against all forms of cybercrime and is continuously developing and refining its cybersecurity strategy to reflect current areas of focus and ensure its ongoing implementation. Leonteq's Data Protection and Cybersecurity functions are in constant contact with Leonteq's Risk, Legal and Compliance departments to ensure the Group's compliance with regulatory requirements in all the jurisdictions in which we operate. The measures used to ensure IT security and the protection of personal data of clients, employees, business partners and other stakeholders were further refined in 2023 and include the following key areas: Employee awareness and training, technical defences, data access and control, standardisation and certification, and operational resilience. The effectiveness of these measures is tracked through Leonteq's risk management procedures, its Global Control Forum, which comprises the CISO, CFO and regional office managers, as well as through several reporting and dashboarding methods, including Key Risk Indicators, the maturity matrix, third-party risk management, business impact analyses, interested parties analyses, and our Operational Risk Assessment Process. In addition, the Data Protection Advisory team further developed and enhanced the Group's data sharing framework and raised employee awareness by creating additional materials such as FAQs and a single point of contact. The Data Protection Advisory team worked with various internal and external stakeholders to implement the new data protection requirements in Switzerland and to enhance the Group's data protection standard by adopting the strict rules in all applicable jurisdictions in the

Group's data protection framework. The Data Protection Advisor and Officer also advises the Executive Committee on data protection and privacy topics to enable the Executive Committee to take appropriate steps relating to these topics.

Employee awareness

Information sessions are regularly held for employees as part of the Group's onboarding programme to ensure that Leonteq conducts its business in a safe and secure manner. Tips, precautionary practices, and general and specific information around identifying, understanding and remaining vigilant with regard to cybercrime are also distributed to all employees via monthly newsletters, email announcements, the company intranet and an information security blog.

The Group additionally developed an employee training dedicated to data protection in 2023, and the course has been integrated into Leonteq's annual employee training programme.

Security Awareness Programme

Our commitment to improve our security posture was demonstrated in 2023 by a comprehensive Security Awareness Programme, which included a compliance review of security risk awareness that focused primarily on cyber risks, threats and attacks. It also comprised mandatory online training for both current employees and new joiners. The training was completed by all employees, including part-time and temporary employees.

Data Protection Awareness Programme

Our commitment to raise employee awareness was demonstrated in 2023 by additional comprehensive data protection initiatives. In particular, mandatory training for both current employees and new joiners was integrated into the Leonteq

education and training platform and regular data protection information sessions such as global Power Hours and department-specific training. Data protection FAQs, Do's and Don'ts as well as a privacy notice for employees were additionally made available to employees via the Group's intranet.

By making data protection training mandatory, we aim to ensure that every employee is provided with the knowledge and skills needed to understand data protection principles and to prevent and identify data and security breaches.

Cybersecurity Awareness Month

In 2023, in line with our commitment to safeguarding the integrity and security of Leonteq operations, we implemented a series of proactive initiatives during Cybersecurity Awareness Month. These initiatives were designed to raise organisational awareness about emerging cyber threats. We conducted a series of weekly quizzes focusing on different cybersecurity topics, including privacy, threats, information security and best practices, and we also gave a Power Hour presentation that highlighted current cybersecurity threats and explained the measures that the Group takes to safeguard its digital assets.

Technical defences

Leonteq follows state-of-the-art cybersecurity practices and uses a range of cybersecurity tools to monitor its environment in real time and to produce alerts if any risk indicators emerge. Any such indicators are followed up and investigated. Leonteq also has multiple layers of technical defences in place to protect against unauthorised access by internal or external parties. This includes the use of next-generation firewalls, intrusion detection systems and distributed denial of service protection at the network perimeter, together with internal countermeasures. This configuration is designed to ensure that no part of Leonteq's network is exposed to cybersecurity risks due to the failure of any single component and that data cannot be accessed without users passing through multiple checks. In cases where Leonteq is dependent on third-party services and service providers, any failure of or interruption or damage to the services of such third-party service providers could affect Leonteq's business.

Critical third-party services and service providers undergo data protection impact analysis prior to initiation of the contract. Cloud service providers are additionally assessed based on internal policies to ensure appropriate safeguards are in place.

Additional information about Leonteq's cybersecurity lines of defence and defence governance can be found in the Risk Management & Control section of the Annual Report 2023 on page 217.

Leonteq also ensures that its security configurations are reviewed and engages external security specialists to test, check and advise on how it can improve its operational security. It takes all the necessary technical and organisational measures – as set out in the applicable data protection laws – to protect the data of its employees, clients, partners and other stakeholders against loss and unauthorised collection, processing, alteration and disclosure.

Data access and control

In line with the laws applicable to Leonteq, such as European General Data Protection Regulation, the Swiss Federal Act on Data Protection and the DIFC Data Protection Law, as well as the Group's risk management framework, Leonteq also assigns the utmost importance to preventing data loss and leaks, as a loss of personal data or a breach of IT security could potentially have negative economic consequences as well as negatively affect Leonteq's stakeholders.

Leonteq only ever processes the personal data of its employees, clients, partners, service providers, shareholders or other counterparties where this is required in order to comply with legal obligations, where this is necessary to enter into or perform a contract, where a third party has given its consent for Leonteq to process the data for a specific purpose, or where the processing of data is in the legitimate interests of Leonteq or third parties. Further information about Leonteq's privacy statement and the collection and processing of the data of service providers, shareholders, partners, clients, distributors and counterparties is available on Leonteq's corporate website.

Leonteq is also responsible for all the information and personal data where it is the designated data controller and data processor and defines the use and management of that personal data. The majority of its data is held in its Swiss-based data centres, but it is also the controller of data that is hosted by external providers, such as cloud services. Additionally, Leonteq produces reports and management information and provides data uploads to partner organisations where required.

Data protection and professional secrecy at Leonteq are managed by members of the Legal, Compliance and Security teams. The Legal and Compliance teams report to the General Counsel, and the Security team reports to the COO. The General Counsel and the COO are members of the Executive Committee. They are also responsible for making recommendations or creating policies to support the safe and secure processing of personal data, for assessing new critical systems using the dual-control principle, and, in the event of an incident, for advising the Group on the appropriate response. Leonteq also retains the services of external providers such as external legal experts specialising in data protection and professional secrecy and a security forensic service provider that specialises in cybersecurity and responses to cyberattacks.

To ensure proper data management, Leonteq strictly controls access to information using its identity access management tool. This role creation and modelling tool enables us to manage user account provisioning, permissions and deprovisioning. All individual and group employee permissions are managed using this tool.

In this context and in line with regulatory requirements, Leonteq maintains a robust data management framework that manages all data and information, including personal, corporate and public data. It places an increased focus on classification, ownership and responsibility, inventory and discovery, cataloguing, and data lifecycle and valuation.

Standardisation and certification

IT security is an important measure in the protection of the Group's data and information systems and is standardised, certified and audited. Leonteq's IT and security policies are reviewed and updated annually. The compliance of the internal Leonteq system is additionally measured through the Group's internal control process, on either a monthly, quarterly or annual basis depending on the control parameters. Leonteq's internal control system, which comprises controls relating to its business, operational and IT processes as well as controls of information security, is validated on an annual basis in accordance with the International Standard on Assurance Engagements (ISAE) 3402. A comprehensive report documenting these controls is produced on an annual basis and is certified by means of an external audit.

Audits of Leonteq's data and information systems are included in the annual audit of Leonteq's IT systems. This is performed by Leonteq's external auditor as part of the annual regulatory audit. In addition to these external audits, the IT department and its systems are audited annually by our internal audit team. Furthermore, penetration tests are performed annually by external companies specialising in IT and cybersecurity.

The Group's BCM programme, which covers disaster recovery and crisis management procedures, is aligned with all regulatory requirements and internationally recognised standards and is audited in accordance with ISO 22301:2019. This audit is conducted annually and covers the planning, implementation and operation of the Group's plan to protect against, reduce the likelihood of, prepare for, respond to and recover from disruptive incidents, if and when they arise.

Operational resilience

Recognising the increased potential for significant disruptions to companies' operations from cybersecurity-related events or technology failures among other internal or external events, Leonteq has a comprehensive operational resilience framework in place and is currently working to increase its processes, maturity and operational risk measures.

Further information about operational resilience can be found in the Risk Management & Control section on page 200.

Our environmental footprint

Leonteq is a globally active company with offices in 14 locations in Switzerland, Europe, Asia and the Middle East. It also has two data centres in Switzerland that use significant amounts of electricity to power the Group's operations. Additionally, some Leonteq employees have to travel internationally as part of their role, and all members of staff commute to their local office locations. The release of greenhouse gas (GHG) emissions and the use of energy from non-renewable sources are a growing concern among investors and the general public in view of their impact on the climate and environment. Leonteq recognises that measures to help reduce GHG emissions could potentially have a positive impact on climate change mitigation efforts and it is developing a comprehensive environmental reporting framework as part of its climate-related sustainability strategy.

Leonteq began developing its environmental reporting framework in 2021 with the collection and analysis of its energy usage and GHG emissions from its headquarters and two data centres in Zurich, Switzerland. In 2022, it expanded the scope of data collection and analysis to its three largest offices (Zurich, Lisbon and Singapore) and its data centres. In 2023, Leonteq expanded its environmental reporting framework to include all 14 office locations globally, as well as its two data centres. Leonteq therefore now has data on its energy usage and GHG emissions for 2023 as well as 2022 (restated).

Based on the findings of our data collection and analysis of energy consumption and GHG emissions generation for 2022 and 2023, Leonteq will, in the course of 2024, develop a framework setting out how the Group aims to achieve climate neutrality over the medium term and reach net zero over the long term.

Our journey towards a less GHG-intensive footprint

With the support of local energy providers, including EWZ (Elektrizitätswerk der Stadt Zürich) in Switzerland, EDP in Lisbon, Tuas Power Supply in Singapore and a2a energia in Italy, Leonteq is taking steps to improve its energy efficiency and reduce its energy consumption and GHG emissions through several programmes and initiatives. These efforts aim to help the Group transition towards a less GHG-intensive footprint.

Beyond these measures, Leonteq is committed to taking further steps to reduce our energy consumption. We support initiatives that generate significant impacts by aligning products and services, forming partnerships, fostering positive employer behaviour, implementing effective procurement policies, engaging in community campaigns and promoting staff volunteering initiatives. In recent years, Leonteq has additionally moved several of its offices to more sustainable buildings, including BREEAM, LEED, EPC and SBTi certified buildings, and its headquarters are located in a Minergie standard building.

BREEAM is a long-established global science based method of assessing, rating and certifying the sustainability of buildings. Its rating system ranges from "unclassified" to "outstanding". Buildings in which Leonteq offices are located have been awarded the scores "good", "very good" and "excellent".

LEED is the world's most widely used green building rating system. LEED certification provides a framework for healthy, highly efficient, and cost-saving green buildings, which offer environmental, social and governance benefits. Its rating system has four levels: "certified" (lowest), "silver", "gold", and "platinum". Buildings in which Leonteq offices are located have been awarded gold and platinum certifications.

The EPC (energy performance certificate) is a rating system in the UK that provides properties with an energy efficiency rating from A (most efficient) to G (least efficient).

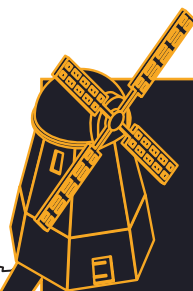
Location	Energy Consumption (in MWh)	
	2023	2022
Switzerland	930.51	949.49
Europe	308.78	279.07
Asia	118.00	119.50
Data Center	2,057.68	1,770.81
Total	3,414.97	3,118.87

The SBTi defines and promotes best practice in science-based target setting. Offering a range of target-setting resources and guidance, the SBTi independently assesses and approves companies' targets in line with strict criteria.

Minergie is a Swiss construction standard for new and modernised buildings. It is jointly supported by the economy, the cantons and the federal government. Its focus is on the comfort of building occupants, as well as on energy efficiency, quality and maximum preservation of value.

Leonteq offices

Many of Leonteq's offices are located in buildings that are powered by renewable energy and/or hold sustainability certifications.



Amsterdam office

Our Amsterdam office is located in the ITO office tower, which is situated in the modern business district of Amsterdam-Zuid. This area of Amsterdam is a popular office submarket in Europe, providing excellent access to public transportation, restaurants, shops and exclusive apartments. The office tower has a BREEAM score of "good".

Guernsey office

Our Guernsey office is located in Hirzel Court, which is situated in the centre of St. Peter Port and is just a short walk from the main financial district and all of the town's amenities. The office location provides excellent access to public transportation, allowing approximately 50% of employees to walk to work or to use public transportation when travelling to and from the office.



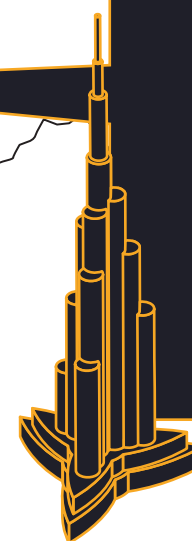
Geneva office

Our Geneva office is located in the centre of the city, just a short walk from the main train station and all of the city's amenities.



Dubai office

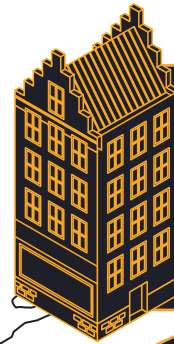
Our Dubai office is located in the Gate District of the Dubai International Finance Centre (DIFC). In 2019, the DIFC launched the Dubai Sustainable Finance Working Group to drive the DIFC's sustainability initiative and action on global climate change. Working with the UAE and Dubai government, sustainability programmes, such as the Dubai Clean Energy Strategy 2050, UAE Net Zero 2050 strategic initiative, and the UAE Vision 2070, are in place, with an emphasis on renewable energy adoption, water conservation, waste management and sustainable urban development.





London office

Our London office is conveniently located in the heart of London with access to excellent transport links. The building is a refurbished 1980s city office building with an environmental rating from BREEAM (score of "very good") and an Energy Performance Certificate (EPC) of B.



Frankfurt office

Our Frankfurt office is located in the K26 high-rise building in the city's financial district. The building has a BREEAM DE certificate with a score of "very good".



Milan office

Our Milan office is located in the historic centre of Milan, close to the cathedral and Piazza San Babila. The building was recently fully refurbished to meet new environmental sustainability and energy efficiency standards. The property is 100% powered using electricity from renewable sources, has obtained LEED GOLD level certification and a BREEAM score of "excellent".



Lisbon office

Our Lisbon office is located in the Edificio Castilho building, which is situated in Lisbon's Prime zone, and is easily accessible by public transportation. The building is 100% powered using electricity from renewable sources and has a BREEAM score of "very good".



Hong Kong office

Our Hong Kong office is located in Prosperity Tower a 23-storey, Grade A office building overlooking the harbour. It provides excellent access to public transportation, restaurants and other amenities.

Monaco office

Our Monaco office is located in the Villa les Aigles in the Monte Carlo district of the city.

Zurich office and data centres

Our Zurich office is located in a building constructed and operated according to the Minergie building standard. We are committed to providing comfortable working conditions for employees while reducing energy consumption. The Zurich office is also equipped with a controlled air exchanger.

In Zurich, Leonteq is continuing to optimise its energy consumption as part of its commitment under the cantonal target agreement ("Kantonale Zielvereinbarung") to lower energy usage by 2029. Leonteq made this commitment in 2019 with the ambition over 10 years to reduce its power consumption by 11.3% compared to a 2029 extrapolation. As of 2023, our offices and data centres in Switzerland are powered 100% using renewable energy sourced exclusively from Switzerland. In previous years, the electricity used was sourced both from Switzerland and Europe. The electricity primarily comes from hydro energy. This switch has resulted in a 0.002 kg CO₂-eq decrease per kilowatt hour (kWh).

Tokyo office

Our Tokyo office is located in the ARK Hills South Tower, which is a developing centre for international business and culture and is situated near to public transportation and pedestrian access routes. The building provides state-of-the-art facilities, and it has a high seismic performance and environmental performance.

The building is 100% powered using electricity from renewable sources, has a CDP2022 "A-" rating and is SBTi certified.

Paris office

Our Paris office is located close to the Arc de Triomphe in an area that has a "walk score" of 99/100. According to the OID, the office building has a GHG emission score of "B" and a primary energy consumption score of "D" (on a scale from A to G). These scores are in line with the average French office building.

Singapore office

Our Singapore office is located in the Asia Square Tower 1 at Marina Bay in Singapore. The building is one of Singapore's most energy-efficient commercial developments. It has obtained the LEED-CS Platinum certification from the US Green Building Council and the Green Mark Platinum Award from the Building and Construction Authority of Singapore, making it one of Asia's greenest buildings.

GHG emissions

In 2023, Leonteq's operations globally generated a total of 189 tons of CO₂e emissions (2022 restated: 190 tCO₂e) and 621 tons of CO₂e from air travel (2022 restated: 435 tCO₂e). 2023 was the third year in which Leonteq reported its CO₂ emissions data, and the first year in which it reported CO₂ emissions data for all its offices globally. In 2022, it reported its three largest offices (Zurich, Lisbon and Singapore) as well as its data centres located in Switzerland. In 2021, Leonteq limited the system boundaries to its headquarters in Zurich and data centres only. The data collected accounts for 100% of Leonteq's FTEs. The Group's 2022 figures have been restated to now also consider Leonteq's expanded system boundary and are used as the baseline for the 2023 data reporting year.

Greenhouse gas emissions

	2023				2022 ¹				
	Total emissions Leonteq offices tCO ₂ e	Total emissions Leonteq data centres tCO ₂ e	Total emissions Leonteq Group tCO ₂ e	CO ₂ intensity (in kg CO ₂ e/FTE)	Total emissions Leonteq offices tCO ₂ e	Total emissions Leonteq data centres tCO ₂ e	Total emissions Leonteq Group tCO ₂ e	CO ₂ intensity (in kg CO ₂ e/FTE)	Change y-o-y in %
Scope 1 (excluding fugitive emissions) ²	1.06	-	1.06	1.79	1.27	-	1.27	2.19	(18%)
Scope 2 (market-based) ³	156.45	32.43	188.88	319.75	163.44	26.51	189.94	326.48	(2%)
Scope 2 (location-based) ⁴	160.59	5.25	165.83	280.74	283.92	226.66	510.59	877.60	(68%)
Scope 3 (limited to business travel by air) ⁵	620.50	-	620.50	1,050.45	435.00	-	435.00	747.68	40%
Total net carbon emissions (market-based)⁶	778.01	32.43	810.44	1,371.99	599.71	26.51	626.22	1,076.34	27%

¹ 2022 figures restated to include all Leonteq offices.

² Fugitive emissions are not yet included. The CO₂e factor accounts for all other GHG. We use the emission factor from the Swiss Mobitool (www.mobitool.ch) for direct use for an average car fleet (Diesel): 106.01 g CO₂e/pkm.

³ For district heating we rely on the conversion factors provided by our energy supplier for both market-based and location-based figures: 111.6 g CO₂e/kWh (2022) and 104.4 g CO₂e/kWh (2023). For electricity we rely on emission factors provided by our power suppliers: EDP in Portugal (0 g CO₂e/kWh, hydropower) and EVZ in Switzerland (between 0.81g CO₂e/kWh to 15.46 g CO₂e/kWh for different renewable power products). For all other offices we used the location-based factor (see below).

⁴ District heating: see fn 2; for electricity we rely on emission factors from www.carbonfootprint.com the international country level grid electricity factors for France (53.57 g CO₂e/kWh), Germany (387.63 g CO₂e/kWh), Hong Kong (577.777 g CO₂e/kWh), Italy (314.38 g CO₂e/kWh), Japan (429.52g CO₂e/kWh), Netherlands (296.34 g CO₂e/kWh), Portugal (137.2 g CO₂e/kWh), Singapore (395.37 g CO₂e/kWh), Swiss (2.55 g CO₂e/kWh), United Arab Emirates (404.1 g CO₂e/kWh) and United Kingdom (207.07g CO₂e/kWh).

⁵ Scope 3 data is limited to category 6 business travel by air. We use data from two travel agencies Egencia and Finass. Egencia uses conversion factors from DEFRA/BEIS of the UK Government. Finass has a cooperation with the Swiss Foundation myclimate, who uses state-of-the-art emission factors based on more of a dozen specific parameters.

⁶ Scope 1, 2 and 3 are in line with the Greenhouse Gas Protocol (www.ghgprotocol.org).

Scope 3

Leonteq's scope 3 emissions only encompass data from employee business travel by air.

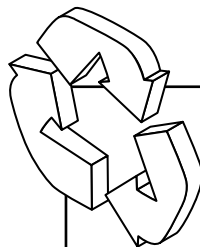
Leonteq observed an increase in its scope 3 emissions compared to the previous reporting year. This is primarily due to business air travel returning back to pre-pandemic levels. Since Leonteq is a global company, a certain amount of travel by employees between its different office locations is necessary in the course of its operations. At the same time, we recognise the negative impact that air travel has on the environment and we are therefore working on a model to reduce our scope 3 emissions either by reducing the number of flights taken or by compensating the emissions generated on the Group's behalf.

When travelling to the office, employees were encouraged to follow the sustainable commuting practices that have been in place at Leonteq for several years. As part of these efforts, Leonteq subsidises Swiss public transport pass costs for employees working in Switzerland with a contribution of 15% of the cost and offers only a limited number of parking spaces.

Reduction of GHG emissions

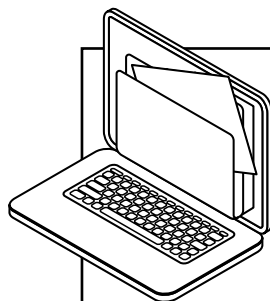
At the end of 2022, Leonteq implemented an initiative at its Zurich headquarters to support the reduction of its scope 2 electricity consumption. Measures included lowering the ambient temperature in its office, reducing indoor lighting and screen running times, and switching off illuminated external signage on buildings. These measures made a positive contribution to the Group's energy-saving efforts and reduced Leonteq's energy consumption in Zurich by approximately 9% to 0.5 tons of CO₂e in 2023, compared to 2022.

Initiatives to support the reduction of greenhouse gasses



PET and carton recycling

As in previous years, Leonteq continued to recycle PET bottles in 2023 as part of the "PET-Recycling Schweiz" initiative in Switzerland and it also disposes of the milk cartons it purchases through Tetra Pak's "Carton to Creations" recycling programme.



Going paperless

In 2023, Leonteq continued its transition away from physical documents and towards a digital first approach. As part of this initiative, Leonteq continued signing documents electronically rather than on printed paper.

Our community engagement

Leonteq aims to actively get involved in and connect with the communities in which we operate through meaningful interactions and initiatives. In alignment with the United Nations Sustainable Development Goals (UN SDGs), our company's community engagement objective is to contribute positively to local and global communities. By fostering inclusive partnerships and active involvement with communities, our aim is to address specific UN SDGs relevant to our industry and operations. Our engagement with the communities in which we operate has a positive impact on society as a whole and creates benefits for our employees and our Group by fostering a sense of belonging and strengthening our ties to the community.

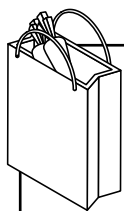
In 2023, we developed a community engagement framework that defines the scope and focus of Leonteq's engagement with the community. Driven by the Corporate Culture Committee that is overseen by the Sustainability Committee, community engagement activities are defined and carried out in alignment with seven of the 17 SDGs and include volunteering efforts and monetary or non-monetary donations. Sponsoring activities fall outside the scope of the community engagement framework and are led by the business in collaboration with Leonteq's Marketing department.

SDGs supported

1 NO POVERTY 	"End poverty in all its forms everywhere." As a company operating in the financial industry and located in countries with a generally high wealth level, Leonteq employees wish to support the opposite extreme by volunteering and donating to those living in poverty.
3 GOOD HEALTH AND WELL-BEING 	"Ensure healthy lives and promote well-being for all at all ages." Protecting the health and safety of employees is assigned the highest level of importance at Leonteq. As such, the Group encourages its employees to engage in charitable activities that promote their health as well as the health of their community.
4 QUALITY EDUCATION 	"Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all." Leonteq has built its foundation with the help of well-educated individuals, holding degrees universities and other academic institutions globally. We consider it our duty to give back to these institutions by sharing our knowledge and experience with their students.
5 GENDER EQUALITY 	"Achieve gender equality and empower all women and girls." Leonteq is committed to achieving over 25% gender diversity by 2026. To obtain this, opportunity must be provided to all genders. The Group is therefore placing heightened importance on the encouragement of gender equality and initiatives for females both within its workforce as well as within its community.
13 CLIMATE ACTION 	"Take urgent action to combat climate change and its impacts." Leonteq operates in 14 locations around the globe and consequently contributes to the production of greenhouse gas emissions. As an extra gesture to complement the Group's efforts to reduce its carbon footprint, it seeks to engage in community engagement initiatives focused on positive action that generates positive impacts.
14 LIFE BELOW WATER 	"Conserve and sustainably use the oceans, seas and marine resources for sustainable development." Many of Leonteq's office locations are in a country bordering water; hence the conservation and sustainable use of oceans, seas and marine resources directly impact the local environment and people, including employees where Leonteq operates.
15 LIFE ON LAND 	"Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss." As part of its efforts to reduce its CO2 footprint, Leonteq engages – particularly on the product side – to engage with organisations that promote the implementation of sustainable management of all types of forests.

Volunteering

Our 2023 volunteering activities



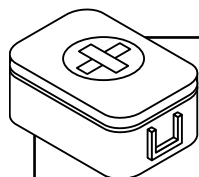
Banco Alimentar Charity Event

Leonteq employees in Lisbon spent two weekends volunteering for the “Banco Alimentar” food bank. Through Banco Alimentar and the Portuguese Federation of Food Banks Against Hunger, Leonteq employees helped to collect goods at the local Lidl supermarket. These goods are distributed to those in need as part of an annual campaign. Over four days of volunteering, Leonteq employees helped to collect over 3,000 kilograms of food that were distributed in homes, day care centres, care homes and social canteens/soup kitchens to benefit almost 800,000 families.



University lectures

Leonteq’s success is driven to a large extent by its team of highly skilled and educated professionals. Many of these employees completed their education at universities and other academic institutions globally. We consider it our duty to give something back to these institutions by sharing our knowledge and experience with their students. In 2023, a number of Leonteq employees volunteered their time to visit and lecture at ten universities across Switzerland and Europe. Through this outreach programme, Leonteq was able to engage and share knowledge with over 350 students.



First aid training

Leonteq employees in Monaco took part in a first aid course with the aim to build essential knowledge in cardio-pulmonary resuscitation and life-threatening situations. By volunteering their time to complete the one-day course, they have gained the necessary skills to support colleagues or members of the community in emergency situations.

Donations

Donations made in 2023

Christmas Jumper Day

In 2023, Leonteq once again participated in the global “Save the Children Christmas Jumper Day” fundraising campaign. Employees were encouraged to wear a festive sweater and to make a personal donation to Save the Children. Leonteq also supported the cause by matching the total amount donated by employees.

Birthday gift donations

Instead of receiving a birthday gift from Leonteq, employees in Switzerland have the option to make a donation to a charity of their choice through the organisation Global Giving.

GRI Content Index

GRI Standard	Disclosure	Reference / Response	SDGs supported	Article 964
GRI 1: 2021	Foundation			
GRI 2: 2021	General Disclosures			
The organization and its reporting practices				
GRI 2-1	2-1 Organizational details	Annual Report, pages 2, 60, 63, 128-129, 132-133		
GRI 2-2	2-2 Entities included in the organization's sustainability reporting	Annual Report, pages 60, 129-130, 213-214, 281		
GRI 2-3	2-3 Reporting period, frequency and contact point	The Sustainability Report is published as a chapter in the Annual Report on 8 February 2024. The reporting period is 1 January 2023 to 31 December 2023. Questions about the Sustainability Report may be addressed to: Investor Relations +41 58 800 18 55 investorrelations@leonteq.com		
GRI 2-4	2-4 Restatements of information	Annual Report, pages 111, 115		
GRI 2-5	2-5 External assurance	Annual Report, pages 124-125		
Activities and workers				
GRI 2-6	2-6 Activities, value chain and other business relationships	Annual Report, pages 15-24, 60		General
GRI 2-7	2-7 Employees	Annual Report, pages 79-80	8, 10	
GRI 2-8	2-8 Workers who are not employees	Annual Report, page 80	8	

GRI Standard	Disclosure	Reference / Response	SDGs supported	Article 964
Governance				
GRI 2-9	2-9 Governance structure and composition	Annual Report, pages 128, 131-133, 138-155	5, 16	General
GRI 2-10	2-10 Nomination and selection of the highest governance body	Annual Report, pages 138-140	5, 16	General
GRI 2-11	2-11 Chair of the highest governance body	The Chairman of the Board of Directors is a non-executive, independent member of the Board of Directors.	16	
GRI 2-12	2-12 Role of the highest governance body in overseeing the management of impacts	Annual Report, pages 143-145	16	General
GRI 2-13	2-13 Delegation of responsibility for managing impacts	Annual Report, page 67		General
GRI 2-14	2-14 Role of the highest governance body in sustainability reporting	Annual Report, page 67		General
GRI 2-15	2-15 Conflicts of interest	Annual Report, page 146	16	
GRI 2-16	2-16 Communication of critical concerns	Annual Report, pages 100, 105		
GRI 2-17	2-17 Collective knowledge of the highest governance body	The Board of Directors and Audit and Risk Committee receive regular updates on latest developments around sustainability regulations, trends and best practices from external experts.		
GRI 2-18	2-18 Evaluation of the performance of the highest governance body	Annual Report, pages 146, 151		
GRI 2-19	2-19 Remuneration policies	Annual Report, pages 87-88, 172-179		
GRI 2-20	2-20 Process to determine remuneration	Annual Report, pages 180-190		
GRI 2-21	2-21 Annual total compensation ratio	The annual total compensation ratio is confidential business information and thus not disclosed.		
Strategy, policies and practices				
GRI 2-22	2-22 Statement on sustainable development strategy	Annual Report, page 64		General
GRI 2-23	2-23 Policy commitments	Annual Report, pages 67, 87, 94, 98-106		General
GRI 2-24	2-24 Embedding policy commitments	Annual Report, pages 88, 100-101, 103-106, 108		General
GRI 2-25	2-25 Processes to remediate negative impacts	Annual Report, pages 94, 97, 100-102, 105, 107		General
GRI 2-26	2-26 Mechanisms for seeking advice and raising concerns	Annual Report, pages 100, 105	16	
GRI 2-27	2-27 Compliance with laws and regulations	Annual Report, pages 105		General
GRI 2-28	2-28 Membership associations	Annual Report, pages 73-74		

GRI Standard	Disclosure	Reference / Response	SDGs supported	Article 964
Stakeholder engagement				
GRI 2-29	2-29 Approach to stakeholder engagement	Annual Report, pages 71-73		
GRI 2-30	2-30 Collective bargaining agreements	Annual Report, page 81	8	
GRI 3: 2021	Material Topics			
Materiality assessment and list of material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Annual Report, page 66		General
GRI 3: Material Topics 2021	3-2 List of material topics	Annual Report, page 66		General
Trust and Transparency				
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, page 71		General
Sustainability in Products			5, 7, 13	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, page 76-77		General
Employee Engagement			3, 5, 8, 10	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, pages 78		General
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Annual Report, pages 80, 90		Employees
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Annual Report, page 88-89		Employees
GRI 401: Employment 2016	401-3 Parental leave	Annual Report, page 89		Employees
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	Annual Report, page 82		Employees
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Annual Report, page 82		Employees
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	Annual Report, page 82		Employees
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Annual Report, page 82		Employees

GRI Standard	Disclosure	Reference / Response	SDGs supported	Article 964
Employee Development			4, 5, 8, 10	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, page 83		General
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Annual Report, page 84		Employees
GRI 404: Training and Education 2016	404-2 Programmes for upgrading employee skills and transition assistance programmes	Annual Report, pages 83-86		Employees
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Annual Report, page 88		Employees
Diversity and Inclusion			5, 8	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, page 91		General
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Annual Report, pages 91-94, 140		Human Rights
Customer Orientation and Satisfaction			12, 16	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, page 95-97		General
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Annual Report, page 96		Social Issues
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Annual Report, page 96		Social Issues
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	Annual Report, page 96		Social Issues
Responsible Sourcing			8	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, page 98		General
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Annual Report, page 98		Environment
Good Corporate Governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, page 99		General

GRI Standard	Disclosure	Reference / Response	SDGs supported	Article 964
Business Ethics and Integrity			1, 10, 16, 17	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, page 100		General
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Annual Report, page 105		Corruption
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Annual Report, pages 103-105		Corruption
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Annual Report, page 105		Corruption
GRI 207: Tax 2019	207-1 Approach to tax	Annual Report, page 106		
GRI 207: Tax 2019	207-2 Tax governance, control, and risk management	Annual Report, page 106		
GRI 207: Tax 2019	207-3 Stakeholder engagement and management of concerns related to tax	Annual Report, page 106		
GRI 207: Tax 2019	207-4 Country-by-country reporting	Annual Report, page 106		
GRI 415: Public Policy 2016	415-1 Political contributions	Annual Report, page 106		Corruption
IT Security and Data Protection				
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, pages 107-110		General
Data Privacy			16	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, pages 107-110		General
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annual Report, page 107		Social Issues
GHG Emissions			3, 7, 8, 12, 13, 14, 15	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, pages 111		General
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Annual Report, page 111-114		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Annual Report, page 115		Environment
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	Annual Report, page 115		Environment
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	Annual Report, pages 115-116		Environment
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Annual Report, page 115		Environment
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Annual Report, page 116		Environment
Community Engagement			1, 3, 4, 5, 13, 14, 15	
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report, pages 117-118		General



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To the Management of
Leonteq AG

Our engagement

We have been engaged to conduct a limited assurance engagement on selected sustainability indicators presented in the Sustainability Report and Governance Report 2023 of Leonteq Group (comprising Leonteq AG and its subsidiaries) for the year ended 31 December 2023.

Basis of our assurance work

Our work was carried out by a multi-disciplinary team of sustainability and assurance specialists in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). To achieve limited assurance, ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

Scope and subject matter

Our limited assurance procedures focused on the sustainability indicators for the year ended 31 December 2023 presented in the Sustainability Report and Governance Report 2023 as listed below:

- The total number of employees, and a breakdown of this total by gender and by region as well as the total number of permanent, temporary, full-time and part-time employees and a breakdown by gender and by region as shown on pages 79, 80.
- The total number and a breakdown of this total by gender of employees that were entitled to parental leave, took parental leave, returned to work in the reporting period after parental leave ended, returned to work after parental leave ended that were still employed 12 months after their return to work, as well as return to work and retention rates of employees that took parental leave, by gender as shown on page 89.
- The percentage of employees per employee category in each of the following diversity categories; gender and age group as shown on page 91 – 94.
- The percentage of individuals within the organization's governance bodies in each of the following diversity categories; gender and age group as shown on page 140.
- Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period as shown on page 88.
- Total number and rate of new employee hires during the reporting period, by age group, gender and region as shown on page 80.

- Total number and rate of employee turnover during the reporting period, by age group, gender and region as shown on page 90.
- Scope 1: Direct emissions (excluding fugitive emissions), Scope 2 emissions and Scope 3: Indirect emissions from business travel by air (tonnes CO₂e) as shown on page 115.
- Restatement of 2022 data due to increased scope of calculations for Scope 2 emissions and Scope 3: Indirect emissions from business travel by air (tonnes CO₂e) as shown on page 115.
- Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally) as shown on page 98.

Criteria

The reporting criteria ("Applicable Criteria") used by Leonteq Group are the Standards of the Global Reporting Initiative (GRI) and Greenhouse Gas Protocol (GHG Protocol).

Inherent limitations

The accuracy and completeness of non-financial information is subject to inherent limitations given its nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with Leonteq Group's reporting guidelines used to present such non-financial information.

Responsibility of Leonteq Group's Management

The Management of Leonteq Group is responsible for the preparation of the Sustainability Report and Governance Report and the information contained therein in accordance with the aforementioned Applicable Criteria. This responsibility includes developing, implementing and safeguarding internal controls of material importance for the preparation of a report that is free of material misstatements, whether due to fraud or error. This responsibility includes selecting and applying Applicable Criteria as well as measurement methods and estimates deemed suitable in view of the circumstances.

Our responsibility

Our responsibility is to express a conclusion on the selected sustainability indicators based on our limited assurance procedures. ISAE 3000 (Revised) requires that we plan and perform our procedures to obtain limited assurance, whether the selected sustainability indicators have been prepared, in all material respects, in accordance with the Applicable Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Limited assurance procedures performed

Our procedures consisted primarily of:

- Inquiring of the Leonteq Group Sustainability Team to understand the governance and review process for data management and collection, the process around reporting, the review and challenge made internally over the data and expectations of year end performance given the understanding of the operations during the year;
- Inquiring of key personnel involved in the data collection, management and reporting processes, to obtain an understanding of the process for how the information is captured, processed and reported including how this feeds up to the Group;
- Inspecting documentation to corroborate the results of these inquiries, including seeking supporting evidence for the statements made, and documentation of reporting processes and minutes of relevant meetings; and
- Conducting analytical procedures and inspecting and testing underlying data on a non-statistical sample basis to assess whether the data has been collected and reported in accordance with the Applicable Criteria, including inspecting source documentation.

Our independence and quality controls

We have complied with the independence and other ethical requirements established by the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which are based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Deloitte AG applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on procedures performed, nothing has come to our attention that causes us to believe that the sustainability indicators are not prepared, in all material respects, in accordance with the Applicable Criteria.

Deloitte AG



Marcel Meyer
Licensed Audit Expert
Auditor in Charge



Konstantin Meier
Director

Zurich, 6 February 2024

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Corporate Governance

Leonteq's corporate governance complies with internationally accepted standards, and the Group recognises the importance of good corporate governance. Leonteq provides transparent disclosures about its governance to help stakeholders assess the quality of the Group's corporate governance and to assist investors in their investment decisions.

Corporate governance is a fundamental aspect of business management and ensures that a company is managed efficiently and effectively in the interests of all its stakeholders. In recognition of the importance of good governance, Leonteq's Board of Directors has continuously improved the Group's governance framework and strengthened the independence, skills and diversity of the Board of Directors and its Committees.

Corporate governance developments at Leonteq in 2023 included:

- The re-election of all members of the Board of Directors at the Annual General Meeting (AGM) 2023 for a term of one year;
- The appointment of KPMG as the new internal auditor;
- Continuation of the process to nominate a new female member to the Board of Directors in order to further increase gender diversity and enhance the Board's skill set, especially with regard to technology, digitalisation and innovation;
- The appointment of Antoine Boubilil as Chief Financial Officer and member of the Executive Committee effective 1 January 2024, following an extensive search process;
- The introduction of new global policies, addressing our sustainability framework, assurance processes, the use of external auditors for non-audit services and external auditor rotation, and the Internal Audit system;
- The updating of existing policies, including the Code of Conduct and Ethics and the internal control system;
- The establishment of a comprehensive enterprise resilience framework;
- Introduction of new online training courses for all employees, including on financial crime and anti-money laundering, escalation and whistleblowing, Personal Data Protection and Confidentiality, and on disciplinary measures
- Revision of Leonteq's Articles of Association in line with the reform of the Swiss corporate law in the Swiss Code of Obligations which entered into force on 1 January 2023

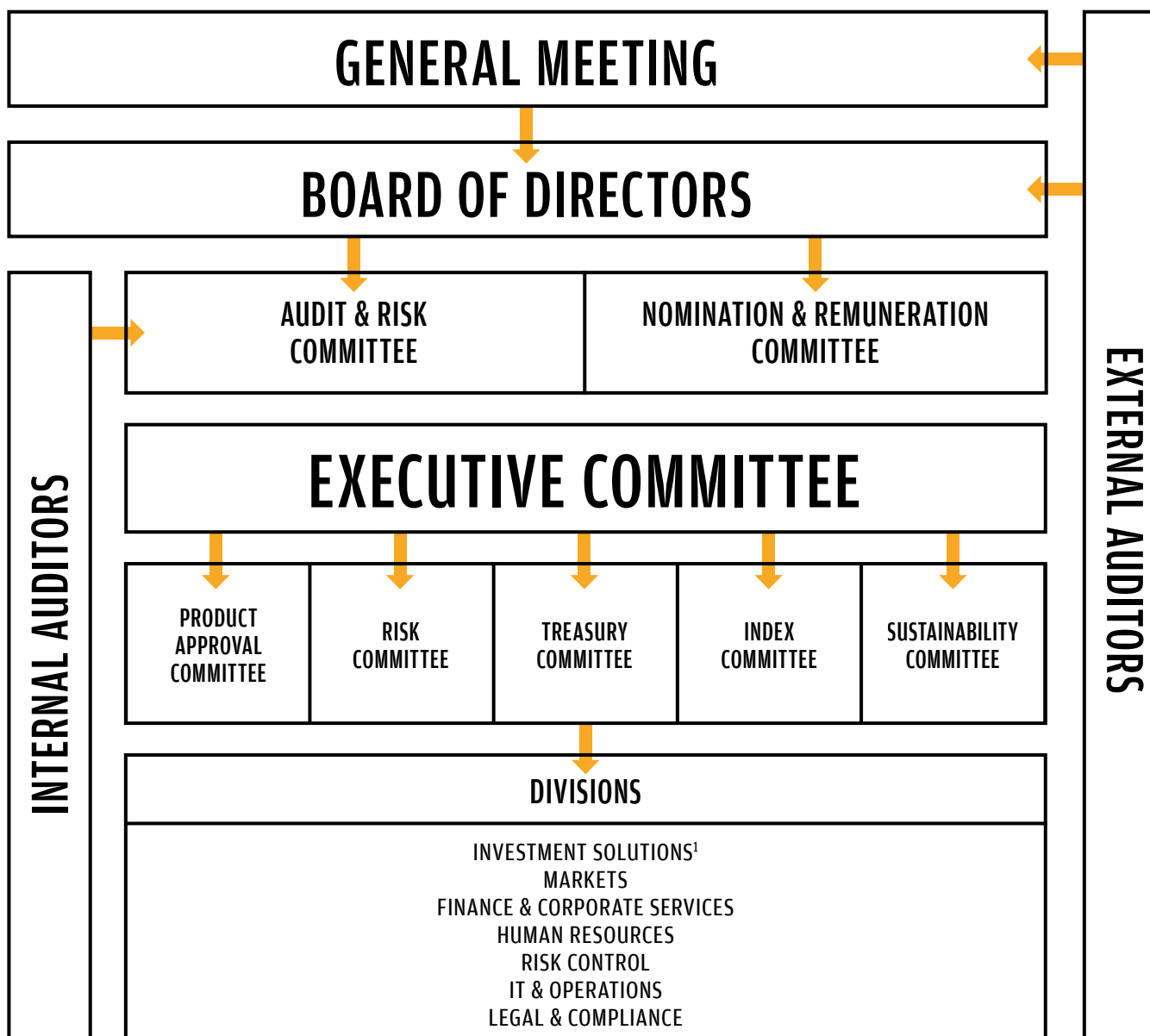
Corporate governance framework

Leonteq's corporate governance framework comprises its governing bodies and its corporate governance policies, which define the competencies of the governing bodies and other corporate governance rules and procedures. Leonteq's governing bodies are the General Meeting, the Board of Directors and the external auditors.

Shareholders elect the members of the Board of Directors and the independent external auditors on an annual basis and approve statutory resolutions at the Annual General Meeting. Those statutory resolutions include the approval of the consolidated financial statements, amendments to the Articles of Association, and the approval of the total compensation of members of the Board of Directors and the Executive Committee. The Board is responsible for the overall strategic direction, supervision and control of the Group and appoints the members of the Executive Committee. The Executive Committee is responsible for the day-to-day operations and for implementing the overall strategy of the Group.

Leonteq's corporate governance policies comprise the Articles of Association, the Organisational Management Regulations and the Code of Conduct & Ethics. The Articles of Association define the purpose of the business, the capital structure and the basic organisational framework. The Organisational Management Regulations define the organisational structure of the Group, the responsibilities and areas of authority of the Board of Directors and its Committees, the competencies of the Executive Committee and its Committees, and the relevant reporting procedures. The Code of Conduct & Ethics defines the Group's standards of business conduct and the ethical values that the Board of Directors and all employees are required to follow, including adherence with applicable laws and regulations.

Corporate governance framework



¹ Business line

Leonteq is a Swiss fintech company with a leading marketplace for structured investment products. The Group comprises seven divisions. Investment Solutions is responsible for the provision of financial services within the Group. Markets is responsible for trading, treasury and quantitative analysis. The other divisions comprise Finance & Corporate Services, Human Resources, Risk Control, IT & Operations, and Legal & Compliance.

Leonteq is headquartered in Zurich, Switzerland, and together with its subsidiary Leonteq Securities AG, which has an additional office in Geneva, is regulated by the Swiss Financial Market Supervisory Authority (FINMA). Leonteq Securities AG has branch offices in Guernsey, regulated by the Guernsey Financial Service Commission, and Amsterdam, registered with the Netherlands Authority for the Financial Markets (AFM). The Group accesses the European market through Leonteq Securities (Europe) GmbH (referred to hereinafter as Leonteq Europe), which is domiciled in Germany and is authorised by the German Federal Financial Supervisory Authority (BaFin). Leonteq Europe has exercised passporting rights to access the markets of other countries in the European Economic Area. Leonteq Europe has branch offices in Milan, Lisbon, London and Paris. Leonteq also has an office in Monte Carlo, Leonteq Securities (Monaco) SAM, which is regulated by the Commission for the Control of Financial Activities (CCAF). Leonteq accesses the Asian market through its offices in Hong Kong, Singapore and Tokyo. Leonteq Securities (Hong Kong) Ltd. operates under the licence granted to it by the Securities and Futures Commission (SFC) of Hong Kong. Leonteq Securities (Singapore)

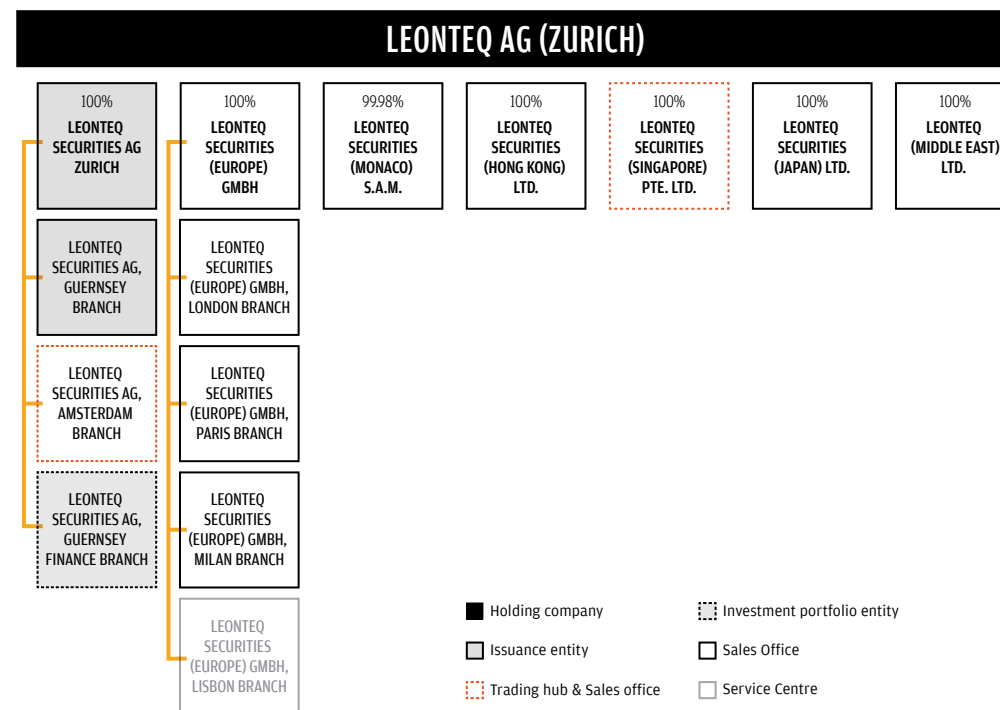
Pte Ltd. operates under the capital markets licence granted by the Monetary Authority of Singapore (MAS). Leonteq Securities (Japan) Ltd. is authorised and regulated by the Financial Services Agency (FSA) of Japan. The Middle East is covered through Leonteq (Middle East) Ltd in Dubai which is authorised and regulated by the Dubai Financial Services Authority (DFSA).

Leonteq AG is the Swiss holding company responsible for the overall management of Leonteq Group. The registered shares of Leonteq AG are traded on the main standard of SIX Swiss Exchange in Zurich (security no. 19089118, ISIN CH0190891181, symbol LEON). On 31 December 2023, the company's market capitalisation was CHF 650 million.

Leonteq operates in highly regulated markets and complies with strict regulatory standards. The Group's legal entity structure as of 31 December 2023 (see below chart) reflects its business operations and regional footprint.

Leonteq also has stakes in companies that are not part of the issuer's consolidated group and do not fall within the scope of the company's operational group structure according to the SIX Directive on Information relating to Corporate Governance:

Leonteq has a 50% interest in Bench Services AG, a joint venture involved in servicing a pillar 3a foundation in Switzerland, and a 10% stake in BX Swiss AG, a stock exchange based in Zurich.



The registered office and share capital of each subsidiary as of 31 December 2023 is listed in the table below:

Name	Registered office	Currency	Capital
Leonteq Securities AG ¹	Europaallee 39, 8004 Zurich, Switzerland	CHF	15,000,000
Leonteq Securities (Europe) GmbH ²	Neue Mainzer Strasse 28, 60311 Frankfurt am Main, Germany	EUR	200,000
Leonteq Securities (Hong Kong) Ltd.	Room 2802, 28th floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong	HKD	10,000,000
Leonteq Securities (Japan) Ltd.	ARK Hills South Tower 9F, 1-4-5 Roppongi, Minato-ku, Tokyo, Japan	JPY	312,500,000
Leonteq Securities (Monaco) SAM	Villa Les Aigles, 15, Avenue d'Ostende, 98000 Monaco	EUR	500,000
Leonteq Securities (Singapore) Pte Ltd.	8 Marina View, #31-02, Asia Square Tower 1, Singapore 018960	SGD	1,000,000
Leonteq (Middle East) Ltd.	Gate District Precinct Building 2, Unit 405, Level 4, DIFC, Dubai, United Arab Emirates	USD	3,000,000

¹ Including branches in Guernsey (Block F, Hirzel Court, St Peter Port, Guernsey GY1 2NQ, Channel Islands) and in Amsterdam (ITO Tower, Gustav Mahlerplein 66-A, 1082 MA Amsterdam, Netherlands).

² Including branches in Milan (Via Verziere 11, 20122 Milan, Italy), Lisbon (Rua Castilho 2, 1250-069 Lisbon, Portugal), London (108 Cannon Street, London EC4N 6EU, Great Britain) and Paris (80, avenue Marceau, 75008 Paris, France).

Shareholders

Capital structure

Leonteq's total issued share capital as of 31 December 2023 amounted to CHF 18,934,097, divided into 18,934,097 registered shares, with a nominal value of CHF 1.00 each. All registered shares are fully paid-in and entitled to a dividend. Each share carries one vote. No preferential rights or similar rights are attached to the shares. Leonteq does not have any participation certificates outstanding and no profit-sharing certificates are outstanding or have been issued in the past. The registered shares of Leonteq AG (security no. 19089118, ISIN CH0190891181, symbol LEON) are listed on the main standard of SIX Swiss Exchange and are included in the Swiss Performance Index SPI®.

Changes in capital structure

No changes to the capital structure of Leonteq occurred between 2019 and end-2023.

On 22 December 2023, the company completed a share buy-back programme that was launched on 3 April 2023. A total of 439,855 own shares, equivalent to 2.3% of the company's share capital, were repurchased via a second trading line on SIX Swiss Exchange for a total purchase value of CHF 18.0 million at an average purchase price of CHF 40.92 per share. As communicated on 30 March 2023, the Board of Directors of Leonteq intends to propose at the Annual General Meeting 2024 that a capital reduction be carried out through the cancellation of the repurchased shares.

Authorised capital

The authorisation of the Board of Directors to increase share capital by a maximum of CHF 4,000,000 expired on 31 March 2023.

Conditional capital

The Company's share capital may be increased by a maximum aggregate amount of CHF 1,000,000, corresponding to around 5% of the share capital of Leonteq. The share capital may be increased through the issuance of a maximum of 1,000,000 registered shares, fully paid-in with a nominal value of CHF 1.00 each, upon the exercising of option rights or in connection with similar rights relating to shares (including existing or future Restricted Stock Units, RSU) granted to employees, directors and other officers of the Company or its subsidiaries, according to the regulations prescribed by the Board of Directors. The pre-emptive rights and advance subscription rights of shareholders are excluded. The acquisition of registered shares and every subsequent transfer of those registered shares will be subject to transfer restrictions in accordance with the Articles of Association.

Conditions for the allocation and exercising of option rights and similar rights are determined by the Board of Directors. The shares may be issued at a price below the market price. Further information about the RSU programme is provided in the Compensation Report on page 179.

Shareholder structure

Leonteq's shareholder base comprises a total of 5,444 shareholders, who are entered in Leonteq's share register and represent 77% of voting rights. As of 31 December 2023, 5,192 retail shareholders held 32% of total outstanding shares, while 252 legal entities accounted for 45% of the share capital. 23% of voting rights are held by shareholders who are not entered in the share register.

The breakdown of Leonteq shareholdings by investor type, nationality and the size of the holding are shown in the following charts:

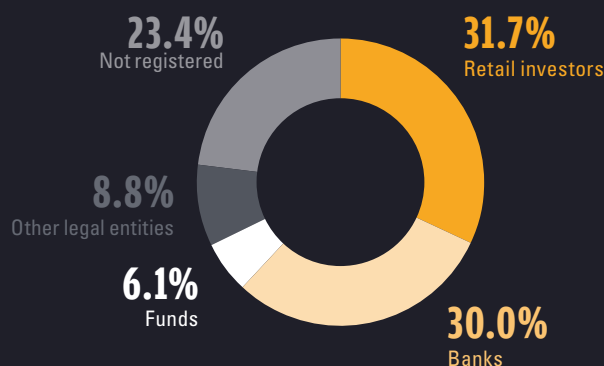
Significant shareholders

Under the Swiss Federal Act on Financial Market Infrastructure and Market Conduct in Securities and Derivative Trading ("FMIA"), anyone holding shares in a company listed on SIX Swiss Exchange is required to notify the company and SIX Exchange Regulation if their shareholding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the voting rights entered in the commercial register, whether or not the voting rights can be exercised (i.e. notifications must also include certain derivative holdings such as options or similar instruments). Following receipt of such notification, Leonteq publishes each individual report through the Disclosure Office publication platform of SIX Exchange Regulation. In addition, Leonteq has an obligation to inform the public, should such notification contain price-sensitive information. For notifications of significant shareholders received and individual reports of significant shareholders published during 2023, reference is made to the

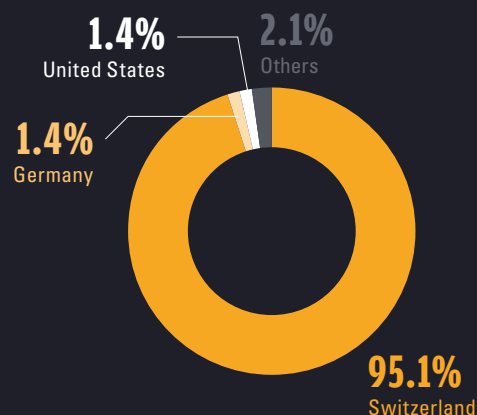
Disclosure Office publication platform of SIX Exchange Regulation: www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html

The following provides an overview of the holdings of our significant shareholders based on the most recent disclosure notifications. In line with the FMIA requirements, the percentages indicated below were calculated in relation to the share capital reflected in the commercial register at the time of the disclosure notification. As shareholders are only required to notify the company and SIX Exchange Regulation if their holding reaches, falls below or exceeds the thresholds listed above, the percentage holdings of our significant shareholders may vary at any given time compared to the date of submission of the most recent notification for these respective shareholders. Whenever available, Leonteq publishes the shareholdings of its significant shareholders according to the information entered in its share register at the end of each reporting period or confirmations received from shareholders.

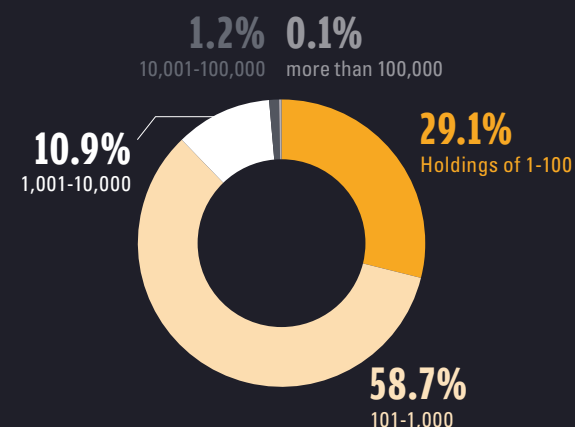
Shareholder structure by type of investor
(Total: 18,934,097 shares)



Registered shares by nationality
(Total: 14,501,509 shares)



Registered shareholders by size of holding
(Total: 14,501,509 shares)



Significant shareholders

	31.12.2023		31.12.2022	
	Number of shares held	Voting rights in %	Number of shares held	Voting rights in %
Raiffeisen Switzerland Cooperative	5,494,996	29.02%	5,494,996	29.02%
Lukas T. Ruffin ¹	1,608,121	8.49%	1,570,314	8.29%
Sandro Dorigo	300,000	1.58%	400,000	2.11%
Subtotal shareholders' agreement	7,403,117	39.10%	7,465,310	39.43%
Rainer-Marc Frey ²	924,314	4.88%	1,346,713	7.11%
Swisscanto Fondsleitung AG ³	941,404	4.97%	941,404	4.97%
Directors and executives ⁴	185,391	0.98%	209,060	1.10%
Total significant shareholders	9,454,226	49.93%	9,962,487	52.62%

¹ Lukas T. Ruffin holds 462,325 call options issued by Raiffeisen subject to the following conditions: Strike price CHF 210 (adjusted by cumulative dividends per share and effects of corporate actions from 2015 to 2025); subscription ratio 1:1; maturity 19 October 2025; European style.

² 31.12.2022: H21 Macro Limited, Cayman Islands, is the direct shareholder of part of these shares.

³ Creation of obligation to notify: 15 November 2022.

⁴ Excluding shareholdings of Lukas T. Ruffin.

As of 31 December 2023, the shareholder group, consisting of Raiffeisen Switzerland Cooperative, Lukas Ruffin and Sandro Dorigo, held 7,403,117 shares or 39.10% voting rights in Leonteq. The representative of and main contact for this group of shareholders is Raiffeisen.

Cross-shareholdings

Leonteq has not entered into any cross-shareholdings with other joint stock companies that exceed 5% of the capital shareholdings or voting rights of either party.

Shareholder information

Shareholder engagement

The Group engages regularly with its shareholders and proxy advisors. The purpose of such engagements is to understand the perspectives of its shareholders, and to exchange views about the Group's strategy, financial performance, corporate governance and compensation and other matters of importance to the Group or its shareholders. Shareholder engagement meetings may be attended by the Chairman of the Board, the Chairman of the Nomination and Remuneration Committee, the CEO, the CFO and senior management. The Investor Relations department is responsible for Leonteq's engagement activities and aims to ensure that all shareholders receive the relevant information they need to make informed decisions.

Information policy

Leonteq is committed to an open and fair information policy with its shareholders and other stakeholders. The Investor Relations department is responsible for handling all the inquiries it receives. It can be contacted via email at investor-relations@leonteq.com, via telephone at +41 58 800 18 55 or by post at Leonteq AG, Investor Relations, Europaallee 39, 8004 Zurich.

Leonteq provides information to its shareholders and other stakeholders each year by means of the annual and half-year reports, together with press releases, presentations and brochures, as required. Interested parties can subscribe to the e-mail distribution service to receive free and timely notifications of price-sensitive information. The Company maintains a regular updated schedule of important publication and event dates, updated information on matters of corporate governance, such as the current composition of its Board of Directors and its Executive Committee, as well as the latest version of its Articles of Association and the Group's Code of Conduct & Ethics. All these reports and information are accessible to the public on the Investor Relations section of the Company's website at: www.leonteq.com/investors.

Invitations and notices

Invitations and notices to shareholders may, at the discretion of the board of directors, be validly made by publication in the Swiss Official Gazette of Commerce, by letter or e-mail, or in any other form that allows proof by text, to the shareholders' contact details last recorded in the share register.

Ad hoc notices required under the listing rules of SIX Exchange Regulation are published on the Company's website and simultaneously distributed via press releases to all interested parties, to at least two Swiss newspapers of national importance, to at least two electronic information systems, and to SIX Exchange Regulation.

Calendar

8 February 2024	○	Full-year 2023 results
28 March 2024	○	Annual General Meeting 2024, Zurich
03 April 2024	○	Ex-dividend date
04 April 2024	○	Record date
05 April 2024	○	Payment date
25 July 2024	○	Half-year 2024 results

Please refer to the corporate calendar under www.leonteq.com/investors/events-and-presentations/corporate-calendar for the publication dates of financial statements and further important corporate events.

Shareholder rights

Voting rights

Any person entered in the share register is deemed to be a shareholder. No statutory voting right restrictions apply regarding registered shareholders, statutory group clauses or rules on granting exceptions. Each share carries an entitlement to one vote.

In line with the legal provisions, any shareholder with a voting right may have their share represented at any General Meeting by another person authorised in writing or by corporate bodies, independent proxies or proxies for deposited shares. Such representatives are not required to be shareholders. The statutory rules on participation in General Meetings do not differ from applicable legal provisions.

Each shareholder may be represented by a representative, who shall identify him- or herself by means of a written power of attorney, or by the independent proxy at the General Meeting. The Annual General Meeting elects the independent proxy. Those eligible to act as independent proxy are individuals, legal entities or partnerships. The term of office of the independent proxy is one year. It ends with the completion of the Annual General Meeting following their election. Re-election is possible. In the event that the Company has no independent proxy, the Board of Directors shall appoint one for the next Annual General Meeting.

The Board of Directors ensures that shareholders may tender their proxies and instructions to the independent proxy electronically. The independent proxy is obliged to vote according to the voting instructions received from shareholders. In the absence of instructions, the independent proxy shall abstain from voting.

Transfer of shares

Persons who have acquired registered shares of Leonteq AG will, upon request, be entered in the share register without limitation as shareholders with voting power, provided they expressly declare that (i) they have acquired the shares concerned in their own name and for their own account, (ii) there are no agreements on redemption or return of these registered shares, (iii) they bear the risk associated with the shares, and (iv) the disclosure requirement stipulated by the FMIA have been complied with. Apart from shares subject to a shareholder agreement and/or a lock-up undertaking, Leonteq's shares are freely transferable.

Acquirers of shares who do not expressly provide the confirmations listed above in their request for entry in the share register (referred to hereinafter as "nominees") are entered in the share register with voting rights without further inquiry up to a maximum of 2% of the outstanding share capital available at the time. Beyond this limit, registered shares held by nominees are entered in the share register with voting rights only if the nominee in question discloses the names, addresses and shareholdings of the persons or entities for whose account they are holding 0.5% or more of the outstanding share capital available at the time, and provided this is in compliance with the disclosure requirements stipulated by the FMIA. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements (to the extent permitted by law).

Legal entities, partnerships or other associations or joint ownership arrangements linked through capital ownership or voting rights, through common management or in a similar manner, and individuals, legal entities or partnerships (particularly

syndicates) that act in concert with the intention of evading the entry restriction are considered as one nominee.

Leonteq has issued its registered shares as uncertified securities (Wertrechte) and registered them as book-entry securities as defined in the Swiss Act on Book-Entry Securities (Bundesgesetz über Bucheffekten). Shareholders have no right to request conversion of shares from the form in which they are issued into another form. Shareholders may at any time request an attestation from the Company that certifies their current shareholding. Uncertified securities may only be transferred by means of assignment provided they are not issued as book-entry securities. To be valid, the assignment must be reported to the Company, which may refuse to enter the assignee in the share register in accordance with the provisions of the Articles of Association. The transfer of book-entry securities or the granting of security rights on book-entry securities must comply with the Swiss Act on Book-Entry Securities. The transfer of book-entry securities or the granting of security rights on book-entry securities by means of assignment is excluded. The transfer restrictions pursuant to the provisions of the Articles of Association are not affected by this regulation.

General Meetings

Leonteq's Annual General Meeting is held every year within four months of the end of the financial year. In compliance with Swiss law and the provisions of the Articles of Association, General Meetings are convened at least 20 days before the date of the meeting. Invitations and notices to shareholders may, at the discretion of the board of directors, be validly made by publication in the Swiss Official Gazette of Commerce, by letter or e-mail, or in any other form that allows proof by text, to the shareholders' contact details last recorded in the share register. The notice convening the general meeting shall state:

1. the date, beginning, nature and place of the general meeting;
2. the agenda items;
3. the proposals of the board of directors together with a short statement of reasons;
4. if applicable, the proposals of the shareholders together with a statement of reasons; and
5. the name and the address of the independent proxy.

The Board of Directors shall determine the venue of the general meeting and the form in which it is to be held. The place of meeting may also be abroad or several places of meeting may be determined for one general meeting.

The Board of Directors may provide that shareholders who are not present at the place of the general meeting may exercise their rights by electronic means. Instead, the Board of Directors may also waive the determination of a meeting location and order the holding of a purely virtual general meeting.

The annual report and the auditors' reports shall be made available to the shareholders at least 20 days prior to the general meeting. If the documents are not accessible electronically, each shareholder may request that they be sent to it in due time.

Extraordinary General Meetings are convened whenever necessary. One or more shareholders who collectively represent at least 5% of share capital or the votes may request in writing that a General Meeting be held, stating the item of business for discussion and the motions. The request shall be addressed to the Board of Directors.

At Leonteq's 11th ordinary Annual General Meeting on 30 March 2023, a total of 127 shareholders (including the independent proxy), representing approximately 66% of the shares issued by Leonteq, attended the meeting in Zurich.

All agenda items were approved by strong majority, with the exception of the proposal to introduce a capital band in the Articles of Association. More than 50% of votes were cast in favour of the proposal. However, the proposal did not receive the required majority of two thirds of votes and was therefore not approved by shareholders.

Inclusion of an item on the agenda

Shareholders representing at least 0.5% of share capital or the votes may request that an item be placed on the agenda or that proposals for items be included in the notice convening the general meeting. Such requests must be submitted in writing to the board of directors at least 40 days before the date of the meeting. Shareholders may submit a brief statement of reasons together with the agenda items or proposals, which must be included in the notice convening the general meeting.

Entry in the share register

No statutory rule applies to the deadline for the registration of shareholders in connection with attendance at the General Meeting. However, for organisational reasons, no shareholders will be entered into the share register for a period of up to ten business days before a General Meeting, ending immediately after the close of the General Meeting. The Board of Directors

announces the effective date set prior to a General Meeting in the Organisational Notes section of the respective invitation, which can be found on the Company's website at: www.leonteq.com/generalmeetings.

Statutory quora

Resolutions and elections generally require the approval of an absolute majority of the votes represented at the meeting, unless stipulated otherwise by Swiss law.

Say on pay

In accordance with the Swiss Code of Best Practice for Corporate Governance, the Group submitted the Compensation Report for a consultative vote by shareholders at the Annual General Meeting 2023. In accordance with Section Four of the Code of Obligations: Remuneration in Companies whose Shares are Listed on a Stock Exchange (Art. 732 et seq.), the Group will submit the following recommendations regarding the compensation of the Board of Directors and the Executive Committee for binding votes by shareholders at the Annual General Meeting 2024:

- Total compensation of members of the Board of Directors for the period from the Annual General Meeting 2024 to the Annual General Meeting 2025;
- Fixed compensation for members of the Executive Committee for the financial year 2025;
- Short-term incentive plan amount for members of the Executive Committee for the financial year 2023 (retrospective vote);
- Long-term incentive plan grant amount of members of the Executive Committee for the financial year 2025.

Granting of discharge to the Board of Directors and the Executive Committee

In accordance with Swiss law, the General Meeting has the power to grant discharge to the members of the Board of Directors and the Executive Committee. At the Annual General Meeting 2023, shareholders granted discharge to all members of the Board of Directors and the Executive Committee for the financial year 2022.

Duty to make an offer

The Company's Articles of Association include an "opting out" clause with regard to mandatory public takeover offers, as defined in the FMIA. Hence, the obligation that anyone who, directly or indirectly or acting in concert with third parties, acquires 33 $\frac{1}{3}$ % or more of the voting rights of Leonteq – whether or not such rights are exercisable – must submit a public takeover offer, is set aside.

Clauses on change of control

No clauses on a change of control exist at Leonteq for members of the Board of Directors or members of the Executive Committee. In particular, there are no protective measures such as:

- Special provisions on the cancellation of contractual arrangements;
- Agreements concerning special notice periods or longer-term contracts exceeding 12 months;
- Waivers of lock-up periods;
- Shorter vesting periods;
- Additional contributions to pension funds that protect the above-mentioned persons based on certain contractual conditions against the consequences of takeovers;
- In accordance with Section Four of the Code of Obligation: Remuneration in Companies whose Shares are Listed on a Stock Exchange (art. 732 et seq.), severance payments such as golden parachutes are prohibited.

Board of Directors

General information

Board memberships and elections

According to Leonteq's Articles of Association, the Board of Directors consists of five or more members. Each member of the Board is individually elected by the Annual General Meeting for a term of one year. Members of the Board may be re-elected with no limitation on the number of terms served. The term of office ends upon the completion of the Annual General Meeting following their election.

The Annual General Meeting shall elect a member of the Board of Directors to be the Chairman of the Board for a one-year term. In the event of the post of Chairman being vacant, the Board of Directors shall appoint a new Chairman for the remaining term until the next Annual General Meeting. The Board shall elect a Vice-Chairman from among its members. The Chairman or the Vice-Chairman must be domiciled in Switzerland. Furthermore, the Board shall appoint a Secretary who does not need to be a member of the Board.

Currently, the Board of Directors consists of eight non-executive members. No member of the Board of Directors of Leonteq exercised any operational management functions for the Company or any of its subsidiaries in the year under review. No member of the Board of Directors has held a management position in Leonteq or any of its Group companies in the last three years.

The composition of the Board and its Committees following the Annual General Meeting 2023 is shown in the following table.

Members of the Board of Directors	Member since	Independence	Audit & Risk Committee	Nomination & Remuneration Committee
Christopher M. Chambers (Chairman)	2017	Independent		
Philippe Weber (Vice-Chairman)	2020	Independent		Member
Sylvie Davidson	2021	Independent	Member	
Susana Gomez Smith	2019	Independent	Chair	Member
Richard A. Laxer	2018	Independent		Chair
Philippe Le Baquer	2021	Independent		
Thomas R. Meier	2017	Independent	Member	
Dominik Schärer	2019	Representative of Raiffeisen Switzerland	Member	

Independence

The Board has applied the independence criteria in excess of the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the FINMA Circular on Corporate Governance and the Swiss Code of Best Practice for Corporate Governance. Leonteq's non-executive members of the Board of Directors are deemed independent if they:

Are not currently, and have not in the previous three years, been employed in some other function within the Company;

Have not been employed in the previous two years by Leonteq's audit firm as a lead auditor (of the regulatory audit);

Have no commercial links with the Company which, in view of their nature and scope, would lead to a conflict of interests (including directorships on the Boards of commercial partners);

Are not significant shareholders of Leonteq (shareholding of 10% or more) and are not representatives of individual shareholders (private or institutional) or a specific group of shareholders.

As of 31 December 2023, seven out of eight members of the Board of Directors of Leonteq met the independence criteria. The independent members of the Board of Directors are: Christopher Chambers, Sylvie Davidson, Susana Gomez Smith, Richard Laxer, Philippe Le Baquer, Thomas Meier and Philippe Weber. Dominik Schärer acts as the representative of Raiffeisen.

In the context of the cooperation between Leonteq and VP Bank, the Board of Directors annually reviews the independence of Thomas Meier. Given the nature and scope of the relationship between Thomas Meier and VP Bank, the Board of Directors decided that if an item related to the cooperation requires the approval of the Board of Directors, Thomas Meier will be excluded from the discussion and abstain from voting.

Composition of the Board of Directors and succession planning

In recent years, Leonteq has significantly improved and strengthened the independence, skills and diversity of the Board of Directors and its Committees. Since the Annual General Meeting 2017, the composition of the Board has been entirely refreshed with all eight of its members (including the Chairman) elected by Leonteq's shareholders.

Diversity of culture, experience and opinion, as well as gender diversity, are important criteria that are considered in the composition of Leonteq's Board. The background, skills and experience of Leonteq's current Board members are diverse and include prior experience in senior executive positions at financial services companies in Switzerland and abroad. The Board is composed of individuals with wide-ranging professional expertise in investment banking, wealth management, specialty finance, and audit and advisory services. The Board remains committed to increasing its gender diversity and has intensified the process of identifying potential candidates for election to the Board of Directors in order to increase female representation and to further enhance its skill set, in particular with regard to technology, digitalisation and innovation.

The Board of Directors manages its composition through a formal rotation of its members, as well as through background and skill mapping to achieve an optimal structure over time. The Nomination and Remuneration Committee regularly considers the composition of the Board as a whole and the composition of its Committees. The skill matrix is regularly reviewed and was updated in 2023, taking into account the development of Leonteq's business model and external factors, such as ESG.

The Nomination and Remuneration Committee takes into account skills, management experience, independence and diversity when recruiting and evaluating candidates for Board membership. It also considers the other activities and commitments of potential candidates to ensure that they can devote sufficient time to a Board position at Leonteq. The Nomination and Remuneration Committee aims to maintain a high level of talent and experience and continues to strive for greater diversity in terms of the skills and background of its members through new nominations.

Length of tenure

3-5 years 5

6-10 years 3

Average tenure

4.8
YEARS

Nationality¹



¹ Dual citizenships are counted twice

Gender



Age

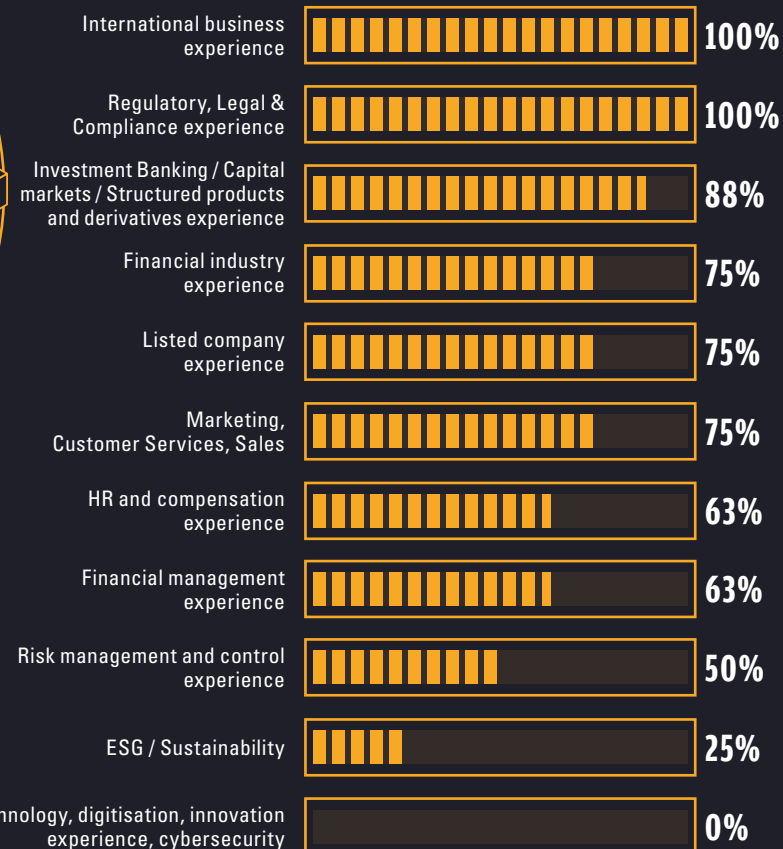
31-50 years 1 12.5%

51-55 years 0 0%

56-60 years 4 50.0%

61-65 years 3 37.5%

Board skills



Board meetings

The Board of Directors meets as often as required to fulfil its duties and responsibilities but at least once per quarter. The Chairman convenes meetings of the Board of Directors. However, each Board member is entitled to request at any time that the Chairman convene a meeting. In cases where no meeting is convened by the Chairman within a reasonable period of time after such a request is made, the Board member who submitted the request is entitled to convene the meeting him- or herself. Each Board member is entitled to request that items be placed on the agenda of the next Board meeting.

Notice of meetings of the Board of Directors is given at least five days in advance, together with the agenda and the necessary documentation, to enable members to prepare for the meeting. If all Board members are present and agree, deviations from these formal requirements are permitted; in particular, decisions can be taken on items that are not listed on the agenda. In urgent cases, the Chairman may convene a meeting without observing the five-day notice period, and without the need to distribute the agenda or the necessary documentation to prepare for the meeting in advance.

Meetings of the Board of Directors are chaired by the Chairman or, if he is unable to attend, by the Vice-Chairman or another member of the Board of Directors. In exceptional cases, meetings may also be conducted by telephone or video conference or an equivalent means of instant communication. In such cases, the participating members shall be deemed to be present. In general, meetings shall be held in person. A legal counsel at Leonteq serves as Secretary to the Board of Directors. Unless the Chairman decides otherwise, the CEO and the Chief Financial Officer ("CFO") may attend each Board meeting as guests in an advisory capacity. The Chairman determines which other individuals may attend Board meetings as guests. Such individuals do not have any voting rights.

A quorum is constituted when at least two-thirds of the members of the Board of Directors are present. No presence quorum is required for resolutions that need to be recorded in a public deed. A Board member who abstains from voting shall be deemed to be present. The Board of Directors passes its resolutions with the majority of votes cast. In the event of a tied vote, the Chairman of the meeting has the casting vote. All resolutions are

recorded in writing. The Secretary is responsible for writing the minutes, which are signed by the member who chaired the meeting and the Secretary and must be approved by the Board of Directors. No member of the Board of Directors shall participate in or vote on any matter that gives rise to a personal conflict of interests.

Resolutions of the Board of Directors may also be taken by means of circular resolutions, provided that no Board member requests oral deliberation within the decision period and at least two-thirds of the Board members vote by means of such circular resolution. The circular resolution, signed by the Board members and the Secretary, serves as the minutes. The Board of Directors passes circular resolutions unanimously.

In 2023, the Board of Directors held 18 meetings, including a two-day strategy offsite meeting. The total attendance rate for all members of the Board of Directors averaged 94% in 2023. The total duration of Board and committee meetings was 104 hours, which is equivalent to 13 meeting days.

Attendance of Board and Board Committee meetings in 2023

	Total number of meetings held	Meetings attendance in %	Total length of meetings in hours
Board meetings	18	94	54:00
Nomination and Remuneration Committee	6	100	10:25
Audit and Risk Committee	7	100	40:00

Attendance of ordinary Board and Board Committee meetings in 2023

Individual Board members	Attended all meetings
Christopher M. Chambers	●
Philippe Weber	●
Sylvie Davidson	●
Susana Gomez Smith	●
Richard A. Laxer	●
Philippe Le Baquer	●
Thomas R. Meier	●
Dominik Schärer	●

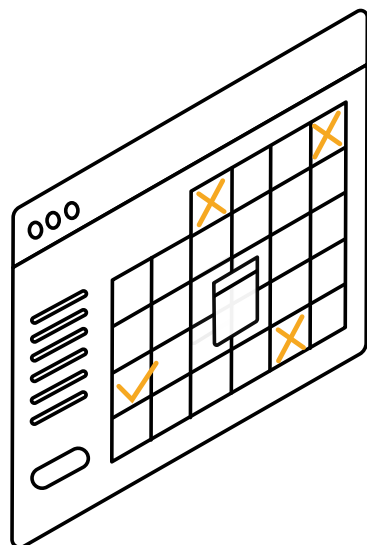
Attendance of extraordinary Board and Board Committee meetings in 2023

Individual Board members	Missed three meetings	Missed two meetings	Missed one meeting	Attended all meetings
Christopher M. Chambers				●
Philippe Weber			●	
Sylvie Davidson	●			
Susana Gomez Smith				●
Richard A. Laxer			●	
Philippe Le Baquer				●
Thomas R. Meier		●		
Dominik Schärer			●	

In 2023, extraordinary meetings of the Board of Directors convened 10 times by the Chairman or the Vice-Chairman without observing the five-day notice period required for ordinary meetings. These extraordinary meetings were held in order to discuss and reach decisions on urgent matters, and they usually lasted between 25 minutes and one hour.

Further, some members of the Board of Directors take on additional tasks and responsibilities at Leonteq. Philippe Le Baquer attended each meeting of the Audit & Risk Committee as a guest and he also participated in some of the NRC meetings as a guest, together with Sylvie Davidson.

Members of the Board of Directors were also involved in additional discussions with different stakeholders throughout the company in relation to a wide range of topics, including strategy sessions, preparatory meetings, investor relations topics, regulatory matters, or sustainability efforts.



ATTENDANCE RATE FOR

**ALL ORDINARY BOARD
AND BOARD COMMITTEE
MEETINGS
IN 2023 WAS 100%**

Mandates

According to the Articles of Association, members of the Board of Directors are not permitted to hold or exercise more than the following number of additional activities in comparable functions at other legal entities with an economic purpose and that are not controlled or held directly or indirectly by the Company:

Type of mandate	Limit
Legal entities ¹	No more than 10 mandates
of which listed companies ¹	No more than 4 mandates
Charitable legal entities ²	No more than 10 mandates

¹ Mandates for which remuneration is received, whereby multiple mandates in various companies that belong to the same group of companies count as one.

² Mandates for which no remuneration is received.

No Board member holds mandates in excess of these restrictions. Mandates exercised by a member of the Board of Directors at the request of the Company are exempt from these restrictions.

Members of the Board shall inform the Chairman of the Board of all external business activities, irrespective of whether or not they are remunerated. Before accepting or committing to new external business activities, approval must be sought by the Chairman of the Board who considers a number of additional factors in excess of the restrictions listed above. Generally, external business activities are prohibited if they create any potential conflicts of interests or adversely impact the Board member's performance or his/her regular work.

Board leadership

Leonteq operates under a strict dual Board structure, as prescribed by Swiss banking law. The functions of the Chairman of the Board of Directors and of the CEO are assigned to different people, thus ensuring the separation of powers. This structure establishes checks and balances, and it ensures the institutional independence of the Board of Directors from the daily running of the Company. Operational responsibility for the business is delegated to the Executive Committee, led by the CEO.

The responsibilities and powers of the Board of Directors are derived from applicable legal and supervisory regulations and the Company's Organisational and Management Regulations. The Board of Directors is responsible for the strategic direction of the Group and for determining and implementing the principles of organisation, management and monitoring. The Board is also responsible for providing the resources required to achieve the defined objectives, and it bears ultimate responsibility for the overall achievement of results. The Board supervises the running of the Group as a whole, and it coordinates and oversees all activities conducted by and in the name of the Group.

Responsibilities of the Board of Directors

The Board of Directors has ultimate oversight of the Company and its subsidiaries, and it is responsible for the overall direction, supervision and monitoring of the business as well as its financial reporting. The Board of Directors generally takes account of the proposals of the Executive Committee when discharging its duties. In particular, the Board of Directors defines the overall direction and strategy of the Company. It determines the organisation of the Company and it issues and amends the Organisational and Management Regulations. It defines the business policies and strategies, issues and annually reviews the necessary directives and regulations, and determines the corporate governance principles.

The Board of Directors approves the organisation and design of accounting, financial controls and financial planning and it issues guidelines for financial reporting, following decisions by the Audit and Risk Committee. It also decides on strategic financial and capital planning and is further responsible for the annual business plan and budget. It approves the overall risk policies and global risk limits, following decisions by the Audit and Risk Committee. It further issues remuneration guidelines and compensation models for the Group at the request of the CEO; the Board of Directors takes account of the recommendations of the Nomination and Remuneration Committee when discharging this duty.

In addition, the Board of Directors determines the composition of the Executive Committee, appoints and dismisses members of the Executive Committee and is responsible for succession planning for the members of the Board of Directors and the Executive Committee, in accordance with the proposals of the Nomination and Remuneration Committee. It supervises the Executive Committee in respect of its compliance with laws and regulations, and the implementation of the Group's corporate governance principles, Articles of Association, directives and resolutions. It also determines and grants signatory powers. The Board

further appoints and dismisses members of the Group Internal Audit and determines the organisation and scope of internal audit activities; the Board of Directors takes account of the recommendations of the Audit and Risk Committee when discharging these duties.

The Board of Directors, with support and advice from the Board Committees, is responsible for preparing all topics that fall within the competence of the Annual General Meeting, in particular the preparation, convening and setting of the agenda for the Annual General Meeting, the preparation and submission of the annual financial statements and the annual report, together with the appropriation of net profits available for distribution, as well as proposals for the compensation of the Board of Directors and the Executive Committee. The Board of Directors further prepares and submits amendments to the Articles of Association and to the scope of business for the Annual General Meeting; it assesses, pre-selects and proposes appointments of potential new Board members (and the dismissal of existing members), proposes the appointment of the independent auditors, and is generally in charge of the implementation of resolutions approved by the Annual General Meeting.

The placement and acceptance of binding and non-binding merger and acquisition offers, the conclusion of final contracts, the entry into, dissolution and modification of joint ventures of strategic importance, and the issuance of unlimited guarantees, letters of comfort and similar matters, also fall within the remit of the Board of Directors. It approves capital market transactions involving Leonteq shares of more than 3% of the total share capital of the Company, approves financial commitments in connection with investments and long-term contracts of over CHF 3 million, following decisions by the Executive Committee, and decides on financial commitments in connection with investments and long-term contracts of over CHF 5 million or more if they are not already included in the budget. It also approves the acquisition and encumbrance of real estate. The Board of Directors further decides on the initiation and withdrawal of court proceedings or other legal proceedings of a material nature and the conclusion of settlements if the amount owed exceeds CHF 1,000,000.

The Board is also responsible for notifying the judicial authorities if the Company were to become overindebted.

Finally, the Board is responsible for the overall direction and oversight of the Group's sustainability strategy and monitors the implementation of the sustainability strategy.

Board oversight

To control the business activities of the Group, the Board of Directors has formed the Audit and Risk Committee and the Nomination and Remuneration Committee. The Chairman of each Committee is in regular contact with the Executive Committee and senior management and provides the Board of Directors with regular updates on the current activities of the Committee and important Committee matters. Minutes of Committee meetings are made available to the entire Board of Directors. Regular communication is held in between Board and Committee meetings in order to allow Board members to provide updates on current topics and initiatives, to exchange views and opinions, and to decide upon more urgent matters.

The Board supervises the Executive Committee by conducting Board meetings at least four times a year. The CEO and the CFO attend the Board meetings as guests, update the Board on important issues and are available to answer questions. Other members of the Executive Committee are available on a case-by-case basis upon request. Between meetings, the Board of Directors is informed in writing about current business developments and the Company's financial situation on a monthly basis. Additionally, the Chairman of the Board meets with the CEO on a regular basis to discuss business operations and issues of fundamental importance. The Chairman of the Audit and Risk Committee meets with the CFO and the Chief Risk Officer (CRO) and the Chairman of the Nomination and Remuneration Committee meets with the Chief People Officer (CPO) to hold similar discussions.

In general, each Board member is entitled to request information from the Executive Committee on all matters relating to the Company and to the Group as a whole. The Board is informed about extraordinary items as soon as reasonably practical by way of a circular letter or, if appropriate, by telephone or e-mail. Furthermore, the Board receives recurring business and governance-relevant information on a regular basis, as described below.

On a monthly basis, the Sustainability delegate of the Board of Directors meets with the Chairman of the Sustainability Committee to receive updates on the priorities and project status.

At least once a quarter, the Board receives the following updates and reports:

- From the CFO: The quarterly financial update with information concerning operating income and expenses, income statements with budget vs. actual financial information, periodic forecasts, key performance indicators and additional financial information;
- From the CRO: The risk report, which provides in-depth information on risk exposures, profit and loss, the investment portfolio, limit monitoring results, market risk (including sensitivities and stress testing), counterparty risks with the highest exposures, operational risk, and the liquidity and risk profile of the business unit; and
- From the Chairman of the Sustainability Committee: An update on sustainability activities.

On a regular basis, the Board receives:

- From the CEO: The monthly CEO update, which provides summary information on financials, projects, people and other relevant business matters;
- From the CRO: The weekly risk dashboard, which provides high-level information on all risk dimensions, including capital and profit and loss, liquidity, market risk, the investment portfolio, operational risk, counterparty credit risks and updates on Leonteq's SHIP; and
- From the Head of Investor Relations: An update on notable changes in the share price, input from interactions with investors and feedback from conferences and investor roadshows.

At least twice a year, the Head of Investor Relations provides the Board an update on investor relations activities, including an overview on stock price performance, short interest, investor and analyst sentiment, and recent events.

At least once annually, the General Counsel shares the compliance risk assessment and compliance activity reports with the entire Board of Directors. The Board also receives documentation that serves as the basis for decision-making on corporate strategy (prepared by the CEO), annual budgets and the three-year financial plan (prepared by the CFO) and strategic capital planning (prepared by the CRO), as well as liquidity planning (prepared by Treasury). Further, the entire Board is provided with the annual risk assessment as well as the operational risk framework review with an update on major operational risks.

Every two months, the Board receives a report from the COO that includes BCM briefings, as well as IT security and cybersecurity updates.

Board members receive ad-hoc reports on new business proposals and other relevant business matters from the CEO, as well as regular reports on litigation prepared by the General Counsel.

The Audit and Risk Committee receive regular updates on Leonteq's interaction with supervisory authorities from the General Counsel.

At least once a quarter, the Audit and Risk Committee receives:

- Reports on internal and external audit activities and updates on the status and resolution of audit items;
- Updates on legal, compliance and tax cases from the General Counsel; and
- Details of the capital base, large exposure risk and the ten largest debtors, as well as the Group's risk status from the CRO.

At least once annually, the Audit and Risk Committee of the Board is informed about the Group's internal control system and receives updates on new accounting standards from the CFO, as well as reports on regulatory and compliance topics from the General Counsel.

Procedures in the event of conflicts of interests

Members of the Board of Directors and members of the Executive Committee shall endeavour to avoid any action, position or interest that conflicts with the interests of the Company, any of the subsidiaries or the Group as a whole, or that give the appearance of such a conflict of interests. If a conflict of interests is believed to exist, the relevant Board member or member of the Executive Committee is obliged to:

Immediately inform the Chairman or, in the event of a conflict of interests concerning the Chairman, the Vice-Chairman;

Refrain from all related discussions (other than issuing a personal statement on the matter and answering questions regarding the matter) and abstain from voting upon all matters involving the interests concerned.

In case of doubt, the Chairman, or in case of a conflict of interests concerning the Chairman, the Vice-Chairman, needs to determine whether a conflict of interest actually exists. In addition to this general rule, the Board of Directors holds its meetings in accordance with the following principles:

No members of the Executive Committee are present at Board meetings if discussions are held or decisions are made with respect to their performance, compensation, recruitment or any matter of a personal nature relating to the Executive Committee or individual members;

From time to time, parts of Board meetings are held in private sessions without Executive Committee members being present if the Board discusses matters of a fundamental strategic nature for the Company.

Board evaluation

The Board of Directors performs a self-assessment once a year, when it reviews its own performance against the responsibilities listed in the Organisational Management Regulations, including the adequate execution of its monitoring and control function, and the further development of the Group's strategy. Furthermore, it assesses interaction with the Executive Committee as well as with the external auditors and Group Internal Audit.

Board changes

There were no changes to the Board of Directors at the Annual General Meeting on 31 March 2023. All eight members of the Board of Directors proposed for re-election were elected for a further term of office of one year with majorities of between 88.0% and 99.9% of represented shares.

Board Committees

The Board of Directors has delegated certain resolutions, their preparation and implementation, and the supervision of the business of the Company and the Group to the Board Committees. The Board has two standing committees: The Audit and Risk Committee and the Nomination and Remuneration Committee. The Board Committees inform the Board in a timely manner of their findings and actions. Each Board Committee has the power to retain independent legal, accounting, financial and other advisors and consultants as it may deem necessary, at the expense of the Company and without the need to obtain prior approval of the entire Board of Directors.

The Board Committees meet as often as required to fulfil their duties and responsibilities, but at least once a quarter, usually before an ordinary meeting of the Board of Directors. The Chairman of the relevant Board Committee convenes the meetings. Notice of Board Committee meetings are given at least five days in advance. Each member of a Board Committee is entitled to request at any time that the Chairman of the relevant Board Committee convene a meeting. In cases where no meeting is convened by the Chairman of the Board Committee within a reasonable period of time after such a request is made, the Board Committee member who submitted the request is entitled to convene the meeting. Each Board Committee member is entitled to request that items be placed on the agenda for the next meeting.

Each Board member has the right to attend all Board Committee meetings as a guest without voting rights and to receive all information provided to members of the Board Committees. If Board Committee members conclude that their presence may have an influence on independent decision-making by the Committee, they may decide to deny this right of attendance and to call for the Committee to hold a private session. The Chairman of the Board is not permitted to attend Audit and Risk Committee meetings. The Chairman of each Board Committee shall determine which members of the Executive Committee or other individuals may attend the meetings as guests. Such guests do not have voting rights. The Board Committees may reach their decisions in private meetings. The Board Committees pass resolutions and adopt proposals with the majority of votes cast. In the event of a tied vote, the Chairman of the Board Committee has the casting vote. The Board Committees may take decisions in private meetings.

The term of membership of a Board Committee is one year upon appointment. Re-election is possible. The constitution of the Audit and Risk Committee falls within the remit of the Board of Directors. Members of the Nomination and Remuneration Committee are elected individually by the Annual General Meeting, pursuant to provisions of the Compensation Ordinance.

Audit and Risk Committee

The Audit and Risk Committee consists of a Chairman and a minimum of one other member of the Board and shall comprise a majority of independent members. On 31 December 2023, the Audit and Risk Committee comprised four Board members: Susana Gomez Smith chaired the Committee, with Sylvie Davidson, Thomas Meier and Dominik Schärer as members. Three out of the four members are independent.

The Audit and Risk Committee meets at least four times per year. Meetings are usually attended by the CFO, the CRO and managers responsible for the areas supervised by the Audit and Risk Committee. In addition, the Audit and Risk Committee holds risk workshops, which typically last half a day and focus on topics such as liquidity frameworks, cybersecurity, forthcoming regulatory developments and the impact of the market environment on the risk management of issued structured products.

The Audit and Risk Committee supports the Board of Directors in its Group-wide supervision of the following areas of audit:

- Financial and business reporting processes, including processes related to the preparation of financial reports, financial statements and business reports, together with the monitoring of tax matters;
- The review and evaluation of the efficiency and effectiveness of the internal control system of the Group from an audit perspective;
- Internal and external audit processes, including a review of the activities, adequacy, effectiveness and organisational structure of the Group Internal Audit function, a review of the Group Internal Audit's risk assessment, a discussion and review of the risk profile and the related audit approach with the external auditor, an assessment and appraisal of the audit approach, as well as the evaluation of the performance of the external and Group Internal Auditor;

- Compliance with laws, regulations, policies and best practices throughout the Group;
- The entire Board of Directors approves the organisation and design of accounting, financial control and financial planning, following a decision by the Audit and Risk Committee;
- Furthermore, the Audit and Risk Committee supports the Board of Directors in its Group-wide supervision (including the definition of the risk tolerance and appetite) of the following areas:
 - A wide variety of risks; in particular non-financial, credit (clients, counterparties, bond investment portfolios, countries, large exposures), market, liquidity, correlation, reputational and operational risks;
 - General risks within the policy, framework, rules and risk limits set by the Board or by the Committee itself;
 - The risk management process throughout the Group.

The entire Board of Directors approves the overall risk policies and Board risk limits, following a decision by the Audit and Risk Committee.



SUSANA GOMEZ SMITH

Chairwoman of the Audit and Risk Committee

Activities of the Audit and Risk Committee in 2023

The Audit and Risk Committee met seven times in 2023. In addition, members held various meetings to conduct in-depth reviews and discussions, as well as engaging in a regular dialogue with members of the Executive Committee.

Focus areas in 2023 included operational risk, control development and effectiveness, adequacy of the Internal Control System, compliance matters and the compliance framework and plan, the risk tolerance framework, the design and the implementation of a resilience framework.

Audit-related matters

The members of the Audit and Risk Committee reviewed internal audits conducted in 2023 and regularly monitored the implementation of closing actions to fully remediate actions points opened by the Group Internal Audit and the external teams.

In addition, the members of the Audit and Risk Committee performed a comprehensive risk assessment. Based on their findings, the internal audit plan for 2024 was updated with an increase in the number of audits required due to the increased complexity of the business, reflecting new business initiatives among other factors.

They also received reports and updates from audits carried out during the year and engaged with the external auditor regarding the external audit it performed with a focus on AML and KYC for Leonteq Securities GmbH Europe.

The Audit and Risk Committee also regularly monitored the independence of the audit teams, reviewed internal audit activities and approved additional non-audit services provided by the Group Internal Auditor. A major focus was placed on the design and implementation of a resilience framework, which included a third-party risk management framework, an operational resilience framework, as well as a recovery plan and resolution strategies.

Further, the Chairwoman of the Audit and Risk Committee met monthly with the Group Internal Audit and the external auditor.

Internal Control

The Audit and Risk Committee performed quarterly reviews of the design and effectiveness of the internal control system (ICS), including the issues that were identified and follow-up actions. It also assessed the control environment and reviewed and approved the revised ICS framework for 2024.

They also discussed the ISAE 3402 report received from BDO on internal controls in the area of issuance of structured products from platform partners.

The oversight of the implementation of the front office supervision and governance was another area of focus of the Audit and Risk Committee during 2023.

Legal, Compliance and regulatory matters

The Audit and Risk Committee regularly reviewed legal, tax and compliance cases from across the Group and monitored requests received from and discussions held with regulators.

The Audit and Risk Committee received regular updates and reports from the Head Global Compliance and from local compliance officers. They also closely monitored the implementation of the compliance action plan, including the implementation of organisational design and personnel.

Sustainability framework

The Audit and Risk Committee supervised the progress of the company's sustainability initiative throughout the year and approved ESG targets for 2026 as well as an internal ESG KPI framework.

Financial reporting

The Audit and Risk Committee reviewed significant accounting estimates, approved the financial statements and provided its recommendation on the distribution to shareholders. It also discussed and provided feedback on various reporting components.

Governance

As part of Leonteq's commitment to good corporate governance and best practices in this area, the Audit and Risk Committee initiated a rotation process for its Group Internal Audit function and appointed KPMG as the new Group Internal Auditor, effective 1 January 2024.

The Audit and Risk Committee also reviewed and discussed the executive sub-committees, including their roles and responsibilities, and it established and approved a range of new policies. An assurance policy was introduced that defines how the Board of Directors ensures that business activities, valuation and reporting processes and controls are adhered to. The Internal Audit Charter Policy was created to define Leonteq's Internal Audit system and to ensure that an adequate and effective audit reporting line is in place within the company. The newly created Policy on the Use of External Auditors for Non-Audit Services and Auditor Rotation sets out how Leonteq engages with external auditors that also provide it with non-audit services. In addition, a sustainability framework was established that defines the overarching organisational structure for the implementation of the Group's commitment to sustainable development and the implementation of its ESG strategy.

Risk tolerance, monitoring and reporting

The Audit and Risk Committee regularly reviewed the Board risk report and the weekly monitoring dashboard. It further monitored the Group's risk tolerance and risk framework, including liquidity risk, stress testing and the control framework. It reviewed the limit framework in order to align business needs with the Board of Directors' risk appetite and supervised the capital adequacy framework. In addition, it approved the revised operational risk framework and the liquidity plan for 2024.

Resilience framework

In 2023, the Audit and Risk Committee increased its focus on the design and implementation of an operational resilience framework to meet the regulatory requirements that applies from January 2024. Further, Leonteq implemented various aspects of recovery and resolution planning, demonstrating its readiness in times of a crisis. A recovery plan was approved by the Board of Directors at the start of 2023.

Group Internal Audit

In 2023, Leonteq's Group Internal Audit function was outsourced to Ernst & Young Ltd. (Group Internal Audit). The Group Internal Audit function reports to Leonteq's Audit and Risk Committee. Group Internal Audit delivers independent audits and assessments of the appropriateness and effectiveness of Leonteq's organisational and business processes, particularly with regard to the institution's internal control system and risk management. It conducts a comprehensive risk assessment of Leonteq on an annual basis, which together with other auditing requirements, informs the definition of the audit objectives and planning for the next audit period. The objective and planning are approved by the Audit and Risk Committee. Group Internal Audit reports in writing in a timely manner on any material findings to the Board of Directors. Group Internal Audit maintains a regular dialogue with the external auditor to share information about risk issues arising from their respective audits and to coordinate their activities. The obligations and rights of Group Internal Audit are set out in the Organisational Management Regulations. In accordance with this charter, Group Internal Audit has unrestricted access at all times to accounts, systems, premises, people, information and documents regarding all aspects of Leonteq and its subsidiaries. The Audit and Risk Committee meets the head of Group Internal Audit on a regular basis.

As part of Leonteq's commitment to corporate governance and to best practice in this area, Leonteq's Audit and Risk Committee decided to initiate a rotation process for its Group Internal Audit function. After a detailed due diligence and tender process, the Board of Directors elected KPMG as the new internal auditor, effective 1 January 2024.

External Audit

The Audit and Risk Committee monitors the qualification, independence and performance of the Group's external auditor (Deloitte) and the lead partner. The external audit of the financial statements is conducted with the aim to provide an opinion to whether:

- The consolidated financial statements of the Group give a true and fair view of the financial position, the results of the operations and cash flows in accordance with IFRS and comply with Swiss law;
- The statutory financial statements and the proposal on the appropriation of available earnings comply with Swiss law and articles of incorporation; and
- Whether an internal control system exists with regard to the preparation of the financial statements.

The external auditor also performs a regulatory audit with the objective to provide regulatory confirmation to FINMA and the Board of Directors aligned with the FINMA-agreed audit strategy for the period.

The external auditor provides timely reports to the Audit and Risk Committee on critical accounting policies and practices employed, alternative treatments of financial information discussed with management, and other material written communication between the external auditor and management.

The Audit and Risk Committee meets the lead partner of the external auditor on a regular basis. At least once a year, the Chairwoman of the Audit and Risk Committee discusses the audit work performed with the lead partner of the external auditor, together with the main findings and any critical issues that may have arisen during the audit. The Chairwoman of the Audit and Risk Committee reports back to the Board of Directors on the contacts and discussions with the external auditor. The external auditor has direct access to the Audit and Risk Committee at all times.

Additional information on the external auditor can be found on page 162 of this report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of a Chairman and a minimum of one other member of the Board and shall comprise a majority of independent members. On 31 December 2023, the Nomination and Remuneration Committee comprised three members: Richard Laxer (Chairman), Susana Gomez Smith and Philippe Weber. In accordance with Section Four of the Code of Obligation: Remuneration in Companies whose Shares are Listed on a Stock Exchange (art. 732 et seq.), all members of the Nomination and Remuneration Committee were elected individually for a term of one year by the Annual General Meeting 2022. All three members are independent.

The Nomination and Remuneration Committee meets at least four times per year. Meetings are usually attended by the CEO, the CFO, the CPO and management responsible for compensation reporting and controlling. Any members of the Executive Committee who attend the meeting withdraw when their own compensation, performance or potential promotion are discussed.

The Nomination and Remuneration Committee regularly reviews and oversees the Company's compensation policies and models. It is responsible for conducting a formal evaluation process and prepares the basis for the decisions of the Board of Directors regarding the total compensation of the members of the Board of Directors and the Executive Committee, as well as the overall remuneration of all other Group employees.

In particular, it submits to the Board of Directors proposals for:

- Compensation principles, especially in relation to performance-related compensation and the allocation of equity securities or warrants of and the auditing and compliance with them;
- The individual compensation for the members of the Board of Directors and the Executive Committee and the structure of the corresponding agreements;
- The motion proposed to the Annual General Meeting for approval of the maximum total amounts of compensation of the Board of Directors and the Executive Committee;
- The Compensation Report for subsequent submission to the Annual General Meeting for a consultative vote.
- The Nomination and Remuneration Committee is additionally responsible for:
- Reviewing the structure, size and composition of the Board of Directors, appointing members of Board Committees, proposing appointments to the Executive Committee and making recommendations on these matters to the Board;
- Evaluating the experience, knowledge and skills of the Board before an appointment is made and preparing a description of the role and capabilities required for a particular appointment; and
- Succession planning for all Board and Executive Committee members.

For a detailed overview of the activities of the Nomination and Remuneration Committee in 2023, please refer to the Compensation Report 2023 on pages 167 to 168.

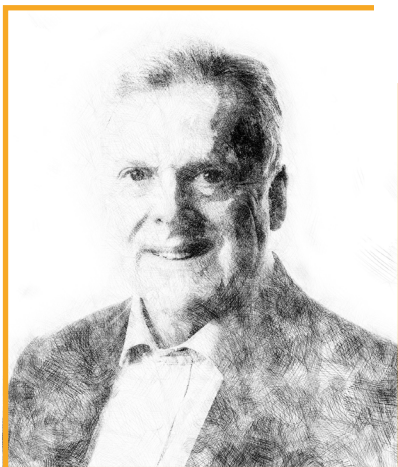
Biographies of the Board Members

CHRISTOPHER M. CHAMBERS

Born 1961, Swiss and British citizen

Member since 2017

Chairman



Christopher Chambers began his career in investment banking in 1990, when he joined Barclays de Zote Wedd Ltd., UK. In 1997, he moved to Credit Suisse First Boston, UK, where he served as Head European Equity Capital Markets until 2002. From 2002 until 2005, he was CEO of Man Investments Ltd., and from 2007–2009, he served as Chairman of the Board of Jelmoli Ltd., Switzerland. From 2009 to 2011, Christopher Chambers was also a member of the Board of Evolution Group Plc, UK. He was a member of the Supervisory Board of Cembra Money Bank Ltd., Switzerland, from 2010 until 2016, and Vice-Chairman of its Board between 2013 and 2016. He subsequently served as Chairman of the Board of Moneta Money Bank, Czech Republic, until 2017. From 2012 to 2019, he served as a member of the Supervisory Board of Berenberg Bank (Schweiz) AG, and from 2017 to 2019, he served as the Chairman of the Board of Pendragon Plc, UK. Furthermore, he served as an Executive Chairman of the Board of Lonrho Limited, UK from 2013 to 2023.

Christopher Chambers has been a member of the Board of Swiss Prime Site AG, Switzerland since 2009. He has also served as a member of the Board of Oxford Science Enterprises plc, UK, since 2015 and as its Chairman since 2020.

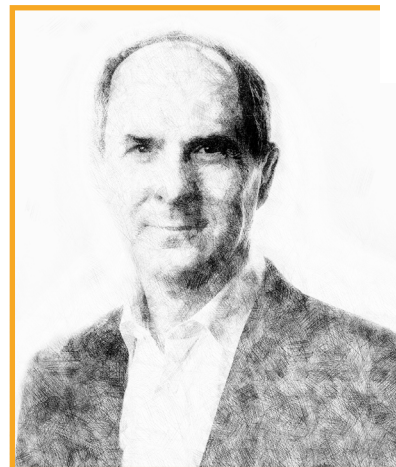
Christopher Chambers completed his education in the UK. He is a fellow of the Royal Society of Arts (FRSA) and holds a Diploma in German Language from the London Chamber of Commerce.

PHILIPPE WEBER

Born 1965, Swiss citizen

Member since 2020

Vice-Chairman



Philippe Weber began his career as a research assistant at the University of Zurich before joining the Foreign Affairs Committees of the two chambers of the Swiss parliament as a legal clerk in 1992/1993. He joined the Zurich-based law firm Niederer Kraft and Frey AG in 1994, became a Partner in 2002 and has served as Chairman of the Board and Management Partner from 2015–2021 and has since remained a member of the Board.

Philippe Weber has served as a member of the Board of Directors of PolyPeptide Group AG, Zug since 2021, and as a member of the Board of Directors of Medacta Group AG, Castel San Pietro, since 2019. He has also served as a member of the Board of Directors of EDAG Group AG, Arbon, since 2015, and as a member of the Board of Directors of Banca del Ceresio SA, Lugano since 2017.

Philippe Weber holds a PhD in Law (summa cum laude) from the University of Zurich as well as an LL.M. from the European University Institute in Fiesole, Italy. He is an attorney-at-law admitted to the Swiss bar.

SUSANA GOMEZ SMITH

Born 1973, Portuguese and British citizen

Member since 2019

Chairwoman of the Audit and Risk Committee



Susana Gomez Smith began her career as a lecturer in Calculus and Algebra at University Lusitana, Portugal before joining Espirito Santo Investment Bank in 1998. In 2002, she joined Citigroup and served as Asia Pacific Head of Structuring for Emerging Markets Credit Trading at Citigroup, Hong Kong, from 2007 to 2012. From 2012 to 2013, Susana Gomez Smith was an advisor to the CEO and the Executive Committee of Banco Nacional Ultramarino, Macau. In 2013 she moved to the United Kingdom and served as a Managing Director at Santander UK Plc until 2018 leading the governance and control of the front office and transaction execution. She was also a member of the Board of Directors of Banco CTT, Portugal, from 2019 to 2022, and an Ambassador for the INSEAD Directors' Network from 2019 to 2022. From 2020 to 2023, she served as a member of the Board of Directors of the INSEAD National Alumni Association.

Susana Gomez Smith holds an MSc in Economics from the Technical University of Lisbon and a BSc in Economics from the Nova University of Lisbon. She has a postgraduate diploma with merit in Enterprise Risk Management from the University of Hong Kong, is certified in Public Relations by the Investor Relations Society UK and in Corporate Governance and Directorship by INSEAD and the Harvard Business School, and in ESG by Competent Boards. She has also completed specialised programmes in internal control, audit and financial reporting, including ACCA certification in International Audit.

SYLVIE DAVIDSON

Born 1967, Swiss citizen

Member since 2021



Sylvie Davidson was Chief Risk Officer UBS APAC for the group and the wealth management business in Hong Kong from 2017 to 2019. Before that, she served as Chief Operating Officer APAC Equities at Barclays Capital Asia from 2015 to 2016. From 2009 to 2015 she worked at Standard Chartered Bank, Hong Kong, where she was Managing Director of Equity Financing and Business Development and Head of Platform & Investor Product Structuring. Sylvie Davidson began her career in 1989 as a derivatives trader at Merrill Lynch in Zurich and moved to the Hong Kong office in 1994, where she was Head of Structured Products Development for equities and equity derivatives from 2001 to 2008.

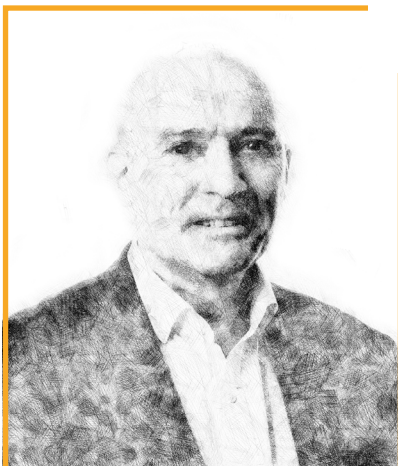
Sylvie Davidson has served as a member of the Board of Directors of Ereva Holdings AG, Zug since 1998, and as a member of several related companies in Switzerland and abroad.

Sylvie Davidson completed her education in Switzerland with a baccalaureate from the Kantonschule Enge, Zurich. She holds the Financial Times Non-Executive Director Diploma.

THOMAS R. MEIER

Born 1962, Swiss citizen

Member since 2017



Thomas Meier began his career at Credit Suisse Group and served as a relationship manager from 1988 to 1993. He subsequently held various senior positions in the Asia Region from 1993 to 1999 before being appointed CEO North Asia and Branch Manager of the Hong Kong office of Credit Suisse from 2000 to 2004. He became Head of Private Wealth Management and served as a member of the Management Board of Deutsche Bank (Luxembourg) from 2004 to 2005. He then joined Bank Julius Baer, where he served as CEO Asia from 2005 to 2015 and as a member of the Executive Board, from 2007 to 2015. After his return to Switzerland, he was appointed Head of Corporate Sustainability at Bank Julius Baer from 2015 to 2017 and Chairman of the Julius Baer Foundation from 2016 to June 2018. He was also member of the Advisory Board of CCB Trust, Beijing, from 2019 to 2022 and served as Managing Director and member of the Board of TRM Consulting AG from 2017 to 2022.

Thomas Meier has been a member of the Board of Directors of VP Bank AG, Liechtenstein, since 2018 and its Chairman since 2020. Through that mandate, he has also held an (unremunerated) advisory role at NASDAQ-listed Hywin Holdings Ltd, Hong Kong, since 2021. Since 2020, he has also served as a trustee of the Smiling Gecko Foundation, Switzerland.

Thomas Meier holds a Doctorate in Law from the University of Zurich, and he completed the Advanced Management Program at the University of Pennsylvania.

RICHARD A. LAXER

Born 1961, American and British citizen

Member since 2018

Chairman of the Nomination and Remuneration Committee



Richard Laxer began his career in 1984 at General Electric. From 2006 to 2008, he served as CEO of GE Capital Solutions and became CEO of GE Capital International in 2013. In 2016, he was appointed Chairman and CEO of GE Capital, where he worked until March 2018. He was also a member of General Electric's Corporate Executive Council from 2006 to 2018. Richard Laxer previously served as a member of the Board of Directors of Cembra Money Bank (2015 – 2016), Moneta Money Bank (2016 – 2017) and Pendragon Plc, UK (2018 – 2019). From 2022 to 2024, he served as a member of the Board of Directors of Oxford Sciences Enterprises plc, UK.

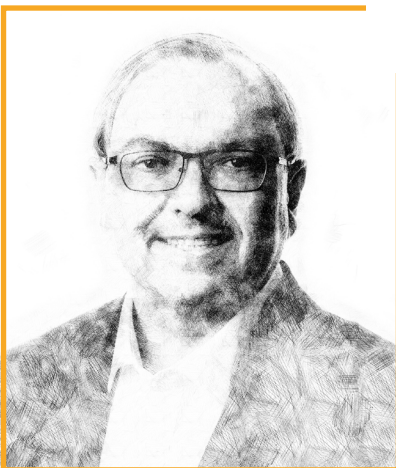
He has served as Chairman of the Board of Directors of Aion SA, Belgium, since 2019, and as a member of the Board of Directors of Vodeno IT, Warsaw since 2018. He has also served as a member of the Board of Directors of Singular Bank, Madrid, since 2020, and as Chairman of the Board of NAX Capital, Manhattan Beach, since 2021. Since 2023, he has been member of the Board of Directors of NAX Group, Manhattan Beach, following his advisory role to the company in 2022.

Richard Laxer holds a BSc (Hons) in Business with a minor in Economics from Skidmore College, New York.

PHILIPPE LE BAQUER

Born 1966, French citizen

Member since 2021



Philippe Le Baquer has been a Senior Adviser to Rothschild & Co, London since 2017, following a successful career at the same firm from 2008 to 2017 as a Managing Director advising a wide range of financial institutions, governments and regulators on strategic matters, mergers & acquisitions (M&A) and capital market transactions. Before joining Rothschild & Co, he worked as an investment banker at Lehman Brothers in London from 1999 to 2008. He started his career at Morgan Grenfell / Deutsche Bank in 1992 as an M&A banker in Paris and London.

Philippe Le Baquer has been a member of the Board of Directors of inoventix AG, Switzerland since 2020.

Philippe Le Baquer holds a Master's degree in Business Administration from the University of Rennes, and a post-graduate degree in Finance and Capital Markets from Sciences Po Paris.

DOMINIK SCHÄRER

Born 1965, Swiss citizen

Member since 2019



Dominik Schärer began his career as an equity trader at Bank Sarasin in 1987. In 1992, he joined Merrill Lynch Capital Markets, Zurich, where he spent 15 years in various roles, including as Head of Derivatives Trading, Head of Equities and Derivatives, and as Derivative Sales to institutional clients, pension funds and insurance companies. He was a member of the Executive Committee of Merrill Lynch Capital Markets, Zurich, from 1996 to 2001, and served as CEO from 2001 to 2007. He also served as a member of the Board of Directors of Merrill Lynch Capital Markets, Zurich, from 2007 to 2011 and as its Chairman from 2011 to 2016. He was Partner and member of the Board of Directors at JBV Vermögensverwaltung AG, Olten, from 2007 to 2020.

Dominik Schärer is the founder of PK Advisory AG, Basel, and has served as a member of its Board of Directors since 2015. Since 2023, he has also been member of the foundation board at the pension fund Scania Schweiz AG.

Dominik Schärer holds a number of trading certificates and has a degree in Economics and Business Administration from the Kaderschule Zurich.

Executive Committee

Executive Committee memberships and appointments

According to Leonteq's Organisational Management Regulations, the Executive Committee must consist of at least five members. The members of the Executive Committee are appointed by the Board of Directors after being proposed by the Nomination and Remuneration Committee.

The Executive Committee comprises six members as of 31 December 2023. Its individual members are listed below.

Name	Appointed in	Function
Lukas Ruffin	May 2018	Chief Executive Officer
Manish Patnaik	March 2014	Chief Operating Officer
Reto Quadroni	October 2017	Chief Risk Officer
Alessandro Ricci	January 2021	Head Investment Solutions
Markus Schmid	October 2020	Chief People Officer
Ingrid Silveri	October 2017	General Counsel

On 14 June 2023, Leonteq announced that the Board of Directors had appointed Antoine Boubilil as Chief Financial Officer and a member of the Executive Committee, effective 1 January 2024. He succeeded Marco Amato, who stepped down at end-August 2023 after six years with the company, as announced on 9 February 2023. Hans Widler, Head Financial Management since 2015, was appointed as CFO ad interim from 1 September 2023 to 31 December 2023 in addition to his existing responsibilities. He participated in the meetings of the Group's Executive Committee during this period as a standing attendee.

Mandates

In accordance with the Group's Articles of Association, members of the Executive Committee are not permitted to hold or exercise more than the following number of additional mandates in the executive or administrative bodies of other legal entities that are required to be entered in the commercial register or a comparable foreign registry, and that are not controlled or held directly or indirectly by the Company:

Type of mandate	Limit
Legal entities ¹	No more than 2 mandates
of which listed companies ¹	No mandate is permitted
Charitable entities ²	No more than 5 mandates

¹ Mandates for which remuneration is received, whereby multiple mandates in various companies that belong to the same group of companies count as one

² Mandates for which no remuneration is received

No Executive Committee member holds mandates that exceed these restrictions. Mandates exercised by a member of the Executive Committee at the request of the Company are exempt from these restrictions.

Before accepting or committing to new external business activities, Executive Committee members must seek approval from the Board of Directors, which considers a number of factors in addition to the restrictions listed above. Generally, external business activities are prohibited if they create any potential conflicts of interest or adversely impact the Executive Committee member's performance or his/her regular work.

Responsibilities of the Executive Committee

Based on decisions of the Board of Directors and acting within the scope of the Company's Organisational and Management Regulations, the Executive Committee prepares and implements the overall strategy and corporate governance policies and guidelines. It is responsible for the day-to-day management of the Group and has authority in all matters that are not the prerogative of, or subject to, the approval of the Board of Directors (including Board Committees and the Chairman) or the Annual General Meeting.

The Executive Committee assumes responsibility for ensuring that the governance of subsidiaries is aligned with the respective principles. To this end, the Executive Committee has issued directives in relation to all relevant matters for the subsidiaries, including, but not limited to, organisational matters, the structuring of internal controls to ensure compliance with applicable legislation and regulations, financial reporting, risk management, and the supervision of persons entrusted with management of the subsidiaries, within the overall organisational rules as defined by the Board of Directors.

Furthermore, the Executive Committee is responsible for operating a system of reporting duties and approval processes applicable to all subsidiaries. It ensures that all corporate governance directives are implemented by the subsidiaries in a timely manner, in accordance with local legislation and regulations. The Executive Committee is headed by the CEO, who is responsible for communication with the Board of Directors and the Chairman as well as for the coordination of press matters. The Executive Committee decides on capital market transactions involving Leonteq shares of less than 3% of the total share capital and decides on financial commitments in connection with investments and long-term contracts of less than CHF 3 million if not included in the budget.

The appointment or dismissal of members of the Committees of the Executive Committee and the approval of the appointment of members of the governing bodies of Group companies fall within the remit of the Executive Committee.

Committees of the Executive Committee

The Executive Committee has several standing Committees, which are chaired by an Executive Committee member and meet periodically throughout the year and/or as often as required. These Committees are:

Risk Committee

This committee is responsible in particular for the determination and monitoring of liquidity risks, market risk limits, counterparty limits and country-specific limits within the scope defined by the Board of Directors. It establishes permissible hedging instruments within the scope defined by the Board, approves eligible issuers and stress scenarios, and issues guidelines on the general handling of legal and regulatory risks. The Risk Committee is composed of both members of the Executive Committee and employees responsible for risk control, trading and treasury.

Product Approval Committee

This committee is responsible for approving new types of financial products before they are issued and new services before they are launched. The Product Approval Committee is composed of both members of the Executive Committee and employees responsible for legal, compliance, risk control, trading and treasury.

Treasury Committee

This committee is responsible for approving and overseeing liquidity management, funding activities and the investment portfolio. It approves and oversees the implementation of strategic treasury initiatives regarding liquidity and funding as well as capital management, sets the liquidity risk management framework and monitors adherence to it. The Treasury Committee oversees treasury models and methodology and approves material changes to treasury stress models. The Treasury Committee is composed of both members of the Executive Committee and employees responsible for trading and treasury.

Index Committee

This committee is responsible for overseeing any changes to an Index methodology, maintaining the governance framework, determining the course of action for any potential cessation event for an index and assessing internal and external audits or reviews for the Index business. The Index Committee consists of members of the Executive Committee and selected Leonteq employees whom the Executive Committee deems appropriate.

Sustainability Committee

This committee is primarily responsible for the implementation of the sustainability strategy defined by the Group's Board of Directors, with the aim of improving the integration of ESG practices across all business areas and of positioning Leonteq as a leading ESG provider for investment solutions. The composition of the Sustainability Committee reflects Leonteq's five sustainability focus areas - Responsible Investing, Environment, Social, Governance and Corporate Sustainability Reporting - and its members are appointed to represent these focus areas based on their function within the Group. Each focus area is linked to one or more material topics. Committee members are either a member of the Executive Committee or hold a senior management position, subject to the internal provision that the Sustainability Committee should not comprise more than three members of the Executive Committee.

Professional background, education and other activities



LUKAS T. RUFLIN

Born 1975, Swiss citizen

Appointed in May 2018

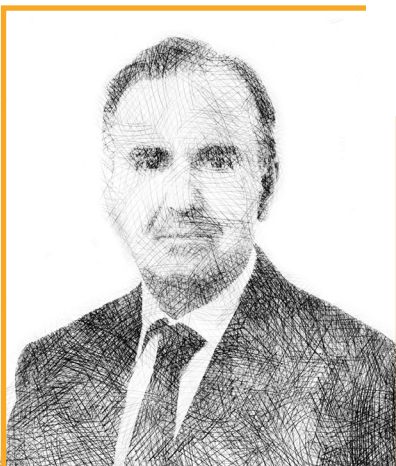
Lukas Ruflin started his career at PricewaterhouseCoopers in 1998. He joined J.P. Morgan in 1999 and moved to Lehman Brothers in 2000. He joined EFG Bank/EFG International in 2004 and held various management positions at the company, including serving as Deputy CFO from 2004 to 2007, CEO of EFG Bank in 2010 and Deputy CEO of EFG International from 2009 to 2012. He was one of Leonteq's four founding partners in 2007. He has served as a Member of Leonteq's Board of Directors since 2009 and was Vice-Chairman from 2015 to March 2018. Lukas Ruflin was appointed CEO and a member of the Executive Committee of Leonteq in May 2018.

Lukas Ruflin holds a master's degree in Economics and a CEMS Master's degree in International Management from the University of St. Gallen.

ANTOINE BOUBLIL

Born 1975, French citizen

Appointed in January 2024



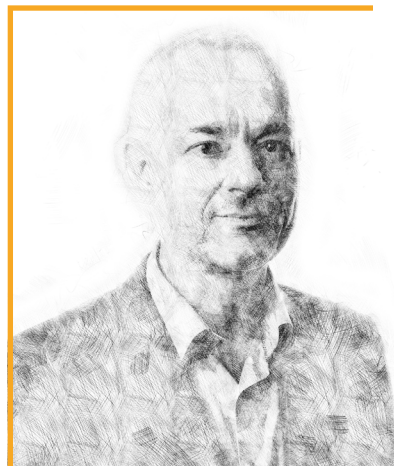
Antoine Boulil started his career at General Electric in 1998 and held various finance roles internationally, including CFO of GE Healthcare Diagnostic Imaging Equipment EMEA, CFO of GE Money Bank France and CFO of GE Money Bank Switzerland. From 2013 to 2016, he served as Chief Financial Officer of Cembra Money Bank AG. He was subsequently appointed Chief Financial Officer of Credit Suisse Schweiz AG and of the Swiss Bank division of Credit Suisse and held these positions until 2023. In addition, he was Chairman of the Boards of both Swisscard AECS GmbH and Bank Now AG.

Antoine Boulil holds a degree in Economics and Finance from the Paris Institute of Political Studies (Sciences Po Paris). He also holds a Master in Economics and Corporate Strategy and a DEUG in Mathematics and Economics from Paris Dauphine University.

RETO QUADRONI

Born 1963, Swiss citizen

Appointed in October 2017



Reto Quadroni started his career at UBS AG, Switzerland, in 1994, working in the area of IT Development and Quantitative Risk Management. In 1999, he joined Systor AG, Switzerland, as a Senior Financial Engineer. Between 2000 and 2003, he worked in the Credit Risk Control and the Product Control Departments of Swiss Re, Switzerland, before returning to UBS AG, Switzerland, as a Risk Specialist in 2003. As a member of the Group Risk Division, he focused on quantitative risk methodologies and regulatory and statistical analysis. He joined Leonteq in 2009 and was later appointed Head of Risk Control, a position he held until 2014. After a period of two years, during which he led a team focusing on strategic and regulatory related projects, he resumed his responsibility for Risk Control and became a member of the Executive Committee in October 2017.

Reto Quadroni studied Theoretical Physics at ETH Zurich and holds a Doctorate in Natural Sciences.

MANISH PATNAIK

Born 1973, German citizen

Appointed in March 2014



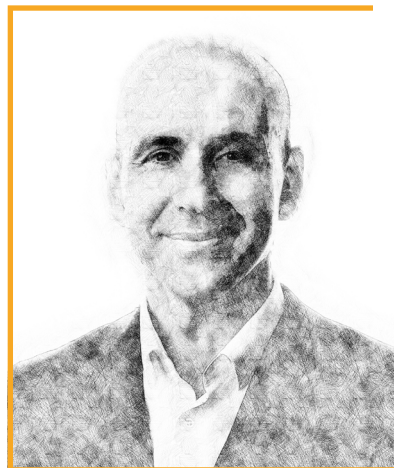
Manish Patnaik began his career at Tata Infotech Ltd., India, as a Senior Software Engineer in 1997. In 1999, he joined Société Générale, Singapore, as a Business Analyst and Delivery Manager. From 2000 to 2011, he worked at Commerzbank, Germany, where he became Group Leader for equity derivatives, cash equity and research. He joined Leonteq in 2011 as Head of Front Office IT and became Chief Information Officer in 2012, before being appointed as Chief Operating Officer and a member of the Executive Committee in March 2014.

Manish Patnaik holds a Bachelor's degree in Technology (Electronics & Communication) from R.E.C. (Regional Engineering College), Kurukshetra, India, and a Master's degree in Business Administration (Finance) from ICFAI Business School, India.

ALESSANDRO RICCI

Born 1974, Italian and British citizen

Appointed in January 2021



Alessandro Ricci started his career as a Business Analyst at McKinsey in 2000. He worked for Lehman Brothers in Equity Derivatives Sales and Structuring from 2004 to 2008, and held various senior management positions in the Structured Products division of Nomura International from 2008 to 2016. Alessandro Ricci joined Leonteq for the first time in 2016 as Head Sales EMEA. From 2017 to 2020, he was Co-Head Derivatives and Head of Structured Products at Exane. He re-joined Leonteq in June 2020 as Deputy Head Investment Solutions and Head Switzerland & EMEA and he became Head Investment Solutions and a new member of the Executive Committee on 1 January 2021.

Alessandro Ricci holds a Master of Science in Mechanical Engineering from the Università degli Studi di Napoli Federico II, Naples, as well as an MBA in Finance from the Columbia Business School, New York.

MARKUS SCHMID

Born 1968, Swiss citizen

Appointed in October 2020



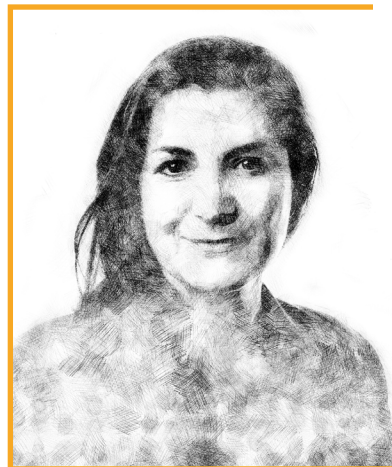
Markus Schmid spent the first part of his career at Manres AG from 1998 to 2011, where he was later appointed Managing Partner. From 2010 to April 2020, he was Head of Corporate HR & Internal Communication, Executive Vice President and a member of the Management Board of Tecan Group, where he led the Global Human Resources function. Markus Schmid joined Leonteq as Chief People Officer and a member of the Executive Committee in October 2020.

Markus Schmid holds a Master's in Psychology and Journalism from the University of Fribourg.

INGRID SILVERI

Born 1976, Italian and Venezuelan citizen

Appointed in October 2017



Ingrid Silveri started her career as a lawyer in Venezuela. After completing her PhD in Germany, she worked in the debt capital markets groups of two international law firms in Frankfurt am Main: From 2006 to 2008, she was employed at Clifford Chance, before joining Simmons & Simmons for over three years. Ingrid Silveri joined Leonteq as a Legal Counsel in 2011, with a focus on European financial and securities regulations and corporate law. She was appointed Head Legal in July 2014 and became General Counsel and a member of the Executive Committee in October 2017.

Ingrid Silveri holds postgraduate degrees (Dr. iur. and LL.M) from the Ludwig Maximilian University of Munich, and a law degree from the Andrés Bello Catholic University in Caracas.

Additional Information

External Audit

External Audit forms an integral part of Leonteq’s corporate governance framework and plays a key role by providing an independent assessment of operations and the internal control framework.

The Annual General Meeting elects the external auditor each year. At the Annual General Meeting 2023, shareholders approved the re-election of Deloitte AG as the statutory auditor for the financial year 2023. The mandate was first given to Deloitte AG in 2022, and the lead audit partner is Sandro Schoenenberger (since 2022). The lead audit partner is subject to periodic rotation requirements.

Mandates assigned to the auditor for additional audit, audit-related and permitted non-audit work are subject to prior approval by the Audit and Risk Committee.

Fees paid to the External Auditor

CHF thousand	2023	2022	Change y-o-y
Audit services	1,051	669	27%
Tax, accounting and advisory related services	27	32	(16%)

Deloitte attends all the meetings of the Audit and Risk Committee and reports on the findings of its audit and/or interim review work. The Audit and Risk Committee reviews Deloitte's audit plan on an annual basis and evaluates the performance of Deloitte and its lead partner in fulfilling their mandate. The Audit and Risk Committee reviews the annual written statement submitted by the external auditor to verify its independence. In addition, the Audit and Risk Committee recommends to the Board of Directors the appointment or replacement of the external auditor, subject to shareholder approval as required by Swiss law.

Transactions with related parties

Compensation, shareholdings and loans

Detailed information on the compensation of the Executive Committee can be found in the Compensation Report on pages 172 to 177 and 180 to 187. The total compensation of the Board of Directors is disclosed in the Compensation Report on pages 178 and 189. Information on the shareholdings of Leonteq's Executive Committee and Board of Directors can be found in the Compensation Report on pages 188 and 190.

Management contracts

Leonteq and its subsidiaries have not entered into any management contracts with third parties.

Trading in Leonteq shares

Leonteq employees, members of the Executive Committee and members of the Board of Directors are subject to certain restrictions when trading in Leonteq's equity securities, or in related financial instruments. Any transaction requires pre-trade clearance and the minimum holding period is 30 days. Any trading activity in derivatives on shares of Leonteq and the short-selling of Leonteq shares are strictly prohibited according to Leonteq's Code of Conduct.

Leonteq submits all reportable transactions of the members of the Board of Directors and members of the Executive Committee to SIX Exchange Regulation for publication on its website at: www.ser-ag.com/de/resources/notifications-market-participants/management-transactions.html#/

Blackout periods

Leonteq enforces two ordinary blackout periods ahead of the publication of its full-year and half-year results. The blackout period starts each year on 1 June and 1 December (typically after market close on the last trading day before those dates) and ends with market opening on the day of publication of Leonteq's half-year and full-year results. Consequently, Leonteq has an extensive blackout period of more than 70 days ahead of its full-year results and of more than 50 days ahead of its half-year results. During this time employees, members of the Executive Committee and members of the Board of Directors without any exception are prohibited from conducting any personal transactions in Leonteq AG shares as well as funds and structured products with more than 30% Leonteq AG shares as underlying.

Compliance with rules and regulations

As a publicly listed Swiss company, Leonteq is subject to and complies with Section Four of the Code of Obligation: Remuneration in Companies whose Shares are Listed on a Stock Exchange (art. 732 et seq.). Leonteq is further subject to and complies with the SIX Directive on Information relating to Corporate Governance, as well as with the SIX Guideline regarding the Directive on Information relating to Corporate Governance, and the guidelines and recommendations contained in the Swiss Code of Best Practice for Corporate Governance issued by the Swiss business federation economiesuisse, taking into account the respective provisions of the Swiss law, which addresses transparency requirements concerning the compensation of members of the Board of Directors and the Executive Committee.

As a FINMA licensed securities firm, Leonteq is also subject to and complies with the FINMA Circular 2017/1 "Corporate governance - banks" which sets out the requirements to be met in the areas of corporate governance, risk management, internal control system and internal audit at banks, securities firms, financial groups and financial conglomerates dominated by banking or securities trading.

Leonteq as a SIX listed company opts in to publish a sustainability report on an annual basis in line with the internationally recognised standard of Global Reporting Initiative. Detailed information on the sustainability report can be found on pages 57 to 123.

SIX Directive on information relating to Corporate Governance – content index

SIX Annex	Topic	Reference in Corporate Governance report
1 Group structure and shareholders		
1.1	Group structure	
1.1.1	Description of the issuer's operational group structure	Pages 128-129
1.1.2	Listed companies belonging to the issuer's group	N/A
1.1.3	Non-listed companies belonging to the issuer's group	Pages 129 - 130
1.2	Significant shareholders	Page 133
1.3	Cross-shareholdings	Page 133
2 Capital structure		
2.1	Capital	
2.2	Capital band and conditional capital in particular	Page 131, 136
2.3	Changes in capital	Page 131
2.4	Shares and participation certificates	Page 131
2.5	Dividend-right certificates	Page 131
2.6	Limitations on transferability and nominee registrations	
2.6.1	Limitations on transferability for each share category	Page 135
2.6.2	Reasons for granting exceptions in the year under review	N/A
2.6.3	Admissibility of nominee registrations	Page 135
2.6.4	Procedure and conditions for cancelling privileges and limitations on transferability laid down in the articles of association	Page 135
2.7	Convertible bonds and options	N/A

SIX Annex	Topic	Reference in Corporate Governance report
3 Board of directors		
3.1	Members of the board of directors	
3.2	Other activities and vested interests	Pages 152-155
3.3	Number of permitted activities	Page 143
3.4	Elections and terms of office	Page 138
3.5	Internal organisational structure	
3.5.1	Allocation of tasks within the board of directors	Page 143-145
3.5.2	Members list, tasks and area of responsibility for each committee of the board of directors	Page 138;146-151
3.5.3	Working methods of the board of directors and its committees	Page 141-151
3.6	Definition of areas of responsibility	Page 144
3.7	Information and control instruments vis-à-vis the executive committee	Page 145-146
4 Executive committee		
4.1	Members of the executive committee	Page 156
4.2	Other activities and vested interests	Page 158-161
4.3	Number of permitted activities	Page 156
4.4	Management contracts	Page 163

SIX Annex	Topic	Reference in Corporate Governance report
5 Compensation, shareholdings and loans		
5.1	Content and method of determining the compensation and the shareholding programmes	Page 172-190
5.2	Disclosures from issuers subject to the OaEC	
5.2.1	Rules in the articles of association on the principles applicable to performance-related pay	Page 180-184
5.2.2	Rules in the articles of association on loans, credit facilities and post-employment benefits for members of the board of directors and executive committee	Page 176, 178, 187
5.2.3	Rules in the articles of association on the vote on pay at the general meeting of shareholders	Page 136
6 Shareholders' participation rights		
6.1	Voting rights restrictions and representation	
6.1.1	Rules in the articles of association on restrictions to voting rights	Page 135
6.1.6	Information on rules which might be laid down in the articles of association on the issue of instructions to the independent proxy, and any rules in the articles of association on the electronic participation in the general meeting of shareholders	Page 135
6.2	Quorums required by the articles of association	Page 136
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6.4	Inclusion of items on the agenda	Page 136
6.5	Entries in the share register	Page 136
7 Changes of control and defence measures		
7.1	Duty to make an offer	Page 137
7.2	Clauses on changes of control	Page 137

SIX Annex	Topic	Reference in Corporate Governance report
8 Auditors		
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8.1.1	Date of assumption of the current audit mandate	Page 150
8.1.2	Date on which the lead auditor responsible for the current audit mandate took up office	Page 162
8.2	Auditing fees	Page 162
8.3	Additional fees	Page 162
8.4	Information instruments pertaining to the external audit	Page 162
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Letter from the Chairman of the Nomination and Remuneration Committee

Dear shareholders, employees and other stakeholders

As Chairman of the Nomination and Remuneration Committee, I am pleased to present the Compensation Report 2023 of Leonteq AG.

Results for 2023

Following record results in 2021 and 2022, Leonteq delivered financial performance in 2023 that was significantly below our expectations and targets. Whilst the client franchise remained solid in a challenging market environment, the Group achieved total operating income of CHF 260.0 million in 2023 compared to CHF 456.4 million in the prior year period. Net fee income was relatively stable paired with a normalised net trading result. Group net profit of CHF 20.6 million was significantly down compared to CHF 156.4 million in 2022. The strong capital base was maintained at CHF 837.9 million and the return on equity was 2%.

Notwithstanding, Leonteq continued to systematically execute against its Growth Strategy 2026. The Group achieved measurable progress along its four strategic pillars and received external recognition for its business franchise, service quality, technology platform and sustainability efforts.

Compensation outcomes for 2023

Fixed compensation for members of the Executive Committee decreased by 2% to CHF 4.77 million in 2023. In view of the disappointing financial results for 2023, which were below the targets set for the performance period, the short-term incentive award for the members of the Executive Committee was CHF 1.04 million. This corresponds to 36% of the maximum opportunity and a reduction of 60% compared to the previous year. Total cash compensation for the Executive Committee decreased by 22% to CHF 5.81 million in 2023. The long-term incentive award for the performance period 2023-2025 had a maximum opportunity of CHF 4.35 million and a fair value at grant of CHF 2.65 million.

In 2023, no material changes were made to the Board's compensation framework, which continues to be based on a fixed fee structure with pre-defined fees for Board membership and for the Chairs of Committees. Total compensation for members of the Board of Directors was unchanged at CHF 1.66 million for the current term.

TOTAL OPERATING INCOME (CHF million)

260.0

2022: 456.4

GROUP NET PROFIT (CHF million)

20.6

2022: 156.4

CAPITAL BASE (CHF million)

837.9

2022: 932.8

LTIP awards 2021 – 2023

The LTIP awards for the performance period 2021 – 2023 had a maximum opportunity of CHF 4.46 million and were based on return on equity and total shareholder return relative to a benchmark performance.

Over the three-year performance period, Leonteq achieved an average return on equity of 14.2% (target: 10.0%) and a total shareholder return of -3.9%. Reflecting these results, the LTIP awards will vest for the return on equity at the cap whilst it will not vest for the total shareholder return. The LTIP awards based on performance conditions represent 67% of the maximum opportunity and amounts to CHF 2.98 million, or 80,036 shares for the members of the Executive Committee.

The LTIP awards will vest fully in February 2024 with a one-year blocking period, after which the awarded shares can be sold if minimum shareholding requirements are fulfilled.

Compensation-related votes

At the Annual General Meeting 2023, shareholders approved all of the motions related to compensation with a strong majority ranging between 93% and 97% of the votes represented. At this year's Annual General Meeting, shareholders will vote prospectively on the fixed compensation and the long-term incentive plan grant for the financial year 2025 and retrospectively on the short-term incentive plan award for the reporting year. This will continue to allow shareholders to take a fully informed decision based on the Group's performance in the reporting year when voting.

Governance

In 2023, we continued our process to identify potential candidates to join the Board of Directors with a view to further improving the overall skillset of its members, particularly in the areas of technology and digitalisation as well as increasing the gender diversity of the Board. We expect to be able to appoint a new director fulfilling this skillset during the course of 2024.

On behalf of the Nomination and Remuneration Committee, I would like to thank all our employees for their hard work and continued commitment in 2023. I would also like to thank all our stakeholders for their trust in Leonteq and their loyalty to the Group. We are confident that our compensation programmes will help to secure the long-term success of Leonteq.

Richard A. Laxer

RICHARD A. LAXER

Chairman of the Nomination and Remuneration Committee



Compensation governance

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of a Chairman and a minimum of one other member of the Board and shall comprise a majority of independent members. On 31 December 2023, the Nomination and Remuneration Committee included three members: Richard Laxer (Chairman), Susana Gomez Smith and Philippe Weber. In accordance with, Section Four of the Code of Obligation, all members of the Nomination and Remuneration Committee were elected individually for a term of one year by the Annual General Meeting 2023. All three members are independent.

The Nomination and Remuneration Committee meets at least four times per year. Meetings are usually attended by the CEO, the CFO, the CPO and members of the management responsible for compensation reporting and controlling. Any members of the Executive Committee who attend the meeting withdraw when their own compensation, performance or potential promotion are discussed.

The Nomination and Remuneration Committee regularly reviews and oversees the Group's compensation policies and models. It is responsible for conducting a formal evaluation process and prepares the basis for the decisions of the Board of Directors regarding the total compensation of the members of the Board of Directors and the Executive Committee, as well as the overall remuneration of all other Group employees. In particular, it submits proposals to the Board of Directors concerning:

- Compensation principles, especially in relation to performance-related compensation and the allocation of equity securities or warrants, and the auditing of those principles and compliance with them;

- The individual compensation for members of the Board of Directors and the Executive Committee and the structure of the corresponding agreements;
- The motion proposed to the Annual General Meeting for approval of the maximum total amounts of compensation of the Board of Directors and the Executive Committee; and
- The Compensation Report for subsequent submission to the Annual General Meeting for an advisory vote.

The Nomination and Remuneration Committee is additionally responsible for:

- Reviewing the structure, size and composition of the Board of Directors, appointing members of Committees of the Board, proposing appointments to the Executive Committee, and making recommendations on these matters to the Board;
- Evaluating the experience, knowledge and skills of the Board before making any new appointments, and preparing a description of the role and capabilities required for a particular appointment; and
- Succession planning for all Board and Executive Committee members.

The table below summarises the Group's compensation governance.

	CEO	NRC	BoD	AGM
Compensation principles and design		Proposes	Approves	
Maximum total compensation of members of the Board of Directors		Proposes	Approves¹	Prospective binding vote
Maximum fixed compensation of members of the CEO		Proposes	Approves¹	Prospective binding vote
Maximum fixed compensation of other members of the Executive Committee	Proposes	Decides	Approves¹	
Performance target setting and assessment of the CEO		Proposes	Approves	
Performance target setting and assessment of other members of the Executive Committee	Proposes	Decides	Approves	
Variable compensation for the short-term incentive plan of the CEO		Proposes	Approves¹	Retrospective binding vote
Variable compensation for the short-term incentive plan of other members of the Executive Committee	Proposes	Decides	Approves¹	
Maximum variable compensation for the long-term incentive plan of the CEO		Proposes	Approves¹	Prospective binding vote
Maximum variable compensation for the long-term incentive plan of other members of the Executive Committee	Proposes	Decides	Approves¹	
Compensation Report		Proposes	Approves¹	Advisory vote

¹ Subject to approval by an Annual General Meeting

Activities of the Nomination and Remuneration Committee in 2023

The Nomination and Remuneration Committee works through an operating rhythm with three overarching goals:

- 1. Establish and oversee a robust compensation system;**
- 2. Drive organisational development and culture; and**
- 3. Ensure strong compliance and governance.**

Guided by these principles, the Committee met six times in 2023 and focused on a number of key areas. Among other things, the Committee:

- Ensured succession planning for all members of the Board of Directors and the Executive Committee as well as other key functions, and strengthened the organisation through new appointments and/or the delegation of new deputies;
- Continued the process of identifying new potential members of the Board of Directors, particularly with a view to improving the gender diversity and skills of the Board's, especially in the area of technology;
- Reviewed the achievement of strategic targets and the related compensation of the Executive Committee based on its compensation model and proposed its recommendations to the Board and Annual General Meeting for approval;
- Assessed the Group's performance based on qualitative and quantitative results, the progress made towards strategic targets and other factors, and reviewed and submitted for approval to the Board the proposed variable compensation amounts for the reporting year for all employees;
- Proposed to the Board of Directors the overall discretionary bonus pool for 2023 (taking into account the performance of the company) as well as the pool of annual salary increases for employees for 2024;
- Reviewed and approved the Compensation Report 2023, focusing on a comprehensive and transparent disclosure of the Group's compensation; and
- Defined and proposed to the Board of Directors the goals and objectives for the Executive Committee for 2024.

In addition, the Committee

- Conducted a search process and hired a new Chief Financial Officer;
- Reviewed and approved a new, company-wide remuneration policy; and
- Commissioned a benchmark study to assess the competitiveness of total compensation of the members of the Executive Committee compared to the external market.

Annual General Meeting

As specified in the Articles of Association, the Annual General Meeting has the inalienable power to approve the compensation of members of the Board of Directors and the Executive Committee. On an annual basis, in response to the proposal by the Board of Directors, the Annual General Meeting approves separately (i) the maximum total compensation of members of the Board of Directors for the period until the next Annual General Meeting (prospective vote), (ii) the maximum total amount of fixed compensation and the maximum total amount of variable compensation for the long-term incentive plan of members of the Executive Committee for the financial year following the Annual General Meeting (prospective vote) and (iii) the total amount of variable compensation for the short-term incentive plan of members of the Executive Committee for the financial year preceding the Annual General Meeting (retrospective vote). The resolutions by the Annual General Meeting are binding. In the following year, the Board informs the Annual General Meeting in the Compensation Report about the use of the approved fixed remuneration and the long-term incentive award and explains the short-term incentive award proposed with respect to the previous business year. The retrospective vote on the short-term incentive plan amount allows shareholders to take a fully informed decision based on the Group's performance in the reporting year when voting. If the Annual General Meeting opposes a compensation proposal, the Board of Directors shall prepare an alternative proposal and shall convene another General Meeting within a period of three months.

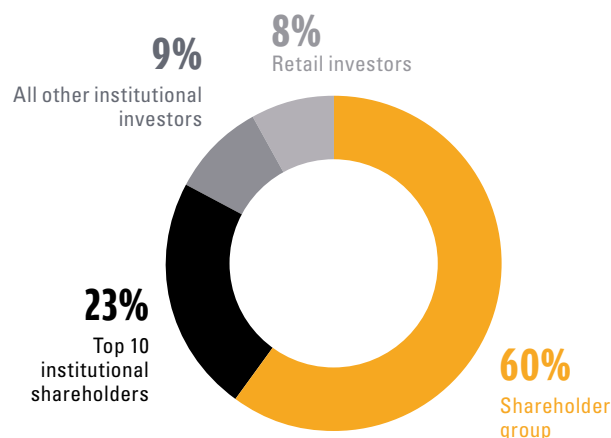
Insofar as the approved maximum total amount of fixed compensation and the long-term incentive plan of members of the Executive Committee is not sufficient to compensate new members appointed after the corresponding resolution is approved by the Annual General Meeting, an additional amount of up to 30% of the approved maximum total amount of fixed compensation and long-term incentive plan of the Executive Committee may be used until the next Annual General Meeting. The Annual General Meeting does not vote on the additional

amount used. In the Compensation Report, the Board of Directors provides information about the actual total compensation of the members of the Board of Directors and the Executive Committee. The Annual General Meeting votes retrospectively on the Compensation Report in an advisory vote.

Annual General Meeting 2023

At the Annual General Meeting 2023, shareholders voted in favour of all compensation matters by a substantial majority of ranging between 93% and 97% of the votes. A total of 127 shareholders (including the independent proxy) attended the meeting in Zurich, representing a total of 12,574,828 shares or 66.41% of Leonteq's issued share capital. The Nomination and Remuneration Committee also noted the positive development of shareholders support for Leonteq's compensation system over the last five years.

Distribution of votes (12.6 million shares represented)



Votes in favour of compensation related agenda items:

Compensation report 2022	95%
Total compensation Board AGM 2023-AGM 2024	96%
STIP compensation Executive Committee 2022	97%
Maximum fixed compensation Executive Committee 2024	93%
Maximum LTIP compensation Executive Committee 2024	94%

Annual General Meeting 2024

- The Board will submit the following proposals relating to compensation matters to Leonteq's shareholders at the Annual General Meeting 2024:
- Advisory vote on the Compensation Report 2023;
- Binding prospective vote on the maximum total compensation of members of the Board of Directors for the period from the Annual General Meeting 2024 to the Annual General Meeting 2025;
- Binding retrospective vote on the variable compensation for the short-term incentive plan of members of the Executive Committee for the financial year 2023;
- Binding prospective vote on maximum fixed compensation of members of the Executive Committee for the financial year 2025;
- Binding prospective vote on maximum variable compensation for the long-term incentive plan of members of the Executive Committee for the financial year 2025.

Compensation design for 2023

Compensation model for the Executive Committee

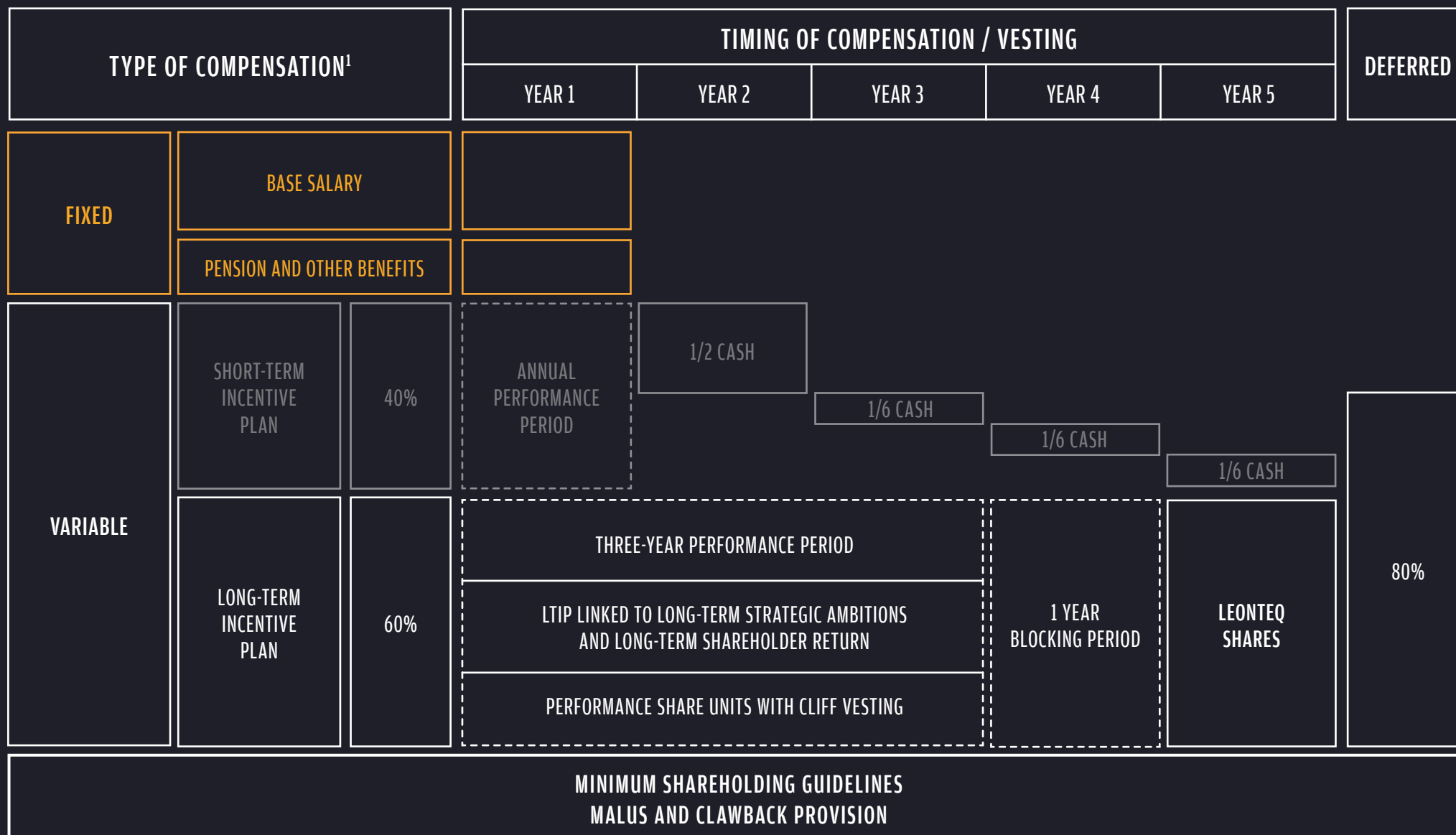
Leonteq's compensation model for members of the Executive Committee is designed to be transparent, easy to understand and it is based on clearly defined performance metrics. Additionally, it strengthens the alignment between compensation and strategic priorities, and more closely aligns the interests of the Executive Committee with the long-term interests of shareholders. Key features of Leonteq's compensation model for the Executive Committee are:

Simple structure with 80% of variable compensation deferred:

- Variable compensation is split into a cash-based short-term incentive plan with a one-year performance period and a share-based long-term incentive plan with a three-year performance period;
- 50% of the short-term incentive plan is deferred with three-year stage vesting;
- 100% of the long-term incentive plan is deferred in the form of performance share units with three-year cliff vesting followed by an additional one-year blocking period;
- The maximum opportunity for variable compensation is defined as a multiple of the base salary and ranges from 1 to 2.5 times the annual base salary, depending on the role of the recipient;
- The cap on performance-linked variable compensation components is set at 100.0% of the maximum opportunity, the target at 66.7% and the threshold at 25.0%.

Performance criteria and shareholding guidelines are clearly defined:

- The short-term incentive plan comprises clearly measurable performance criteria that reflect the Group's short-term strategic targets;
- The long-term incentive plan ensures the alignment of management and shareholder interests by considering total shareholder return as a vesting criterion; combined with the key performance indicator return on equity, long-term targets are fully centred around creating shareholder value;
- Minimum shareholding guidelines define the minimum shareholding as a factor of the base salary and function, further aligning management interests with the long-term interests of shareholders.



1 This graphic provides an illustrative overview of Leonteq's compensation model for the Executive Committee. It is not proportionate to the actual fixed and variable compensation elements.

Compensation structure

The members of the Executive Committee receive appropriate compensation, in line with market conditions. Members of the Executive Committee receive a base salary in cash, together with variable compensation for a one-year performance period in cash (short-term incentive plan, "STIP") and variable compensation for a three-year performance period awarded in performance share units (long-term incentive plan, "LTIP"). The base salary is assessed annually based on the recipient's level of responsibility and experience, and it is adjusted if required. The STIP award of each member of the Executive Committee depends on financial and non-financial targets that are aligned with the overall economic success and strategic development of the Group. The vesting criteria for an Executive Committee member's LTIP award depend on the achievement of financial targets that are aligned with the long-term success and profitability of the Group and shareholder interests. The targets for members of the Executive Committee are approved at the beginning of the performance period by the Board of Directors and the achievement of the defined personal objectives is assessed at the end of each performance period by the Board of Directors.

Employment contracts for members of the Executive Committee are agreed for an indefinite period, with a notice period of a maximum of six months. Contracts include malus and clawback provisions that are linked to mandatory behaviour. In addition, members of the Executive Committee are bound by minimum shareholding guidelines.

The total compensation of members of the Executive Committee is periodically benchmarked with the support of external compensation consulting services. The Group uses executive or senior management compensation of comparable peers that are financial institutions with similar business activities, considering differences in size, geographic reach and client bases. Where more appropriate and relevant, compensation is compared with markets competing to hire talent in areas such as IT or the consulting or audit industry.

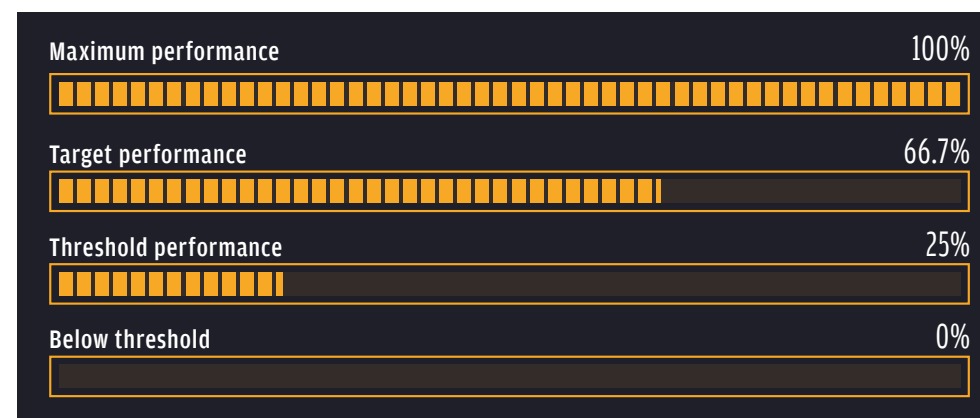
Base salary

The base salary is determined individually, depending on the function, level of responsibility and experience of the recipient. Members of the Executive Committee further receive a representation allowance, which is reported as part of other benefits.

Short-term incentive plan

STIP awards comprise variable compensation paid in cash for a one-year performance period. 50% of STIP awards are distributed after being approved at the Annual General Meeting following the performance year and 50% are deferred by applying stage vesting over a period of three years.

The STIP maximum opportunity level is defined as a multiple of the base salary and are set individually for each member of the Executive Committee. It varies between 0.4 and 1.0 times the annual base salary, depending on the role of the recipient. Payouts are subject to the achievement of threshold, target or maximum performance levels and are defined as a percentage of the STIP maximum opportunity:

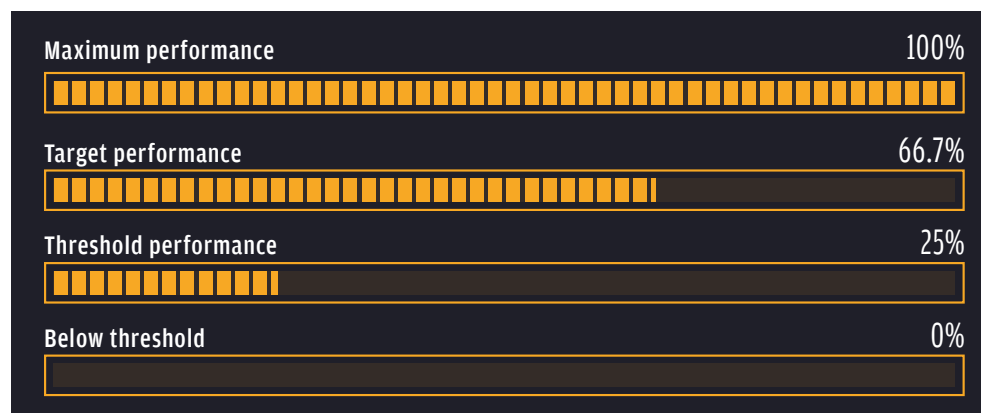


The STIP comprises clearly defined performance criteria that reflect the Group's short-term strategic targets and are grouped into financial and non-financial criteria. These metrics and the corresponding performance target levels are generally aligned with the annual budget and related initiatives approved by the Board of Directors and ensure continuous progress towards strategic targets. Short-term key performance indicators ("KPIs") are measured at Group or (where applicable) on an individual level for all members of the Executive Committee for a one-year performance period. The STIP performance target levels are approved at the beginning of the performance period and the achievement of set objectives is assessed annually by the Nomination and Remuneration Committee. In addition, qualitative KPIs cover predominantly ethical and behavioural aspects and represent mandatory criteria that may only lead to downward adjustments.

Long-term incentive plan

LTIP awards comprise forward-looking incentives for a three-year performance period that are allocated in the form of performance share units ("PSUs") and settled in Leonteq shares. LTIP awards are granted at the beginning of the first performance year following prospective approval by the Annual General Meeting. At grant date, the total maximum LTIP award (equal to the maximum opportunity level of 100%) is divided by the volume-weighted average share price of the last quarter before the three-year performance period to determine the target and maximum number of performance share units at vesting. The granted PSUs are deferred by applying cliff vesting over a period of three years. The actual number of PSUs that convert into Leonteq shares at vesting depends on the target achievement level over the three-year performance period. PSUs carry no dividend entitlement and voting rights during the vesting period. Once the Leonteq shares are vested, a one-year blocking period is applied before such shares become freely tradeable if minimum shareholding requirements are fulfilled.

The LTIP maximum opportunity level is defined as a multiple of the base salary and set individually for each member of the Executive Committee. It varies between 0.6 and 1.5 times the annual base salary, depending on the role of the recipient. Payouts are subject to the achievement of threshold, target or maximum performance levels and are defined as a percentage of the LTIP maximum opportunity:



The LTIP comprises of two financial KPIs, which are based on the return on equity and total shareholder return. These metrics allow the Board of Directors to strategically manage and align pay for performance of the members of the Executive Committee with the Group's long-term targets and ensure they are aligned with shareholder interests. Long-term KPIs are measured at Group level for all members of the Executive Committee for a three-year performance period.

The LTIP performance targets are approved at the beginning of the three-year performance period and the achievement of the defined objectives is assessed at the end of the three-year performance period by the Nomination and Remuneration Committee. The Board approves the total number of shares to be vested (with a subsequent one-year blocking period) for each member of the Executive Committee. If the Nomination and Remuneration Committee has concluded that the qualitative mandatory KPIs, which cover predominantly ethical and behavioural aspects, were not met, it is at the discretion of the Nomination and Remuneration Committee and the Board to adjust downwards or even cancel the vesting of the performance shares.

Pension and other benefits

Pension and other benefits comprise the employer's pension and social security contributions, the annual representation allowance as well as minor fringe benefits, which may include housing and relocation allowances, car parking or a first-class Swiss rail card, as well as contributions to the cost of annual health checks. Effective reimbursement of expenses is not classed as compensation.

Members of the Executive Committee participate in the occupational pension fund and receive benefits under the terms of its pension plans, including non-mandatory benefits. The Company may pay employer contributions to the occupational pension fund. In the case of illness or accident affecting a member of the Executive Committee, the Company may continue to pay the individual's salary under the terms of a plan implemented by the Board of Directors as part of the provision of insurance benefits. In cases of early retirement, the Company may provide bridging benefits to the insured or additional contributions to the occupational pension up to a maximum of 50% of the fixed compensation of the recipient.

Malus and clawback provisions

Deferred compensation awards contain malus provisions that enable Leonteq to reduce or cancel the awards prior to settlement if members of the Executive Committee engaged in inappropriate conduct. This is deemed to be the case if a member has, wilfully or by gross negligence, acted in any undue way or through any undue means to influence compensation amounts in his/her favour.

Should Leonteq terminate the employment agreement, any outstanding deferred variable compensation will vest according to the plan rules, unless, such termination is for cause, in which case any outstanding deferred variable compensation will be forfeited. Should a member of the Executive Committee terminate the employment agreement, any outstanding deferred variable compensation will generally be forfeited. Where the termination occurs due to retirement, disability or death of a member of the Executive Committee, the deferred variable compensation will remain deferred as if employment had continued.

Minimum shareholding guidelines

Shareholding guidelines are an important instrument to align management and shareholder interests. The Board of Directors defined a minimum shareholding requirement for members of the Executive Committee, which depends on the function of the respective member. Members of the Executive Committee are not permitted to sell any shares from deferred compensation plans granted on or after 1 January 2019 until they have reached their respective minimum shareholding requirement. Unvested shares are considered for the minimum shareholding requirements.

Loans and credit granted

The Company may grant loans or credit to members of the Executive Committee at market conditions. Any such loans or credit must not exceed 50% of the annual fixed compensation of the individual concerned. However, it is the Company's current policy not to grant any loans and credit to members of the Executive Committee. The advancement of legal, court or similar costs for the defence of potential professional liability claims does not constitute a loan or credit.

Benchmark study

In 2023, an executive compensation benchmark study was conducted in cooperation with an independent external advisory firm in order to assess the competitiveness of fixed and variable compensation of the members of the Executive Committee compared to the external market. Hence, all jobs were graded and matched to incumbents with similar responsibility that are employed by financial services companies within a predefined pan-European peer group (approximately 25% companies from Switzerland).

The peer list for the CEO included companies such as Banque Cantonale Vaudoise, BBVA, Commerzbank, Edmond de Rothschild, Fineco, Julius Bär, Société Générale, Vontobel, VP Bank, Zürcher Kantonalbank. For significantly bigger companies, segment or divisional heads have been included in the assessment instead of the Group CEO role.

The benchmark study has shown that the CEO compensation is broadly in line with the compensation benchmark.

Maximum opportunity levels

On 31 March 2022, the Annual General Meeting approved maximum fixed compensation of CHF 6,330,000 and maximum variable compensation for the long-term incentive plan of CHF 6,190,000 for the year 2023. These amounts included a reserve of an additional CHF 1,270,000 and CHF 1,730,000, respectively, in case the Board of Directors decided to selectively increase base salaries or individual opportunity multiples.

In the performance period, the Board did not grant any salary increases for members of the Executive Committee. It approved the opportunity multiples for the CEO and each individual member of the Executive Committee, which were set at 2.0 for the CEO and at between 1.0 and 2.5 for the other members. Compared to the prior year, the opportunity multiple changed for one member of the Executive Committee.

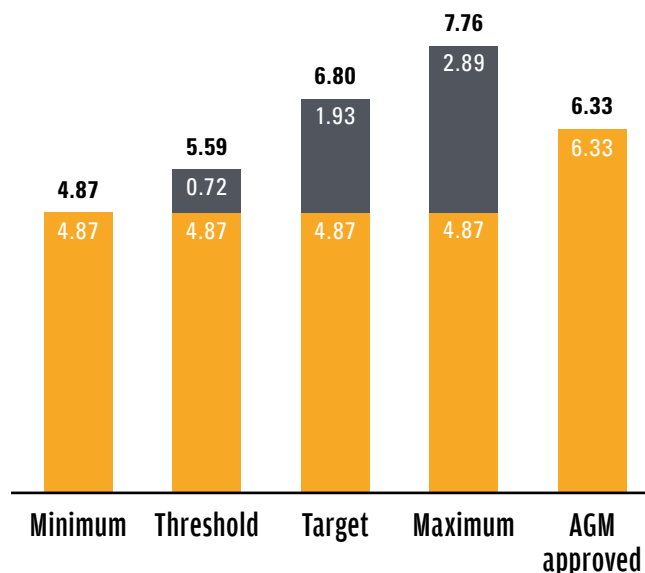
These decisions resulted in the following maximum opportunity levels for all members of the Executive Committee for the financial year 2023, which were significantly below the maximum amounts approved by the Annual General Meeting:

- Fixed compensation: CHF 4,870,000 (compared to CHF 6,330,000 approved by the Annual General Meeting)
- STIP awards: CHF 2,890,000 (retrospective voting only)
- LTIP awards: CHF 4,350,000 (compared to CHF 6,190,000 approved by the Annual General Meeting)

The charts on the right-hand side show the minimum, threshold, target and maximum opportunity levels for cash compensation and for LTIP compensation for all members of the Executive Committee for the financial year 2023.

In line with Section Four of the Code of Obligation, and as specified in the Articles of Association, if new members are appointed to the Executive Committee during a period for which compensation has already been approved by shareholders, a further 30% of the aggregate amounts already approved may be used for the compensation of such members. No such additional amount was required in 2023.

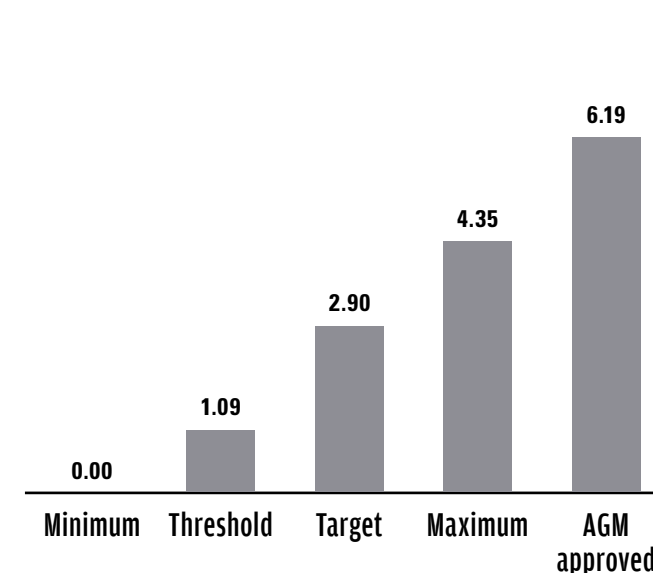
Maximum opportunity levels for cash compensation of the members of the Executive Committee for 2023 (CHF million)



Fixed compensation
(Base salary, Pension and other benefits)

Variable compensation
(Short-term incentive plan awards, including social security)

Maximum opportunity levels for LTIP compensation of the members of the Executive Committee for 2023 (CHF million)



Variable compensation
(Long-term incentive plan awards, including social security)

Compensation principles for Board of Directors and its committees

Members of the Board of Directors are individually elected by the Annual General Meeting for a term of one year. Members of the Board may be re-elected with no limitation on the number of terms served. Their term of office ends upon the completion of the Annual General Meeting following their election.

The members of the Board of Directors, including the Chairman, receive non-performance-related compensation in the form of a director's fee, which represents the total compensation awarded; no additional compensation is paid to members of the Board of Directors for attending meetings. The annual director's fee is paid in cash and in Leonteq shares; a minimum amount of 40% of the compensation is paid in Leonteq shares valued at market price at grant date. The shares are locked for a period of three years, thus linking the Board members' compensation to the Group's performance over the corresponding period. Members of the Board of Directors may join to the occupational pension fund, where permitted by the relevant internal regulations.

**DIRECTORS' FEES REMAINED
UNCHANGED FOR THE PERIOD
FROM THE AGM 2023 TO THE AGM 2024 COMPARED
TO THE PREVIOUS TERM OF OFFICE**

Directors' fees

The table below shows the director's fee for each individual function. The directors' fees for each member of the Board of Directors, for the Chairman and the Vice-Chairman of the Board as well as for the Chairs of the Committees remained unchanged for the period from the Annual General Meeting 2023 to the Annual General Meeting 2024 compared to the previous term of office.

	AGM 2023- AGM 2024	AGM 2022- AGM 2023
CHF thousand		
Function		
Member of the Board of Directors	150	150
Additional fee for Chairman of the Board of Directors	200	200
Additional fee for Vice-Chairman of the Board of Directors	50	50
Additional fee for Committee Chairs	40	40

Loans and credit granted

The Company may grant loans or credit to members of the Board at market conditions. Any such loans or credit must not exceed 50% of the annual director's fee of the individual concerned. However, it is the Company's current policy not to grant any loans and credit to members of the Board. The advancement of legal, court or similar costs for the defence of potential professional liability claims does not constitute either a loan or credit.

Compensation model for employees

Leonteq seeks to attract and retain talented employees who are essential for the Group's future success. Leonteq is committed to fair, balanced and performance-oriented compensation practices that align long-term employee and shareholder interests and that incentivise appropriate risk-taking while fostering adequate risk awareness. Leonteq's compensation system is designed to:

- Create a performance culture based on merit and to recognise and reward excellent performance, both in the short- and long-term, and to reflect the Group's values;
- Enable the Group to attract and retain employees, motivating them to achieve results with integrity and fairness, while benefiting from the career opportunities offered by a growth company; and
- Be consistent with and promote effective risk management practices, together with the Group's compliance and control culture.

Fixed compensation for employees

Fixed compensation includes the base salary, which reflects the seniority and level of experience of the recipient, and the skills required to fulfil a specific function in a particular division and region, as well as market practice. The Group's salary framework is based on a job evaluation methodology, which also considers Leonteq's rank structure. It comprises six different ranks with increasing degrees of professional complexity and responsibilities: Employee, Analyst, Associate, Director, Executive Director, and Managing Director. Salary bands are assigned to each job based on external benchmark data and individual salaries are then determined based on how the employee's profile compares with job requirements of the job. Benchmarking criteria are defined by the global independent provider and include factors such as the size of the Group, the sector, and the region, as well as functional attributes such as the requisite degree of knowhow, problem-solving abilities and accountability. Individual salary increases are only made after reviewing internal and external benchmark data.

Variable compensation for employees

Variable compensation is awarded annually based on contractual agreements and/or at the discretion of the Group. It varies, depending on the overall performance of the Group, as well as divisional and individual performance, measured on the basis of pre-defined, strategy-oriented quantitative and qualitative KPIs, including non-financial factors such as ESG aspects, cultural values, compliance and risk-taking.

The payment of any variable compensation is subject to employees having always acted appropriately and did not, wilfully or by gross negligence, act in any undue way or through any undue means to influence their variable compensation amount in their favour or in violation of any law, regulatory rules or guidelines or any applicable policies of the Group, ("non-appropriate behaviour").

Contractual agreements mainly apply to the variable compensation of sales employees and are linked to production. Adjustments are made to reflect the Group's trading result, the Group's net profit and the sales organisation's direct and indirect costs of production. Additional adjustments are made for negative performance contributions such as material client complaints, non-observance of internal policies and failure to meet appropriate standards of fit & proper as well as operating losses caused by errors of the sales employees.

Select regional sales heads receive the STI4G-bonus based on the growth of their business area and management adjustment factor, and

some key employees with high performance and/or potential in crucial positions receive ELTIP.

To address potential conflicts of interests, the determination of the variable compensation of employees in control functions, such as Risk Control, Legal or Compliance, is not dependent upon the performance of business lines, specific products or transactions monitored by these employees.

In addition, conflicts of interests are mitigated through deferred compensation and compensation in equity instruments, which depend on job complexity, responsibility and the level of compensation.

Variable compensation equalling or exceeding a threshold of CHF 50,000 is partially deferred. Each year, the Nomination and Remuneration Committee defines the applicable deferral rate and the applicable split between cash and equity instruments by taking into account the risk profile of the employee function. Non-deferred variable compensation is paid in cash. Deferred variable compensation is paid in cash in equal instalments over a three-year period for deferred variable compensation of less than CHF 40,000. Deferred variable compensation of CHF 40,000 or more is paid half in cash, in equal instalments, over a three-year period and half in restricted share units ("RSUs") settled with Leonteq shares over a vesting period of three years (stage vesting). RSUs carry no dividend entitlement or voting rights during the vesting period.

Compensation for 2023

Compensation of the Executive Committee for 2023

STIP awards 2023

The STIP is designed to reward the achievement of annual targets based on performance in 2023. The STIP payout is determined based on pre-defined financial criteria and performance levels, which are linked to Leonteq's strategic plan, as well as measurable non-financial criteria related to different topics such as balance sheet-light turnover, ESG and individual objectives.

For 2023, the Nomination and Remuneration Committee made no changes to the STIP awards.

The threshold, target and maximum performance levels for the STIP for 2023 were determined by the Nomination and Remuneration Committee at the beginning of the performance period, taking into account the Group's strategic targets, performance in the previous year, analyst expectations and any publicly stated targets, in order to set performance levels that are challenging and motivating for the Executive Committee.

STIP performance criteria, targets and outcomes

The performance criteria, targets and the corresponding results for 2023 for the members of the Executive Committee are outlined in the table below.

Taking into account achievements relative to the target performance levels, as well as the assessment of the non-financial KPIs outlined further in this section, the Nomination and Remuneration Committee recommended a total STIP award amount of CHF 1,043,000 for the Executive Committee. This amount represents 36% of the maximum variable compensation under the short-term incentive plan set for members of the Executive Committee. In line with the Company's Articles of Association, the STIP compensation will be submitted for shareholder approval at the Annual General Meeting 2024.

Short-term incentive plan	Weighting		Performance levels				
	CEO/ CFO/ Head IS/ CPO/ COO	CRO/ GC	Threshold (25.0%)	Target (66.7%)	Cap (100.0%)	Results	Payout
Group financial KPIs							
Total operating income (CHF million)	30.0%	10.0%	290.0	340.0	390.0	260.0	0%
Cost/income ratio (%)	20.0%	30.0%	82.0%	75.0%	68.0%	92.9%	0%
Total non-financial KPIs	50.0%	60.0%	see separate description on page 181				

Performance assessment based on financial criteria

Financial short-term KPIs were defined on the basis of total operating income and the cost/income ratio each measured at Group level for all members of the Executive Committee. The outcomes of the financial performance criteria are shown in the table above and reflect the results achieved in 2023:

- Total operating income decreased by 43% to CHF 260.0 million in 2023 which was significant below the target (as well as the threshold) set.
- The cost/income ratio was 93% in 2023 which was significant below the target (as well as the threshold) set.

Consequently, the payout for the financial performance criteria was 0% for all members of the Executive Committee for 2023.

Performance assessment against non-financial criteria

Non-financial short-term KPIs comprised strategic and project-related targets that are predominantly quantifiable and measurable. The Executive Committee's non-financial performance evaluation was based on pre-defined criteria in the following categories: Turnover generated with balance sheet-light activities (such as Smart Hedging Issuance Platform, SHIP), and ESG targets. In addition, the performance of each member was measured on the basis of individual projects and objectives.

The Nomination and Remuneration Committee noted that under the leadership of the Executive Committee, Leonteq continued to develop its balance sheet-light business. Leonteq added one new hedging counterparty to its Smart Hedging Issuance Platform and maintained its network of a total of 27 third-party issuers. During the performance period, balance sheet-light turnover totalled CHF 2.7 billion, corresponding to 13% of total turnover in 2023, thus exceeding the target set for the year.

The Nomination and Remuneration Committee also noted that the Group made continued progress in its efforts to integrate best ESG practices into its business operations. In particular, Leonteq developed a Sustainability Framework to further strengthen sustainability governance and the Group received external recognition through an upgrade to AA from MSCI.

In addition, the Nomination and Remuneration Committee noted that, when measured against the individual goals and objectives, Leonteq's management team on average delivered below the divisional targets set for the year.

Taking these factors into account, the Nomination and Remuneration Committee concluded that on average, the members of the Executive Committee achieved 70% of the maximum opportunity with respect to the non-financial targets set for 2023.

LTIP awards for 2023 (performance period 2023–2025)

The LTIP comprises two financial KPIs that are based on return on equity ("RoE") and total shareholder return ("TSR"). These metrics allow the Board of Directors to strategically manage and align pay for performance of the members of the Executive Committee with the Group's long-term targets and ensure they are aligned with shareholder interests. Long-term KPIs are measured at Group level for all members of the Executive Committee for a three-year performance period.

LTIP performance criteria	Weight	Performance targets		
		Threshold (25.0%)	Target (66.7%)	Cap (100.0%)
Three-year average reported return on equity	66.7%	8.0%	12.0%	16.0%
Three-year total shareholder return compared to benchmark	33.3%	-10.0% cumulative	10.0% cumulative	30.0% cumulative

The RoE target is set by the Nomination and Remuneration Committee, aligned with the strategic ambitions and defined as the ratio of reported Group net profit to average shareholders' equity at the beginning and the end of the respective period. TSR is considered to be an objective market measure of the generation of shareholder value and is defined as the share performance of Leonteq including re-invested gross dividends ("LEON TSR") measured absolute against the performance of a benchmark defined as basket of market indices measured on a total gross return and gross dividend basis (Swiss Performance Index, EuroStoxx 50, S&P 500; weighted 50%, 25% and 25%, respectively). The LTIP is subject to the following TSR vesting conditions:

- No vesting if LEON TSR over the three-year period is more than 10% below the performance of the benchmark
- Vesting at threshold if the LEON TSR over the three-year period is 10% below the performance of the benchmark;
- Vesting at target if the LEON TSR over the three-year period is 10% above the performance of the benchmark;
- Vesting at cap if the LEON TSR over the three-year period is 30% above the performance of the benchmark.

The LTIP awards for 2023, which were defined by the Nomination and Remuneration Committee at the beginning of the reporting period, have a total maximum opportunity of CHF 4,350,000, which is below the maximum amount of CHF 6,190,000 approved by shareholders at the Annual General Meeting 2022. Based on the grant reference price of CHF 41.56, a maximum number of 97,290 shares may be awarded if all the maximum performance levels are achieved. Performance will be measured and disclosed at the end of the three-year performance period.

LTIP awards for 2021 (performance period 2021–2023)

As disclosed in the Compensation Report 2021, LTIP awards comprise forward-looking incentives for a three-year performance period that are allocated in the form of performance share units and settled with Leonteq shares. LTIP awards are granted following prospective approval by the Annual General Meeting at the beginning of the first performance year. At grant date, the total maximum LTIP award (equal to the maximum opportunity level of 100%) is divided by the volume-weighted average share price ("VWAP") of the last quarter before the three-year performance period to determine the target and maximum number of PSUs at vesting. The granted PSUs are deferred by applying cliff vesting over a period of three years. The actual number of PSUs that convert into Leonteq shares at vesting depends on the average target achievement level over the three-year performance period. The LTIP target and maximum opportunity level were defined as a multiple of the base salary and were set individually for each member of the Executive Committee. They were between 0.6 and 1.5 times the annual base salary, depending on the role of the recipient. Following shareholders' approval at the Annual General Meeting 2020 for a total maximum amount of CHF 5,190,000, the Board granted LTIP awards with a maximum opportunity of CHF 4,460,000 (CHF 4,150,000 excluding social security). Based on the grant price of CHF 34.58, a maximum number of 120,063 shares may be awarded if all the maximum performance levels are achieved.

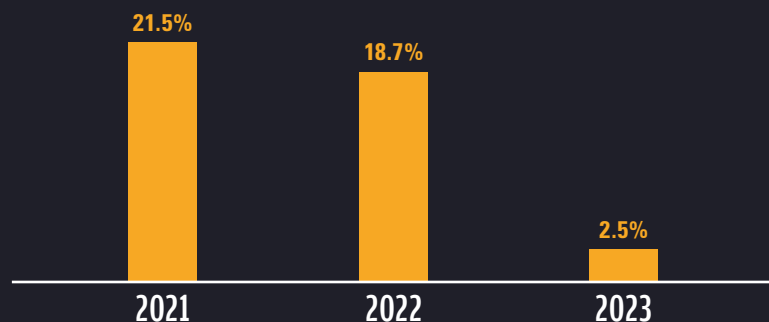
LTIP 2021–2023 performance criteria, targets and outcomes

The LTIP only comprised financial KPIs, which were applied equally for all members of the Executive Committee. Long-term KPIs were based on the return on equity ("RoE") and total shareholder return ("TSR") and were measured at Group level for all members of the Executive Committee for the three-year performance period. The performance criteria, the targets and the corresponding results for the performance period 2021-2023 for the members of the Executive Committee are outlined in the table below.

LTIP performance criteria	Weight	Performance targets				
		Threshold (25.0%)	Target (66.7%)	Cap (100.0%)	Results	Payout
Three-year average reported return on equity	66.7%	6.0%	10.0%	14.0%	14.2%	100.0%
Three-year total shareholder return compared to benchmark	33.3%	0% cumulative + TSR > 0	10% cumulative + TSR > 0	20% cumulative + TSR > 0	(3.9%)	0.0%

Over the performance period Leonteq achieved average return on equity of 14.2% and the table below provides the return on equity achieved in each performance year.

Return on equity



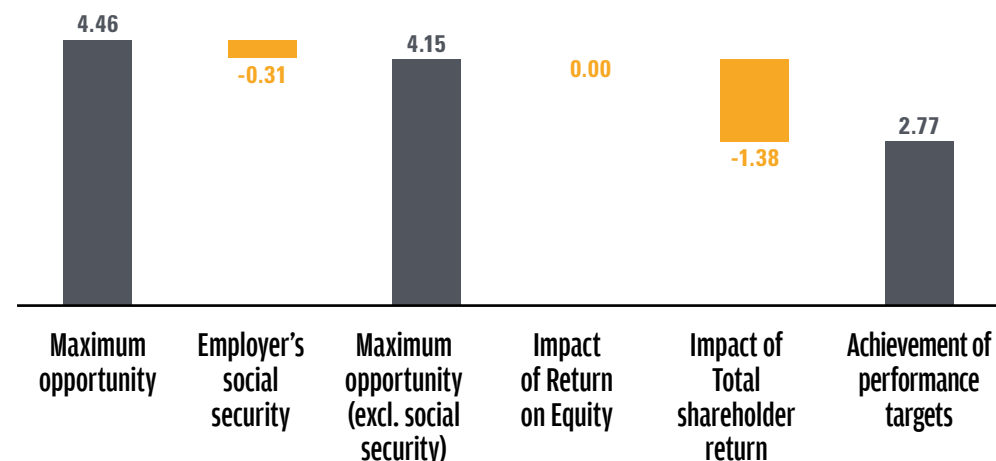
Over the performance period Leonteq achieved a positive total shareholder return of 12.4% which represents an underperformance of -3.9% compared to the benchmark performance of 16.3%.

LEON total shareholder return compared to benchmark performance



Reflecting the left-hand side results, only the performance conditions for the return on equity were met whilst no payout will be made for the total shareholder return. Therefore, a total of 80,036 shares were earned based on the performance conditions representing 67% of the maximum opportunity for all members of the Executive Committee. This corresponds to an LTIP award of CHF 2,768,000 based on the grant reference price. The impact of the performance conditions compared to the maximum opportunity is shown in the diagram below.

Estimated value of the LTIP awards 2021 (CHF million)



The LTIP awards 2021 totalling 80,036 Leonteq shares will fully vest in February 2024 with a one-year subsequent blocking period. Shares will be unblocked in February 2025 and can be sold if minimum shareholding requirements are fulfilled.

Due to the limited difference between the grant reference price and the share price at the end of the performance period, the market value of the LTIP awards at the end of the performance period amounted to CHF 2,749,000 (share price of CHF 34.35).

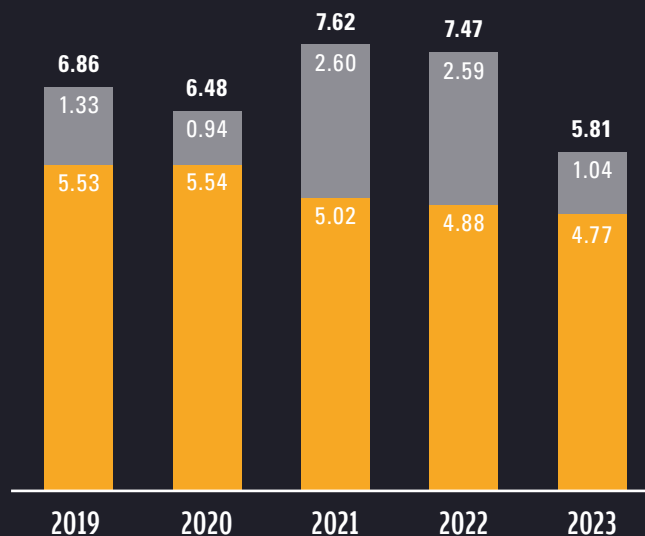
The final market value of the awards at delivery may differ from the value at the end of 2023 due to subsequent share price movements.

Total Executive Committee compensation for 2023 (audited)

Fixed compensation for members of the Executive Committee decreased by 2% to CHF 4,766,000 in 2023. In view of the financial results for 2023, the short-term incentive award for the members of the Executive Committee amounted to CHF 1,043,000. This corresponds to 36% of the maximum opportunity and represents a decrease of -60% compared to CHF 2,584,000 in the previous year. Total cash compensation for the Executive Committee decreased by 22% to CHF 5,809,000 in 2023. The long-term incentive award which is dependent on a three-year performance period has a maximum opportunity of CHF 4,347,000 and a fair value of CHF 2,652,000 at end-2023.

The following charts show the total cash compensation and LTIP compensation for all members of the Executive Committee for the financial years 2019 to 2023.

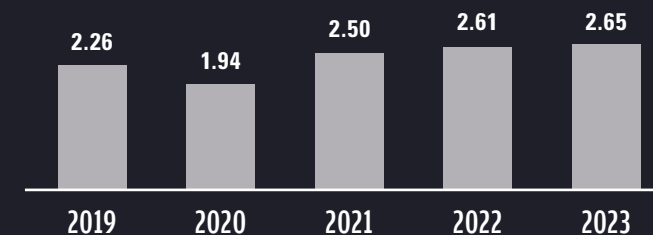
Development of total cash compensation of the members of the Executive Committee (CHF million)



Fixed compensation
(Base salary, Pension and other benefits)

Variable compensation
(Short-term incentive plan awards, including social security)

Development of total LTIP award of the members of the Executive Committee (CHF million)



Variable compensation
(Long-term incentive plan awards, including social security)

Total cash compensation of the members of the Executive Committee for 2023 and 2022

CHF thousand	Fixed compensation		Variable compensation in cash			Total cash compensation
	Base salary	Pension and other benefits ¹	STIP awards (non-deferred)	STIP awards (deferred)	Social security contributions	
2023 ²						
7 members	3,894	872	485	485	73	5,809
of which highest paid earner: L. Ruffin (CEO)	977	141	137	137	27	1,419
2022						
7 members	4,050	832	1,202	1,202	180	7,466
of which highest paid earner: L. Ruffin (CEO)	977	148	346	346	52	1,869

¹ These charges comprise the employer's social security and pension contributions on base salary and other minor fringe benefits; Representative allowance of CHF 20,400 for each member of the Executive Committee is also included.

² Including pro-rata compensation for M. Amato who left Leonteq in the reporting period.

Total LTIP awards of the members of the Executive Committee for 2023 and 2022

CHF thousand	Variable compensation in PSUs ¹	
	LTIP awards @ maximum opportunity	LTIP awards @ fair value ²
2023³		
7 members	4,347	2,652
of which highest paid earner: L. Ruffin (CEO)	1,290	787
2022		
7 members	4,463	2,609
of which highest paid earner: L. Ruffin (CEO)	1,290	754

¹ Includes estimated employer's social security contributions

² Defined as fair value at grant date using for performance criteria RoE target achievement and for performance criteria TSR price at grant date using a Monte Carlo pricing model. Leonteq has chosen to value the market condition internally given its in-house valuation capabilities. For calculation of fair value, the Q4 2022 VWAP price of CHF 41.56, respectively the Q4 2021 VWAP price of CHF 64.41 was applied

³ Including pro-rata compensation for M. Amato who left Leonteq in the reporting period.

Effective reimbursement of expenses is not classed as compensation and is not included in the above figures.

Additional compensation elements

No additional payments or other benefits were received by members of the Executive Committee in the reporting period. In particular, no compensation was received by members of the Executive Committee in the form of:

- Profit-sharing amounts, participation in turnover or other forms of participation in the Group's business results other than under the respective compensation plans;
- Services and benefits in kind, awards of equity securities, together with conversion and option rights, sign-on bonuses, sureties, guarantee commitments, pledges in favour of third parties, or other collateral commitments; and
- Waivers of claims or expenditure that create or increase pension benefit entitlements.

Former members of the Executive Committee (audited)

A former member of the Executive Committee who stepped down from this function in 2017 continued to provide services to the Group. These services were provided based on a consulting agreement that was terminated as of August 2023. The total amounts paid were CHF 48,000 (including VAT) in 2023 and 262,000 in 2022 (including VAT).

Loans and credit granted to members of the Executive Committee (audited)

The Company did not grant any loans or guarantee commitments to members of the Executive Committee.

Shareholdings and unvested shares of members of the Executive Committee (audited)

Detailed information on the number of shares held by individual members of the Executive Committee as of 31 December 2023 and 31 December 2022 is provided below:

Executive Committee	31.12.2023			31.12.2022		
	Shares	Restricted Share Units ¹	Performance Share Units ²	Shares	Restricted Share Units ¹	Performance Share Units
Lukas T. Ruffin ³	1,608,121	—	70,637	1,570,314	—	91,140
Marco Amato ⁴	N/A	N/A	N/A	75,000	—	50,354
Manish Patnaik	33,647	—	31,901	17,315	—	39,372
Reto Quadroni	23,613	—	15,892	15,107	—	20,505
Alessandro Ricci	2,558	2,981	57,393	1,779	3,760	43,333
Markus Schmid	7,659	2,203	15,026	7,659	2,203	11,346
Ingrid Silveri	17,380	—	15,892	8,874	—	20,505
Number of shares and share units	1,692,978	5,184	206,741	1,696,048	5,963	276,555
Market value of shares and share units	58,153,794	178,070	7,101,553	74,117,298	260,583	12,085,454

¹ Balance of unvested restricted share units granted for prior year variable compensation with vesting periods 2021 - 2024.

² Balance of unvested performance share units at effective achievement rate for performance period 2021 - 2023 and at maximum opportunity level granted for variable compensation with performance periods 2022 - 2025, respectively.

³ Excluding 462,325 call options held by Lukas Ruffin; call options are subject to the following conditions: original strike price CHF 210 (adjusted for cumulative dividends per share and the effects of corporate actions from 2015 to 2025); subscription ratio 1:1; maturity 19 October 2025; European style. These call options are written by Raiffeisen.

⁴ Marco Amato left the Executive Committee on 31 August 2023.

Unvested shares originating from LTIP awards that have not reached the end of the three-year performance period are calculated on the basis of maximum opportunity, given that the actual achievement level and associated number of unvested shares cannot be determined until the end of the performance period. Detailed information on the number of unvested performance shares originating from LTIP awards for 2023 and 2022 is outlined in the table below.

Executive Committee	LTIP awards 2023 ¹		LTIP awards 2022 ²	
	Performance Share Units (at maximum)	Performance Share Units (at target)	Performance Share Units (at maximum)	Performance Share Units (at target)
Lukas T. Ruffin	28,873	19,249	18,630	12,420
Marco Amato ³	N/A	N/A	10,293	6,862
Manish Patnaik	13,859	9,239	8,048	5,365
Reto Quadroni	6,496	4,331	4,191	2,794
Alessandro Ricci	23,460	15,640	15,137	10,091
Markus Schmid	6,142	4,095	3,963	2,642
Ingrid Silveri	6,496	4,331	4,191	2,794
Total	85,326	56,885	64,453	42,968

¹ Grant reference price: CHF 41.56

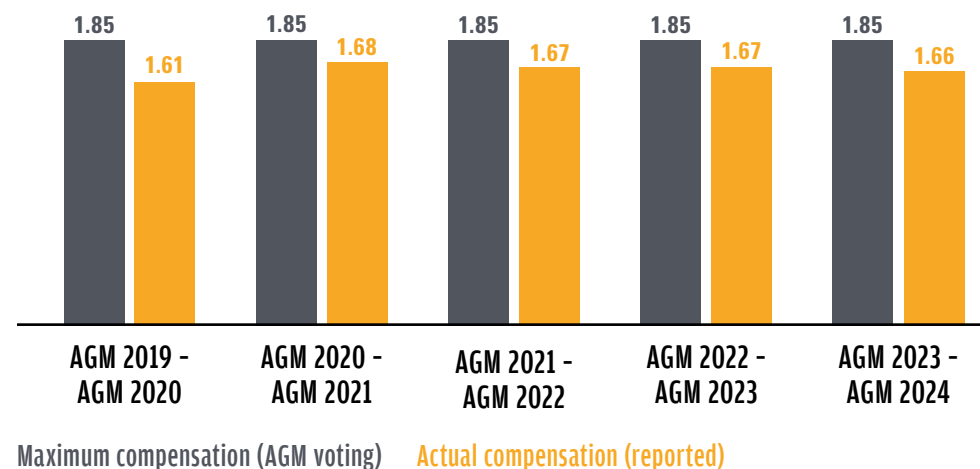
² Grant reference price: CHF 64.41

³ Marco Amato left the Executive Committee on 31 August 2023.

Board of Directors compensation for 2023

The Board's total compensation for the period from the Annual General Meeting 2023 to the Annual General Meeting 2024 remained stable at CHF 1,662,000 and was 10% below the total maximum amount of CHF 1,850,000 approved by the Annual General Meeting 2023. Effective reimbursement of expenses is not classed as compensation and is not included in the below figures.

Development of compensation of the members of the Board of Directors (in CHF million)



CHF thousand	BoD	ARC	NRC	Fee structure		AGM 2023 to AGM 2024				AGM 2022 to AGM 2023			
				Board fee	Chair fee	Director's fee	Post-employment benefits ¹	Total compensation	Of which awarded in shares ²	Director's fee	Post-employment benefits ¹	Total compensation	Of which awarded in shares ²
Christopher M. Chambers	C			150	200	350	43	393	175	350	44	394	210
Philippe Weber	VC		M	150	50	200	14	214	80	200	14	214	80
Sylvie Davidson	M	M		150		150	10	160	75	150	10	160	90
Susana Gomez Smith	M	C	M	150	40	190	13	203	76	190	13	203	76
Richard A. Laxer	M		C	150	40	190	22	212	125	190	24	214	114
Philippe Le Baquer	M			150		150	10	160	75	150	10	160	75
Thomas R. Meier	M	M		150		150	10	160	75	150	10	160	75
Dominik Schärer	M	M		150		150	10	160	75	150	10	160	75
Total						1,530	132	1,662	756	1,530	135	1,665	795

¹ These charges comprise the employer's social security contributions.

² These share-based payment amounts reflect the market value of the shares at time of grant.

Shareholdings of members of the Board of Directors (audited)

Detailed information on the number of shares held by individual members of the Board of Directors as of 31 December 2023 and 31 December 2022 is provided below:

Board of Directors	31.12.2023	31.12.2022
Christopher M. Chambers	42,246	38,142
Philippe Weber	7,048	5,248
Sylvie Davidson	4,926	3,169
Susana Gomez Smith	7,856	6,145
Richard A. Laxer	15,655	12,883
Philippe Le Baquer	4,329	2,641
Thomas R. Meier	10,529	8,841
Dominik Schärer	7,945	6,257
Number of shares	100,534	83,326
Whereof locked shares	49,508	45,211
Market value of shares	3,453,343	3,641,346

Loans and credit granted to members of the Board of Directors (audited)

The Company did not grant any loans or guarantee commitments to members of the Board of Directors.

Employee compensation for 2023

Total employee compensation for 2023
(excluding Executive Committee and Board of Directors)

CHF thousand	2023	2022
Fixed compensation ¹	74,010	69,835
Variable compensation ²	33,098	72,639
Other compensation and personnel expenses ³	21,839	22,363
Total committed personnel expenses	128,947	164,837
of which variable compensation recognised in the reporting year	21,848	42,167
of which variable compensation recognised in future periods	11,250	30,472
Average FTEs	590	549
Committed Personnel expense per average FTE	219	300

¹ Fixed compensation charges comprise salaries and wages.

² Variable compensation charges include bonuses and performance-related benefits.

³ Other compensation comprise the employer's contribution to social security and pension plans, lunch and representation allowances and other personnel expenses such as headhunter fees, recruitment fees, insurance policies, and minor benefits such as training, housing allowances as well as a technical adjustment for IAS 19 Employee benefits.

Fixed compensation increased by 6% to CHF 74,010,000 in 2023 on the back of a 7% increase in average FTEs. Variable committed compensation decreased by more than 50% to CHF 33,098,000 reflecting the subdued financial performance in 2023.



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REPORT OF THE STATUTORY AUDITOR

To the General Meeting of
Leonteq AG, Zurich

Report on the Audit of the Compensation Report according to Art. 734a-734f CO

Opinion

We have audited the Compensation report of Leonteq AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked “audited” on pages 185 to 190 of the Compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Compensation report complies with Swiss law and the Company’s articles of incorporation.

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 Responsibility for the Audit of the Compensation 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 Compensation Report, the consolidated financial statements, the statutory financial statements, the risk and control report and our auditor’s reports thereon.



Our opinion on the Compensation 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 Compensation 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 Compensation 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 Compensation Report

The Board of Directors is responsible for the preparation of a Compensation report in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation report that is free from material misstatement, whether due to fraud or error. It is also charged with structuring the Compensation principles and specifying the individual Compensation components.

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Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO 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 Compensation report.

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

- Identify and assess the risks of material misstatement in the Compensation 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 and/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.

Deloitte.

We also provide the Board of Directors and/or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

Deloitte AG



Schoenenberger Sandro
Licensed audit expert
Auditor in Charge



Christian Weber
Licensed audit expert

Zurich, 6 February 2024

RISK MANAGEMENT & CONTROL

RISK MANAGEMENT AND CONTROL FRAMEWORK | 195

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Audited information

These risk management and control disclosures form part of the financial statements included in the “Consolidated financial statements” section of this report and are audited by the independent registered public accounting firm Deloitte AG, Zurich.

The figures shown are rounded. Consequently, the total may differ from the figure calculated when the individual numbers are added together.

Risk management and control framework

The careful assessment and control of risks are critically important for Leonteq's business. In compliance with regulatory requirements in Switzerland and other applicable jurisdictions, the Group has established a comprehensive risk management and control framework covering financial and non-financial risks. Established policies and procedures not only facilitate the identification and monitoring of risks throughout the organisation but also help to ensure that they are controlled in an effective and consistent manner.

Risk management and control principles

Risk management and control are an integral component of the ongoing management of Leonteq's business. Leonteq is exposed to financial and non-financial risks as part of its client-focused business model. Risk management and control ensure that activities related to the structuring and issuance of structured investment products are client-driven rather than being motivated by proprietary risk-taking activities.

The following guiding principles, which were defined by the Board of Directors, are designed to maintain and further develop Leonteq's client-focused business approach:

- The Group's reputation is one of its most valuable assets and needs to be protected by means of a robust risk management and control framework, together with an effective risk culture;
- Compliance with all applicable statutory, regulatory and internal rules must be ensured at all times;
- The Group's capital base and risk exposures must be continuously managed to ensure that the Group remains adequately capitalised in severe stress scenarios;

- The Group's liquidity must be continuously managed to ensure that the Group remains solvent in normal and stress conditions;
- Risk concentrations and exposures to stress scenarios are closely monitored and managed within the approved Risk Limit Framework;
- The Group must maintain a comprehensive Risk Tolerance Framework covering all business activities and geographies that all employees must comply with; the effectiveness of the Risk Tolerance Framework is assessed on a regular basis by independent control functions; and
- Accurate, timely and detailed risk disclosures across all risk types are provided to senior management and the Board of Directors, as well as to regulators and auditors.

The Board of Directors defines and approves Leonteq's Risk Tolerance Framework as well as expressing risk tolerance through value statements for significant sources of risk at the recommendation of the Audit and Risk Committee. The Risk Tolerance Framework defines risk tolerance objectives that Leonteq strives to achieve as it works towards its goals of generating sustainable profitability and preserving shareholder's value. These objectives include the protection of earnings, capital and liquidity during plausible but severe stress scenarios. Leonteq's policies, its risk measurement and reporting methodologies, and its risk limit framework reflect the above principles. The risk framework is continuously being refined to take account of new business activities and changes to the risk profile.

RISK TOLERANCE FRAMEWORK

CATEGORY

Risk tolerance objectives defined by the Board of Directors:

- Capital
- Profit and loss
- Liquidity
- Market risk
- Credit and country risk
- Other financial risks
- Reputational risk
- Strategic risk
- Operational risk

RISK CAPACITY & EXPOSURE

RISK CAPACITY

- Capital
- Profit and loss

RISK EXPOSURE

Financial risks:

- Liquidity risk
- Market risk
- Credit and country risk
- Other financial risks

Non-financial risks:

- Reputational risk
- Strategic risk
- Operational risk
 - Legal and compliance risk
 - Tax risk
 - Information and cybersecurity risk
 - Other operational risks

IMPLEMENTATION

Operating three lines model including corporate, finance, compliance and risk processes

KEY PROCESSES & TOOLS

- Business model / strategy
- Budget process / strategic business plan
- Cost management / financial reporting and monitoring
- Risk and stress testing framework
- Risk limit framework
- Capital planning / capital management
- Profit and loss reporting and analysis / valuation framework / model validation
- Liquidity planning, monitoring and management framework
- Operational risk framework
- Internal Control System (ICS) / external and independent assessment of controls
- Sanction policy and policy framework
- Incentive system & internal management communication
- External rating by a major rating agency

Risk governance

Leonteq's risk governance framework is based on the three lines model, which provides guidance regarding the core set-up of the internal control system. There is a clear allocation of tasks and responsibilities and the segregation of duties between first and second line, as well as the third line represented by the Internal Audit function.

Overall responsibility for the Group-wide Internal Control System lies with the Board of Directors and its committees. The Board of Directors defines the overall guidelines and performs an assessment of the internal control system on a regular basis. It delegates the implementation and maintenance of the internal control system to the Executive Committee.

The first line provides services and products to partners and clients and manages the related risks. It comprises managers and "risk owners", who are responsible for identifying, assessing and managing inherent risks associated with business activities. Line managers must implement effective internal controls, operational activities and other measures to address the risks associated with the processes they manage.

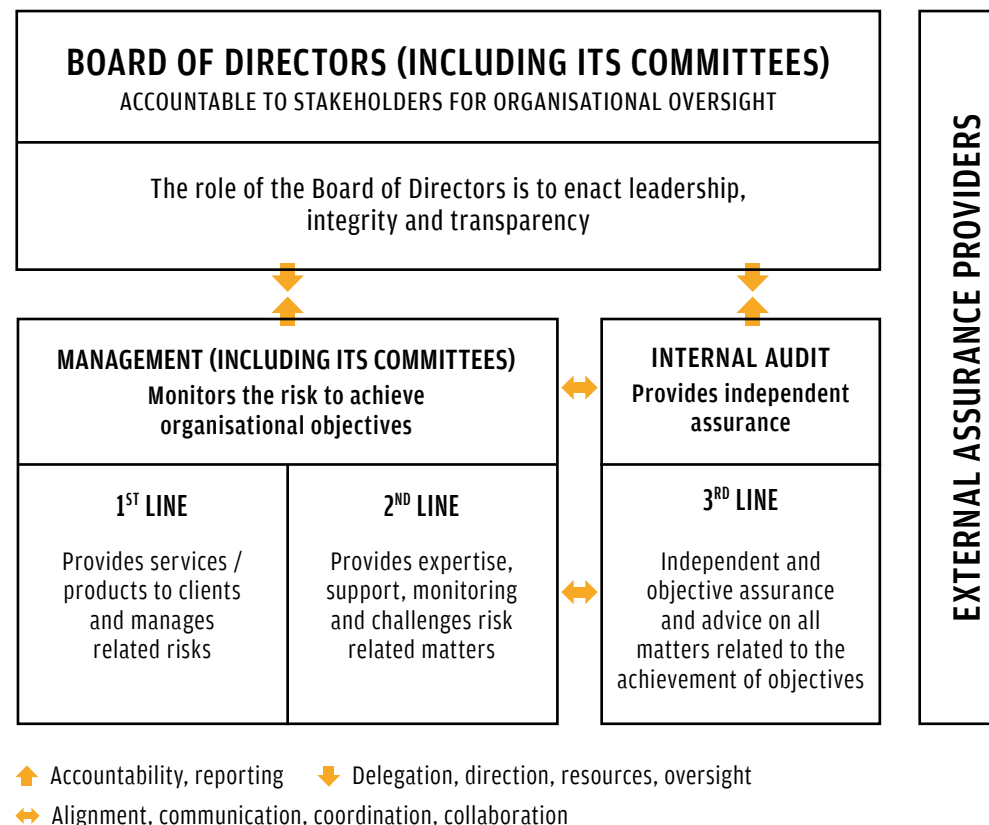
The second line provides support and expertise and support to the first line. It performs independent controls and examines risk related matters. It consists of several functions that provide independent oversight of the risk management activities implemented by the first line. The second line defines the policies, frameworks, tools and techniques to be implemented by the first line. It also conducts

monitoring to determine how effectively this is being done, and it helps to ensure consistency in the definition and measurement of risk.

The third line provides independent assurance. It comprises the Internal Audit function, which is not part of the risk management organisation and reports independently to the Board of Directors. Using a risk-based approach, Internal Audit assesses and provides assurance of the effectiveness of governance, risk management and internal controls and submits it to the Group's Board of Directors and Executive Committee.

The key roles and responsibilities for risk management and control are shown in the chart and described on the following pages.

The three lines model enhances clarity regarding the roles and responsibilities of the risk owners and the controllers, and it helps to improve the effectiveness of risk management activities



The Board of Directors is responsible for defining an appropriate framework for the measurement, limitation, management and supervision of all risks to which the Group is exposed. It approves the overall risk policies and global limits, following recommendations by the Audit and Risk Committee.

The Audit and Risk Committee of the Board of Directors monitors a wide variety of risks. Market risk, credit and country risk, liquidity risk, other financial risks, reputational risk, strategic risk and operational risk. It also oversees general risks within the policy framework, rules and limits set by the Board of Directors or by the Committee itself, as well as the Internal Control System (ICS) and risk management processes throughout the Group.

The Executive Committee is responsible for the operational management and supervision of all risk types within the framework and risk tolerance defined by the Board of Directors. Furthermore, the Executive Committee is responsible for ensuring that effective governance processes are in place to identify, assess, monitor, control and report operational risk. This includes making sure that an effective ICS is established, documented and periodically evaluated. The Chief Risk Officer is responsible for the development of the Group's risk framework, its risk management and control principles, and its risk policies. In this context, the Executive Committee has delegated certain responsibilities to the following committees:

- The Risk Committee of Leonteq's Executive Committee is responsible for assessing, reviewing, and ensuring appropriate management of the risks to which the organisation is exposed. It also strives to ensure the risks taken by the organisation remain within the defined risk tolerance levels. In addition, the Risk Committee is also the body that proactively promotes a sound risk framework and culture.
- The Product Approval Committee is responsible for approving new types of financial products before they are issued and new services before they are launched. The Product Approval Committee consists of members of the Executive Committee and any other Leonteq's employees whose presence is considered appropriate by the Executive Committee.

- The Treasury Committee defines the Treasury function's mandate and monitors adherence to it. Its mandate is to oversee Leonteq's issuance activities to ensure sufficient excess liquidity and to balance the risk and return of investment activities. The Treasury Committee approves and oversees the implementation of strategic treasury initiatives related to liquidity and funding, as well as capital management, and it defines the liquidity risk management framework and monitors adherence to that framework.

- The Index Committee was established to oversee Leonteq's proprietary Index business. Leonteq developed a set of policies and procedures for its Index business to establish a robust governance framework. The Index Committee is responsible for overseeing any changes to index methodologies, maintaining the governance framework, determining the course of action for any potential cessation event for an index, and assessing internal and external audits or reviews of the Index business.

- The Sustainability Committee is responsible for the implementation of the sustainability strategy and environmental, social and governance (ESG) measures at Leonteq with the aim of improving the integration of ESG best practices across Leonteq's business and becoming a leading provider of investment solutions with an ESG focus.

The Risk Control department independently monitors the effectiveness of risk management and is responsible for ensuring that risk exposures remain in line with the risk tolerance defined by the Board of Directors.

The main responsibilities of Risk Control include:

- Daily monitoring, controlling and reporting of risk exposures against the established risk tolerance as expressed by limits, alert levels and thresholds; including escalation of all observed limit breaches to the business units and the limit owner, the Executive Committee and/or the Board of Directors;
- Providing periodic risk analysis and review reports to the Executive Committee and the Board of Directors;
- Risk identification to ensure that all material risks are detected, quantified and reported;
- Definition of appropriate risk measures and stress scenarios to monitor all material risks;
- Process, analyse and review all requests for changes in limits, alert levels and thresholds made by the business in the context of the established risk tolerance and present such requests to the responsible committee for review and approval;
- Independent oversight of treasury activities in managing structural foreign exchange risks and liquidity risks;
- Independent profit and loss verification and explanation of all trading activities on a daily basis;
- Independent assessment of models;
- Independent price verification of all financial positions;

- Defining, overseeing the implementation, and periodically reviewing the operational risk framework;
- Ensuring that the level of risk tolerance defined by the Board of Directors is communicated across the firm;
- Performing process and internal control reviews for specific business areas to ensure their adequacy to mitigate operational risks;
- Reviewing issues escalated by management to assess their impact on the firm's operational risk profile and facilitate remediation; and
- Promoting a strong risk culture by providing education on key risk concepts and tools.

Compliance department, which is part of the overall risk management and control framework, is responsible for ensuring adherence to legal and regulatory requirements by means of preventive organisational and other measures. The responsibilities of Compliance include:

- Advising the Executive Committee and employees on the implementation and monitoring of compliance with applicable laws and regulations;
- Assessing compliance risks related to Leonteq's business activities on a regular basis, and establishing a risk-based activity plan;
- Training Leonteq's employees and informing them about compliance matters;
- Ensuring compliance with legislations on anti-money laundering (AML), international sanctions and combatting terrorist financing;
- Timely reporting to the Executive Committee on relevant changes in compliance risks affecting Leonteq, as well as identifying and following up on compliance breaches and providing support to management in determining appropriate measures; and
- Reporting to the Board of Directors on Leonteq's compliance risks and the activities performed by the Compliance department on a regular basis.

RISK MANAGEMENT AND CONTROL FRAMEWORK

RISK GOVERNANCE | THREE LINES MODEL | COMMITTEES | POLICIES

RISK TOLERANCE FRAMEWORK | RISK CATEGORIES | RISK CAPACITY & EXPOSURE | IMPLEMENTATION, PROCESSES & TOOLS

RISK LIMIT FRAMEWORK | TOLERANCE LEVELS FOR FINANCIAL AND NON-FINANCIAL RISKS



CAPITAL | CAPITAL MANAGEMENT | CAPITAL ADEQUACY MONITORING AND CAPITAL PLANNING

PROFIT AND LOSS | PROFIT AND LOSS ANALYSIS, REPORTING AND CONTROL

LIQUIDITY | LIQUIDITY RISK AND MANAGEMENT | LIQUIDITY EXCESS RESERVES (LER)

MARKET RISK

Board risk limits and alerts

Represent the risk tolerance on the main risk drivers

EC risk limits and alerts

Set by the Executive Committee on the main and additional risk drivers

Regional limits and alerts

Tolerance levels allocated to branches or regions

Thresholds

Granular tolerance levels against which Risk Control monitors risk exposures

CREDIT AND COUNTRY RISK

Board risk limits and alerts

Represent the risk tolerance for the investment portfolio credit sensitivities and stress exposures

EC risk limits and alerts

Set by the Executive Committee on individual counterparty group level

Risk diversification rules

Monitoring exposure on counterparty/ issuer-groups and on a country level

Risk mitigation

Reducing credit exposure by means of netting agreements, segregation of collateral and excess collateral

OPERATIONAL RISK

Monetary operational risk

Tolerance level defines accepted loss level

Risk identification

Event reporting, control assessments and risk register

Risk assessment and monitoring

Self-assessments, key risk indicators and reports

Risk mitigation

Internal control framework, IT & non-IT projects & initiatives, education and policies

Risk limit framework

The risk limit framework is based on the risk tolerance defined by the Board of Directors. The framework translates the tolerance into limits for financial risks inherent in the Group's activities as well as qualitative statements for those risks that cannot be quantified.

The Risk Limit Framework has three different tolerance levels:

- Board of Directors limits and alerts represent the Group's overall risk tolerance defined by the Board of Directors. Breaches of these tolerance levels are promptly escalated to the Board of Directors;
- Executive Committee limits and alerts are additional granular tolerance levels imposed by the Risk Committee of the Executive Committee; and
- Thresholds are part of the Risk Limit Framework established to closely monitor risk exposures below the limits and alerts defined by the Board of Directors and the Executive Committee.

Breaches of the above tolerance levels are promptly escalated to the relevant corporate bodies.

Operational resilience

Recognising the increased potential for significant disruption to companies' operations from pandemics, natural disasters, Cybersecurity incidents or technology failures and other internal or external events, the Basel Committee on Banking Supervision has developed seven principles for operational resilience.

Governance – The Group relies on the prevailing governance structure to determine its operational resilience approach and draws on existing governance structures to establish, oversee and implement an effective operational resilience framework. The Group considers the roles of senior management, the control functions and independent assurance functions to be part of the operational resilience governance framework. Stakeholders from across the three lines model are involved in operational resilience governance. Please refer to the Risk Governance disclosure on page 197 for further details.

Operational risk management – The Group has a broad operational risk framework to manage and control operational risk. The Group's operational resilience approach is closely linked to the operational risk procedures, where any operational risk event or disruption is analysed and triggers the implementation of corrective measures. Under Leonteq's operational risk approach, any operational risk event that is reported is considered to be a unique opportunity to learn and to further strengthen the operational resilience of the Group. Please refer to the Operational Risk disclosure on page 216 for further details.

Business continuity planning and testing – The Group applies a pragmatic approach to business continuity management (BCM) that aims to protect business-critical applications and services. The BCM programme is designed to address severe but plausible scenarios potentially faced by the Group and to ensure that the business can continue to operate if an event impacts its activities. The Group has established and defined an annual BCM testing process. Its purpose is to ensure a cycle of continuous improvement by identifying any weaknesses, risks or bottlenecks and initiating improvements. Please refer to the BCM disclosure in the Sustainability Report 2023.

Mapping interconnections and interdependencies – The interconnections and interdependencies of the various elements necessary to deliver the Group's critical operations are assessed on an ongoing basis. Interconnections and interdependencies are identified and mapped during the annual Business Impact Analysis (BIA) process. The BIA is a systematic process used to determine and evaluate the potential effects of an interruption to critical business operations as a result of a disaster, accident or emergency. The BIA is an essential component of Leonteq's business continuity plan as it is intended to identify any vulnerabilities and to develop strategies for minimising risk.

Third-party dependency management – The Group follows the FINMA supervisory guidance for outsourcing solutions in terms of organisation and risk reduction. Leonteq's monitoring framework encompasses situations where the Group mandates either a Leonteq Group entity or an external service provider to perform independently and on an ongoing basis all or part of a task or function that is of significant importance for the Group's business activities. The decision about whether an outsourcing mandate is significant for Leonteq's business is based on a regular risk assessment. In addition, the capacity of third parties to absorb and manage disruptive events is evaluated before entering into a service agreement and is regularly reassessed.

Incident management – Incidents associated with infrastructure, software bugs, operational failures, vendor-generated outages and database failures are recorded based on their criticality. All incidents that are classified as critical are recorded and addressed appropriately.

Information and communication technology (ICT) including Cybersecurity – The Group has a dedicated Cybersecurity team that is supported by external Cybersecurity specialists. The aim is to prevent, mitigate and reduce the impact of Cybersecurity-related events by identifying threats and risks, implementing appropriate safeguards, monitoring those safeguards and the assets required to manage security breaches, and responding to Cybersecurity issues if and when they occur to ensure the reliability of information systems and communication technology used in Leonteq's critical operations. Please refer to the Cybersecurity Risk disclosure on page 217 for further details.

To implement the new principles on operational resilience published by the Basel Committee, FINMA published the fully revised circular "Operational Risks and Resilience – Banks", which came into force on 1 January 2024. Leonteq has reviewed and updated its operational resilience framework to comply with the circular.

Recovery and resolution framework

Over the course of the last two years, Leonteq has implemented various aspects of recovery and resolution planning (RRP) measures, ensuring its readiness in times of crisis, even though there is currently no regulatory requirement to adopt these measures.

Recovery plan

Leonteq's recovery plan is designed to identify options to improve its financial strength and viability in case Leonteq were to come under severe capital and/or liquidity stress. The recovery plan strengthens Leonteq's resilience against financial shocks. In particular, it defines the processes and tools needed to ensure the timely execution of recovery options in a range of stress scenarios, including governance and escalation, recovery limits and execution procedures. Quantitative and qualitative triggers are monitored daily and are subject to predefined governance and escalation processes. Leonteq's recovery plan is tested by means of regular management simulation exercises, with further improvements being made where applicable.

Resolution strategies

Leonteq has carried out a high-level assessment of various resolution strategies to provide an overview of measures that may be taken either in the event of a severe crisis or in business-as-usual mode to preserve shareholder value. Depending on the strategy chosen, its applicability and effectiveness might relate to only one or more scenarios. The strategies also vary in terms of their complexity and potential challenges during their implementation, as well as time to impact.

Risk infrastructure

The Group's risk infrastructure has been continuously developed since Leonteq commenced operations in 2007. Leonteq has made significant investments in maintaining and further strengthening its risk infrastructure. Today, a single position keeping system eliminates the need for complex data and risk aggregation and consolidation systems. A data warehouse that can be accessed by all relevant departments ensures a high level of data consistency. Automated data extractions, enrichment and risk analysis processes allow for the rapid and efficient monitoring and reporting of risk exposures. Significant computational resources are available to perform the required calculations for hundreds of risk and trading reports each day. No approximations or proxy models are used for risk management and control purposes, i.e., all instruments are fully calculated.

Over 100 experienced IT professionals are responsible for maintaining and further developing the Group's systems. The same core IT system is used across all asset classes, integrating important front-, mid- and back-office functions as well as risk management, risk control and quantitative modelling. Leonteq's structured investment service platform consists of its proprietary information technology systems and processes as well as standard hardware and software tools for non-differentiating and commoditised functions.

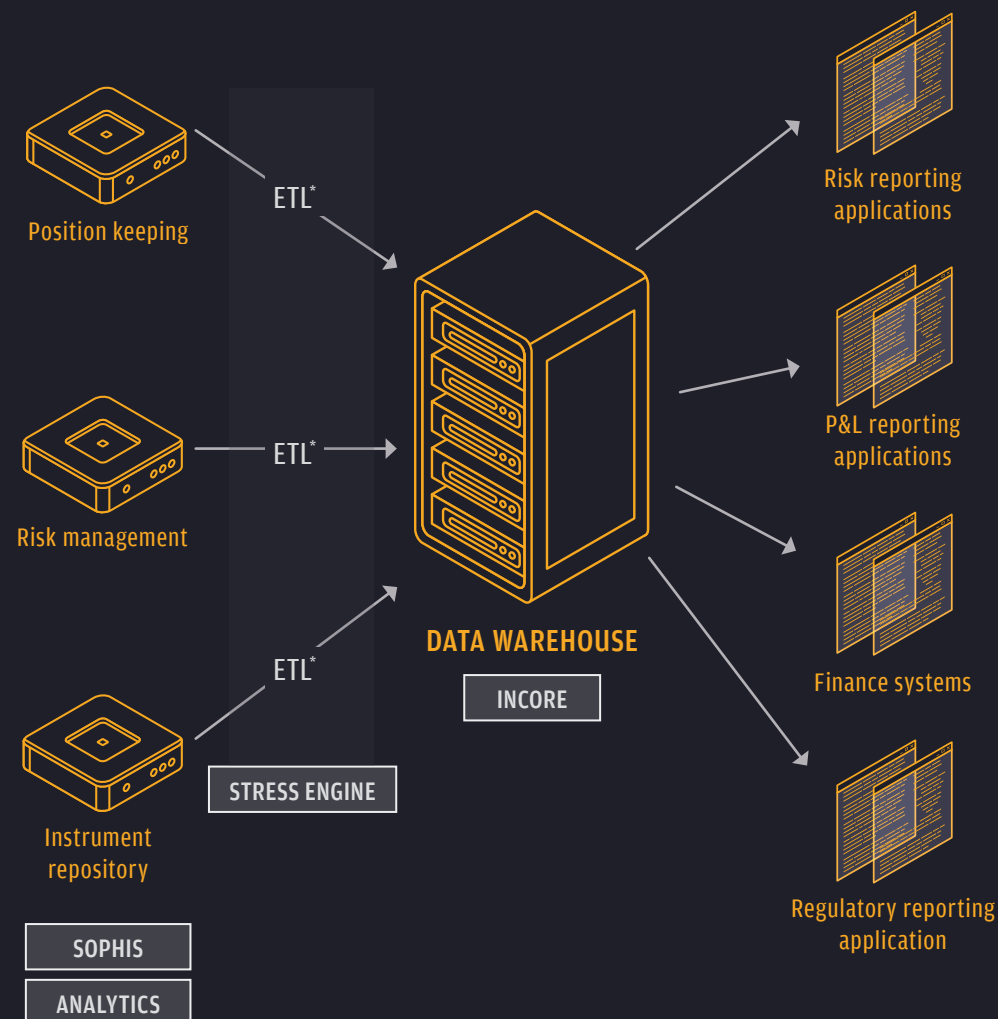
Sophis RISQUE is the Group's risk management, trading and position keeping system. Leonteq deploys Sophis RISQUE for all products across all asset classes in all its business lines, including for straight-through processing, covering a large part of the value chain from trading to the mid- and back-office areas. The Group continues to be supported by Finastra, the developer of Sophis RISQUE, and the system is continuously updated. There is a two-week software release cycle of software developed in-house that adds the latest functionalities to the system when they become available, as well as enabling greater agility as the features and functions are continuously improved. In addition, the Group uses a stress testing engine developed in-house, reducing its dependency on third-party providers and allowing the Group to perform a wider range of stress calculations and scenario analysis with increased reliability, simpler integration of new instruments, improved calculation power and better data processing.

Analytics Service, which includes Leonteq's Analytics Library, plays a key role in all the quantitative and analytical computations performed by Leonteq and it serves as the basis for all pricing and risk management applications. The Analytics Library is a proprietary library that contains quantitative pricing and risk management models that are developed in-house. Since it covers all asset classes, the Analytics Library allows for the creation of hybrid products and the implementation of new payoffs across all asset classes. It currently supports a wide number of different payoffs and can be extended using scripting language. The Analytics Library contains functions allowing for the consistent marking of the Group's

market data. The resulting volatility surfaces allow both exotic and vanilla options to be priced on a continuous basis. This methodology enables the Group's traders to efficiently maintain a large universe of underlyings, facilitating short response time to client requests. The combination of pricing functionality and calibration methods for market data within the Analytics Library ensures that Leonteq's pricing and analytical computations are not only indicative but also tradable and executable for clients.

INCORE is a proprietary data warehouse that was developed in-house and is used for internal and external reporting and data delivery. It serves as the central repository of risk and financial data reporting and is used by several departments, such as Risk Control, Finance, Compliance, Trading and Treasury. In addition, it serves as the reporting engine for regular data delivery to platform partners. INCORE also stores instrument and market data for end-of-day pricing requests and is used for daily profit and-loss analysis and risk reporting. Data and reports are distributed and provided to end-users via automated schedules or visualised in dashboards using business intelligence tools.

DATA SOURCES



* Extract, Transform, Load

Risk categories and measurement

The Group's ongoing business activities expose it to financial and non-financial risks. Leonteq's Risk Control department is primarily responsible for identifying, measuring, monitoring and controlling risks resulting from its business activities (issuance of structured investment products to clients which the Group seeks to hedge efficiently), changes in the operating environment (markets or regulation) or the launch of new activities (new products).

Risk measures

The Group measures risk at the level of individual positions and at portfolio level. Sensitivity analysis and stress testing are performed and recorded at position level, facilitating the analysis of results across multiple dimensions, such as entities, trading portfolios or individual asset classes.

Leonteq does not use approximation techniques to calculate risk sensitivities or the results of stress scenarios. A full revaluation of all positions, including derivatives priced using Monte Carlo techniques, is used for risk-related calculations. The resulting risk exposure and limit consumption for all established risk limits is reported to senior management on a daily basis.

Risk tolerance levels (i.e., limits, alerts and/or thresholds) are applied to both financial and non-financial risk measures.

Stress testing

Daily stress testing of the Group's portfolios is performed in order to monitor and control exposures to various risks. More than 300 daily stress tests and scenarios are calculated to

ensure that the trading book remains within the defined risk tolerance levels. Specific stress scenarios have been defined for changes in security prices (including changes in underlying parameters such as volatility, correlation and dividend parameters), foreign exchange rates and interest rates, as well as for the Group's credit exposures.

Sensitivity analysis

The Group calculates the sensitivity to changes in the value of individual positions and the sensitivity of the entire portfolios to changes in underlying risk factors such as security prices, implied volatilities, interest rates and credit spreads.

Risk concentrations

Management considers that a risk concentration exists when an individual or group of financial instruments is exposed to changes in the same risk factor and that exposure could result in a significant loss based on plausible adverse future market developments. Management monitors and reviews credit risk concentrations, as well as residual risks such as vega, correlation, dividend and gap risks, on a regular basis and takes corrective actions if deemed necessary.

Financial Risks

Market risk

Market risk is the risk of losses resulting from adverse movements in the market price or model price of financial instruments. The Group distinguishes between the following types of market risk:

- Commodity risk, i.e., the risk of adverse movements in commodity prices and related derivatives;
- Credit spread risk, i.e., the risk of adverse movements in credit spreads and related credit spread sensitive instruments;
- Crypto asset risk, i.e., the risk of adverse movements in crypto asset prices and related derivative instruments;
- Equity risk (including funds), i.e., the risk of adverse movements in share and fund prices and related derivatives;
- Foreign exchange risk, i.e., the risk of adverse movements in currency exchange rates and related derivative instruments;
- Interest rate risk, i.e., the risk of adverse movements in the yield curve and corresponding movements in the valuation of interest rate sensitive instruments;
- Precious metal risk, i.e., the risk of adverse movements in precious metal prices and related derivatives.

Monitoring of market risk

Commodity risk, credit spread risk, crypto asset risk, equity risk, foreign exchange risk, interest rate risk and precious metal risk are monitored and controlled through the daily calculation of various risk measures:

- Delta risk measures the impact of a change in the price of the underlying (commodities, crypto assets, equities, funds, or precious metals). The impact on profit and loss is measured based on a 1% shock in the price of all underlying financial instruments;
- Vega risk is the sensitivity of the derivative value to changes in the implied volatility of an underlying (commodities, crypto assets, equities, funds, or precious metals). The impact on profit and loss is measured based on a 1 percentage point normalised shock to the implied volatility of all underlyings. A normalised volatility shock is defined by a term structure of shocks, with shocks decaying by the reciprocal of the square root of time and with caps and floors applied at the short and long end;
- Correlation risk measures the impact on the derivative value due to changes in the implied correlation between underlying pairs. The impact on profit and loss is measured based on a change in implied correlation of 1 percentage point for all underlying pairs;
- Dividend risk measures the impact on the derivative value due to changes in the expected dividend. The impact on profit or loss is measured based on a change in dividend of -10% for all underlyings;
- Foreign exchange delta risk measures the impact of a change in currency prices. The impact on profit and loss is measured for a 1% shock in the value of all currencies against the Swiss franc. Sensitivities are further classified into G10 currencies (G10) and non-G10 currencies (EM);
- Foreign exchange vega risk is the sensitivity of the derivative value with respect to changes in the implied volatility of exchange rates. The impact on profit and loss is measured based on a 1 percentage point normalised shock to the implied volatility for all exchange rates;
- Credit spread risk measures the impact of a change in the price of the underlying bond or credit instrument as a result of a change in the credit spread of the issuer. The impact on profit and loss is measured based on a change in credit spreads of 10 basis points. Sensitivities are divided between credit-linked products; corporate and financial institution exposures (corporates and banks); and governments, agencies and supranationals (government and agencies);
- Interest rate risk measures the impact of a parallel shift in the yield curve. The impact on profit and loss is measured based on a change in all yield curves of 10 basis points for both G10 interest rates (G10) and non-G10 interest rates (EM);
- Interest rate vega risk is the sensitivity of the derivative value with respect to changes in the implied volatility of interest rates. The impact on profit and loss is measured based on a change in the normal implied volatility of 1 basis point for all interest rate curves.

Sensitivity analysis

As of 31 December 2023, the Group had the following exposures relating to its financial assets and liabilities.

Impact on the income statement

CHF thousand	31.12.2023	31.12.2022
Risk measure		
Commodity delta risk	(16)	(15)
Commodity vega risk	153	164
Crypto delta risk	—	3
Equity delta risk	(406)	(225)
Equity vega risk	7,502	8,895
Equity correlation risk	(2,895)	(7,727)
Equity dividend risk	(3,396)	(5,268)
Foreign exchange delta risk – G10	24	317
Foreign exchange delta risk – EM	(7)	2
Foreign exchange vega risk	380	(668)
Interest rate risk – G10	(60)	331
Interest rate risk – EM	4	9
Interest rate vega risk	36	(37)
Precious metal delta risk	21	48
Precious metal vega risk	212	149
Credit spread risk – Credit linked products	10	332
Credit spread risk – Government and agencies	(4)	(5)
Credit spread risk – Corporates and banks	(262)	(44)

Impact on shareholders' equity

CHF thousand	31.12.2023	31.12.2022
Risk measure		
Foreign exchange delta – G10	2,945	3,236
Credit spread risk – Government and agencies	(2,210)	(1,819)
Credit spread risk – Corporations and banks	(6,080)	(7,815)

Stock markets performance was positive in 2023 despite high inflation, uncertainty around interest rates and geopolitical tensions. The risk characteristics of products issued by Leonteq and its partners remained unchanged. Equity vega, correlation and dividend risks decreased compared to 31 December 2022 as markets rallied towards the end of 2023. The credit quality of Leonteq's investment portfolio as of 31 December 2023 further improved as a result of a more conservative investment approach and a reduction in the average portfolio duration.

The Group operates a branch in Guernsey (Leonteq Securities AG, Guernsey Finance Branch), whose primary function is to manage a portfolio of mainly US-dollar denominated bonds. Consequently, the branch's functional currency is the US dollar. As of 31 December 2023, USD 350 million of capital was allocated to this branch. The sensitivity of the structural foreign exchange position to the US dollar / Swiss franc exchange rate and its impact on the Group's equity are shown in the above table.

The Group invests a portion of the proceeds from own product issuance in high-quality mid-term bonds issued by governments, agencies, corporates and financial institutions. This investment portfolio is measured at fair value through other comprehensive income (FVOCI). Bonds measured at FVOCI are presented as "financial investments measured at fair value through other comprehensive income". Credit spread sensitivities relating to this FVOCI portfolio are shown in the above table.

Stress analysis

The Group reports the impacts on its income statement when the following relevant historical stress scenarios are applied to its portfolio. The highlighted cells in the matrix refer to the average shocks for the stress scenarios described below:

COVID-19 Black Thursday is a one-day crash scenario that happened on 12 March 2020 as part of the wider COVID-19 stock market crash. US stock markets suffered from the greatest single-day percentage fall since the 1987 stock market crash.

COVID-19 Rally is a one-day rally scenario that occurred two weeks after Black Thursday, on 24 March 2020. Equity prices increased and equity volatilities decreased.

The following tables give an indication of the overall risk exposure as of 31 December 2023 and 31 December 2022.

Structured investment products

31 December 2023

CHF thousand	Spot -10%	Spot -5%	Spot -2%	Spot 0%	Spot +2%	Spot +5%	Spot +10%
Vol. -5%	(68,299)	(47,533)	(37,801)	(33,434)	(28,655)	(22,136)	(9,666)
Vol. -2%	(28,255)	(18,557)	(15,391)	(14,608)	(13,730)	(11,334)	(2,912)
Vol. 0%	(2,153)	932	567	0	(840)	(774)	4,597
Vol. +2%	22,804	20,666	17,599	15,487	13,550	11,988	15,120
Vol. +5%	58,145	50,774	44,798	41,019	37,691	34,410	34,966
Vol. +10%	112,042	101,119	93,034	87,925	83,192	78,461	76,811

31 December 2022

CHF thousand	Spot -10%	Spot -5%	Spot -2%	Spot 0%	Spot +2%	Spot +5%	Spot +10%
Vol. -5%	(83,665)	(57,191)	(45,777)	(42,493)	(41,828)	(40,789)	(34,171)
Vol. -2%	(42,740)	(24,934)	(18,856)	(17,357)	(17,676)	(18,519)	(16,164)
Vol. 0%	(16,448)	(3,678)	(400)	0	(1,202)	(1,687)	(871)
Vol. +2%	8,604	17,246	18,744	18,098	16,060	15,548	16,642
Vol. +5%	43,173	48,534	48,288	46,556	43,326	42,833	45,757
Vol. +10%	93,700	98,639	98,291	96,215	91,318	92,707	98,534

Long-term savings and retirement products

31 December 2023

CHF thousand	Spot -50bp	Spot -25bp	Spot 0bp	Spot +25bp	Spot +50bp
Vol. -20bp	1,759	368	(65)	594	1,703
Vol. -10bp	2,021	518	(204)	32	763
Vol. 0bp	2,496	917	0	(85)	332
Vol. +10bp	3,108	1,471	414	84	247
Vol. +20bp	3,810	2,123	960	442	399

31 December 2022

CHF thousand	Spot -50bp	Spot -25bp	Spot 0bp	Spot +25bp	Spot +50bp
Vol. -20bp	801	1,132	1,367	1,534	1,694
Vol. -10bp	114	340	516	665	837
Vol. 0bp	(241)	(109)	0	110	264
Vol. +10bp	(372)	(323)	(278)	(211)	(87)
Vol. +20bp	(350)	(373)	(384)	(361)	(272)

Credit and country risk

Credit risk is defined as the general risk of financial loss occurring if a counterparty or an issuer of a financial security does not meet its contractual obligations either in part or in total. The Group distinguishes between the following types of credit risk:

- Counterparty risk, i.e., the risk of a counterparty or custodian defaulting on a financial obligation;
- Issuer specific risk, i.e., the risk that an issuer of a financial instrument defaults, e.g., equity or debt instruments. Exposure to such instruments can arise through direct holdings in those instruments or if the instrument is the underlying of a derivative contract;
- Settlement risk, i.e., the risk that an issuer or counterparty does not settle its leg of the financial contract or instrument;
- Migration risk, i.e., the risk that issuer or counterparty ratings of hedging instruments deteriorate and negatively impact prices. Leonteq captures this risk by measuring credit spread risks; and
- Step-in risk, i.e., the risk that Leonteq may decide to provide financial support to an unconsolidated entity that is facing stress in the absence of, or in excess of, any contractual obligations to provide such support.

Monitoring of credit risk

Leonteq is exposed to credit risks related to over-the-counter (OTC) derivatives and securities lending and borrowing (SLB) activities with counterparties. It is also exposed to credit risks through the investment of proceeds from the issuance of structured investment products in bonds or other fixed income instruments, as well as the exposure incurred as a result of the issuance of credit-linked notes. Counterparty and country risk limits are set by management and reviewed regularly by the Audit and Risk Committee of the Board of Directors. Exposure to counterparties resulting from the Group's OTC derivatives and SLB activities is typically mitigated through the use of mark-to-market collateral and close-out netting arrangements. Uncovered exposures are mainly due to the time delay at which collateral is exchanged. Investments in bonds or other fixed income instruments are subject to additional limits.

Counterparty exposures

CHF million	31.12.2023 Exposure	31.12.2022 Exposure
OTC	34.6	19.6
SLB	42.6	134.0
Total	77.2	153.6

Investment portfolio

The Group has primarily invested the proceeds from own product issuance in high-quality bonds issued by governments, agencies, corporates and financial institutions, as well as central governments, organisations supported by those governments, and supranational organisations. A comprehensive overview of the investment portfolio is provided in the following tables. The asset values include accrued interests and are shown in the balance sheet line item “Financial investments measured at fair value through other comprehensive income”.

31 December 2023 ¹ CHF million	Maturity						Total	Total in %
	0–12 months	12–24 months	24–36 months	36–48 months	48–60 months	>60 months		
Governments and agencies²	172.7	58.7	145.4	120.7	161.0	52.0	710.6	27.2%
of which Aaa	13.3	17.3	58.7	47.9	56.3	20.0	213.5	8.2%
of which Aa1–Aa3	159.4	31.3	86.7	60.6	95.7	25.0	458.8	17.6%
of which A1–A3	—	10.0	—	12.2	9.0	7.0	38.3	1.5%
Corporates	24.4	85.9	240.3	188.1	207.9	362.6	1,109.2	42.5%
of which Aaa	—	—	46.7	—	—	7.1	53.8	2.1%
of which Aa1–Aa3	—	51.7	50.5	69.6	65.7	279.6	517.0	19.8%
of which A1–A3	10.9	21.8	131.4	97.8	139.7	76.0	477.7	18.3%
of which Baa1–Baa3	13.5	12.4	11.7	20.7	2.5	—	60.7	2.3%
Banks	38.7	174.9	234.1	177.0	138.8	24.9	788.5	30.2%
of which Aaa	—	—	19.7	26.7	56.4	—	102.9	3.9%
of which Aa1–Aa3	—	80.0	20.4	30.7	—	18.4	149.5	5.7%
of which A1–A3	38.7	94.9	179.8	99.3	77.7	—	490.5	18.8%
of which Baa1–Baa3	—	—	14.2	20.3	4.7	6.5	45.7	1.8%
Total	235.8	319.4	619.8	485.9	507.7	439.6	2,608.3	100.0%

¹ A change in the use of external ratings was introduced in 2023. The new approach considers the lower of Moody's and S&P ratings, whereas in the past only Moody's ratings were considered.

² Includes bonds issued by governments, public sector bodies and supranational agencies.

31 December 2022 ¹ CHF million	Maturity						Total	Total in %
	0–12 months	12–24 months	24–36 months	36–48 months	48–60 months	>60 months		
Governments and agencies²	21.0	22.0	88.6	168.1	93.4	120.8	514.0	19.7%
of which Aaa	19.4	13.3	16.0	76.4	42.0	96.4	263.5	10.1%
of which Aa1-Aa3	1.6	8.7	61.9	91.7	32.7	17.7	214.3	8.2%
of which A1-A3	—	—	10.7	—	18.7	6.7	36.1	1.4%
Corporates	77.8	75.1	192.9	242.7	221.9	488.3	1,298.6	49.7%
of which Aaa	—	—	11.0	37.0	18.1	7.5	73.6	2.8%
of which Aa1-Aa3	38.4	26.1	85.5	63.4	80.9	308.1	602.3	23.1%
of which A1-A3	36.3	34.1	75.9	120.9	101.6	170.3	539.0	20.6%
of which Baa1-Baa3	3.1	14.9	20.5	21.3	21.3	2.5	83.6	3.2%
Banks	59.6	108.3	236.0	217.4	113.8	65.3	800.5	30.6%
of which Aaa	—	—	1.8	—	—	—	1.8	0.1%
of which Aa1-Aa3	19.6	25.8	111.2	23.6	33.3	17.2	230.6	8.8%
of which A1-A3	40.0	82.5	123.0	169.2	58.4	34.9	508.0	19.4%
of which Baa1-Baa3	—	—	—	24.6	22.1	13.3	60.0	2.3%
Total	158.5	205.4	517.5	628.2	429.1	674.4	2,613.0	100.0%

¹ Prior year's figures were adjusted due to a change in the use of external ratings introduced in 2023. The new approach considers the lower of Moody's and S&P ratings, whereas in the past only Moody's ratings were considered.

² Includes bonds issued by governments, public sector bodies and supranational agencies.

Country risk

Leonteq is exposed to country risk to the extent that:

- The counterparty of a transaction or derivative instrument is domiciled in a foreign country;
- The issuer of a security referenced in a derivative contract is domiciled in a foreign country; or
- The issuer of a security held by Leonteq either as a hedging position, as collateral for securitising credit exposures, or as a security in the Leonteq's Investment Portfolio, is domiciled in a foreign country.

Country risks are mitigated using country risk limits, as set by the relevant corporate bodies.

Liquidity risk and management

The Group distinguishes between market liquidity risk, or the risk that it may not be able to sell or buy assets at fair value, and liquidity and refinancing risk, or the risk that Leonteq may not have sufficient cash or other liquid assets to meet its obligations as they fall due.

Market liquidity risk

Since the Group hedges its liabilities arising from issued structured investment products through the sale or purchase of derivatives or other financial and non-financial instruments, it is exposed to the risk that it may be unable to sell or buy such hedging assets at fair value to cover its liabilities for the corresponding structured investment products. Leonteq refers to this risk as market liquidity risk related to outstanding structured investment products. As the product buy-back price is linked to the price of unwinding the asset, market liquidity risk related to trading activities is limited. Measures to mitigate market liquidity risks related to trading include:

- Issuance of financial instruments only on reasonably liquid underlying instruments (shares, bonds, freely convertible currencies, commodities, precious metal and crypto assets) and markets;
- Diversification of OTC hedging counterparties;
- Quotation of structured investment products, including a bid-ask spread that provides an adequate buffer for less liquid underlyings. The buffer between the value of the product using the current market value of illiquid underlyings and the prices at which Leonteq is willing to trade these products is needed in order to compensate for the possibility that it may not be able to hedge its liabilities at the current market prices of the underlyings.

Furthermore, Leonteq invests excess proceeds from the issuance of structured products in a high-grade bond investment portfolio managed by its Treasury department. Measures to mitigate market liquidity risks related to treasury activities include:

- Ensuring the investment universe comprises government and supranational agency credits with a high-grade credit rating as well as bonds issued by corporates and banks with an investment-grade rating;
- Maintaining diversification across countries and issuers;
- Specifying a minimum issue size;
- Defining the maximum concentration per single issue.

Liquidity and refinancing risk

Funding liquidity risk represents the risk that Leonteq will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without its daily operations or the financial condition of the Group being impacted. Funding consumption occurs mainly within Leonteq Securities AG, Zurich, and Leonteq Securities AG, Amsterdam Branch.

The Group is exposed to funding liquidity and refinancing risk primarily due to the issuance of structured products for the Group as well as its platform partners for whom the Group provides derivative hedges. In addition, Leonteq is required to post collateral with SIX to secure obligations relating to COSI® and TCM-issued products. The repatriation of proceeds from non-Swiss issuances to Switzerland can have an adverse impact in terms of Swiss withholding tax. Leonteq therefore observes the respective repatriation capacity and limits the transfer of liquidity held in the Guernsey and Amsterdam branches of Leonteq Securities AG accordingly.

The liquidity management framework requires Leonteq to maintain sufficient liquidity reserves across its locations, thus ensuring adequate liquidity during general market, industry-specific or Group-specific stress conditions. Under the framework, Leonteq is required to maintain certain levels of available or onshore liquidity, excluding funding that may not be repatriated to Switzerland. The framework metrics are independently calculated each business day. In addition, the Risk Control department simulates on a daily basis the effects of various stress scenarios on the amount of funding required under those scenarios. The framework requires that sufficient liquidity should be available in locations to cover their respective funding requirements. If Leonteq were to experience shortfalls in any aspect of its liquidity requirements, committed credit and/or contingent liquidity facilities can be drawn on in conjunction with other reserve liquidity measures, as specified in the liquidity framework.

Maturity analysis of assets and liabilities

The following tables show the maturity structure of the carrying amounts of the Group's financial assets and liabilities. Liquidity has to be provided for the daily market making required for the issuing and trading business. Consequently, the balance sheet positions which are closely connected to the issuing and trading business are not broken down into individual cash flows and divided into different maturity ranges but are reported at fair value in the "On demand to 1 month" column, representing the earliest point at which amounts are expected to be recovered or settled. In the case of the other financial balance sheet positions, the carrying amounts are reported in the maturity range which represents the earliest point at which recovery or settlement can be expected. The breakdown of these positions with predominantly short maturities into individual undiscounted cash flows would provide an only marginally different view.

In addition, for non-financial assets, the following tables show the maturity structure of the carrying amounts expected to be recovered or settled.

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2023
Assets					
Financial assets					
Cash and balances at central banks	142,697	—	—	—	142,697
Amounts due from banks	462,923	—	—	—	462,923
Amounts due from securities financing transactions	20,667	—	—	—	20,667
Amounts due from customers	291,654	—	—	—	291,654
Trading financial assets	2,725,961	—	—	—	2,725,961
Positive replacement values of derivative financial instruments	2,398,656	—	—	—	2,398,656
Other financial assets designated at fair value through profit or loss	180,821	—	—	—	180,821
Financial investments measured at fair value through other comprehensive income	2,608,286	—	—	900	2,609,186
Other financial assets	160	364	19,883	—	20,407
Total financial assets	8,831,825	364	19,883	900	8,852,972
Non-Financial assets					
Trading inventories	287,072	—	—	—	287,072
Current tax assets	—	—	279	—	279
Deferred tax assets	—	—	—	2,415	2,415
Interests in joint ventures	—	—	—	958	958
Tangible assets ¹	—	—	—	44,812	44,812
Intangible assets ¹	—	—	—	59,068	59,068
Other non-financial assets	—	6,552	1,921	—	8,473
Total non-financial assets	287,072	6,552	2,200	107,253	403,077
Total assets	9,118,897	6,916	22,083	108,153	9,256,049

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2023
Liabilities					
Financial liabilities					
Amounts due to banks	252,242	—	—	—	252,242
Liabilities from securities financing transactions	805,197	—	—	—	805,197
Amounts due to customers	483,992	—	—	—	483,992
Trading financial liabilities	54,019	—	—	—	54,019
Negative replacement values of derivative financial instruments	1,999,595	—	—	—	1,999,595
Other financial liabilities designated at fair value through profit or loss	4,666,965	—	—	—	4,666,965
Other financial liabilities ²	1,998	23,791	10,490	27,019	63,298
Total financial liabilities	8,264,008	23,791	10,490	27,019	8,325,308
Non-Financial liabilities					
Current tax liabilities ³	—	—	1,184	12,000	13,184
Deferred tax liabilities	—	—	—	544	544
Other non-financial liabilities ⁴	—	43,077	17,947	52,308	113,332
Provisions	—	—	5,316	18,232	23,548
Total non-financial liabilities	—	43,077	36,447	71,084	150,608
Total liabilities	8,264,008	66,868	46,937	98,103	8,475,916

¹ Immobilised

² Other financial liabilities with a long-term maturity mainly comprises lease liabilities (see Note 31).

³ Current tax liabilities with a long-term maturity comprises uncertain tax positions (see Note 15).

⁴ Other non-financial liabilities with a long-term maturity mainly comprises deferred income (see Note 9).

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2022
Assets					
Financial assets					
Cash and balances at central banks	288,412	—	—	—	288,412
Amounts due from banks ⁶	934,959	—	—	—	934,959
Amounts due from securities financing transactions	1,845	—	—	—	1,845
Amounts due from customers	389,660	—	—	—	389,660
Trading financial assets ⁵	3,447,123	—	—	—	3,447,123
Positive replacement values of derivative financial instruments	4,144,449	—	—	—	4,144,449
Other financial assets designated at fair value through profit or loss ⁵	217,228	—	—	—	217,228
Financial investments measured at fair value through other comprehensive income ⁵	2,605,106	—	—	—	2,605,106
Other financial assets ⁵	541	356	30,767	—	31,664
Total financial assets	12,029,323	356	30,767	—	12,060,446
Non-Financial assets					
Trading inventories	148,162	—	—	—	148,162
Current tax assets	—	—	1,010	—	1,010
Deferred tax assets	—	—	—	1,798	1,798
Tangible assets ¹	—	—	—	50,011	50,011
Intangible assets ¹	—	—	—	54,581	54,581
Other non-financial assets	—	7,513	2,145	—	9,658
Total non-financial assets	148,162	7,513	3,155	106,390	265,220
Total assets	12,177,485	7,869	33,922	106,390	12,325,666

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2022
Liabilities					
Financial liabilities					
Amounts due to banks ⁶	514,914	—	—	—	514,914
Liabilities from securities financing transactions	1,822,877	—	—	—	1,822,877
Amounts due to customers	1,057,946	—	—	—	1,057,946
Trading financial liabilities	201,543	—	—	—	201,543
Negative replacement values of derivative financial instruments	2,907,543	—	—	—	2,907,543
Other financial liabilities designated at fair value through profit or loss ⁵	4,674,305	—	—	—	4,674,305
Other financial liabilities ^{2, 5}	8,621	27,309	9,253	31,183	76,366
Total financial liabilities	11,187,750	27,309	9,253	31,183	11,255,495
Non-Financial liabilities					
Current tax liabilities ³	—	—	32,593	12,000	44,593
Deferred tax liabilities	—	—	—	390	390
Other non-financial liabilities ⁴	—	59,343	19,030	55,196	133,569
Provisions	—	—	3,776	17,809	21,585
Total non-financial liabilities	—	59,343	55,399	85,394	200,136
Total liabilities	11,187,750	86,652	64,652	116,577	11,455,631

¹ Immobilised

² Other financial liabilities with a long-term maturity mainly comprises lease liabilities (see Note 31).

³ Current tax liabilities with a long-term maturity comprises uncertain tax positions (see Note 15).

⁴ Other non-financial liabilities with a long-term maturity mainly comprises deferred income (see Note 9).

⁵ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

⁶ For the year ending 2023, exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior year were adjusted accordingly, resulting in a reduction of CHF 27.1 million on the balance sheet line items "Amounts due from/to banks" for the year 2022.

Other financial risks

Structural foreign exchange risk

Upon legal entity consolidation, the assets and liabilities of Leonteq's entities (e.g. subsidiaries or branches) that are denominated in a different functional currency to that of the Group are translated into Swiss francs (CHF) at the closing foreign exchange rates. Changes in the value (in CHF) of non-CHF assets or liabilities due to foreign exchange movements that give rise to structural foreign exchange exposure are recognised in Other Comprehensive Income (OCI) and therefore affect shareholders' equity and the Group's available capital.

Pension risk

Pension risk is defined as the financial risk from contractual or other liabilities to which Leonteq is exposed as an employer. It is the risk that Leonteq may be required to make unexpected payments or other contributions to a pension plan because of an obligation (i.e., underfunding).

Sources of risks can be broadly categorised into asset investment risks (e.g., underperformance of bonds, equities, and alternative investments) and liability risks, primarily from changes in interest rates, inflation, and actuarial assumptions (e.g., life expectancy, rate of increase in pension benefits).

Leonteq reviews the funded status (coverage ratio) of its pension plans on a regular basis to ensure appropriate restructuring measures can be taken in the event of coverage ratio falling below 100%.

Model risk

Model risk is the risk of financial loss due to inappropriate model assumptions or inadequate model usage. At Leonteq, model risks arise when models are used to value financial instruments and to calculate hedging ratios. The use of inadequate models could result in inaccurate valuations, which in turn could lead to incorrect risk measurement and the wrong hedging position, both of which could translate into a financial loss.

Leonteq mitigates these risks through a comprehensive model risk management framework, broadening the scope beyond model validation to include all aspects of model risk management at all stages, the development of the model, its implementation, and its use.

Model risk management is a continuous process, not a periodic activity. It includes: monitoring model risks and limitations identified during its development and validation; ongoing monitoring and validation of changes that may impact model risks.

Non-financial risks

The Group is also exposed to a number of non-financial risks such as reputational risk, strategic risk and operational risk that among others also incorporates legal and compliance risk, tax risk, and information and cybersecurity risk.

Reputational risk

Reputational risk is the risk of potential reputational harm due to a financial loss or any other real or perceived event with a negative impact on Leonteq's reputation. In particular, this includes the risk arising from any cases of employee misconduct. The risk framework implemented by the Group is designed to identify, quantify and reduce primary and consequential risks that could have an adverse impact on its reputation. Leonteq believes that its strict compliance controls and its culture of ownership and responsibility across all levels of the Group, coupled with a systematic and transparent communication policy towards all stakeholders, help to mitigate its reputational risk.

Strategic risk

Strategic risk is the risk that an internal or external event may prevent Leonteq from executing or achieving its strategic objectives. Not achieving its strategic business goals could have long-term consequences for Leonteq and its stakeholders. The main drivers of the strategic risk for Leonteq are:

- Failure to deliver on strategic initiatives and projects (e.g. expanding and diversifying its offering across products, asset classes, issuers and regions; developing digital client solutions and Leonteq's technology platform; or integrating ESG best practices for sustainable investments);
- An unfavourable market environment (e.g. macro-economic or geopolitical conditions) that could negatively impact the delivery of strategic projects or affect investor behaviour, resulting in lower levels of client activity or reduced structured product volumes; and
- Regulatory developments that can result in changes to regulatory requirements or lead to the introduction of new requirements that might require significant changes to business models, operational processes and technology infrastructure.

Operational risk

Operational risk is the risk of losses occurring due to inadequate or failed internal processes, people and systems or due to external factors. Operational risk includes the risk of losses due to failures in the Group's operational processes or its IT system, or issues related to legal and compliance. Losses can take the form of direct financial losses, regulatory sanctions or lost revenues, e.g. due to the failure of a service or system. Such events may also lead to reputational harm that could have longer-term financial consequences. In Leonteq's risk framework, operational risks include the following categories: People risk, fraud risk, physical security and safety risk, business continuity risk, technology risk, compliance risk, legal risk, third-party risk, information and cybersecurity risk, reporting risk, tax risk, data management and model risk, change and project management risk, governance and supervision risk, framework risk, settlement risk, and business and product risk.

Operational risk is mitigated by means of organisational measures, automation, internal control and security systems, written procedures, legal documentation, loss mitigation techniques and a business continuity plan overseen by management, among other measures. Special attention is paid to the key performance indicators of the Group's core risk management system. All financial instruments purchases are executed through central trading desks and the size and quality of the trades are reviewed by traders. Positions are reconciled on a daily basis by the back office. However, operational risk cannot be entirely mitigated.

Leonteq's management considers operational risk to be one of the major risks to which the Group is exposed. A broad Operational Risk Framework has therefore been put in place to manage and control operational risk. Within that framework, any operational risk is "owned" by management as the first line. The Operational Risk Control function independently monitors the effectiveness of operational risk management and oversees operational risk-taking activities. The Board of Directors determines the risk tolerance for significant sources of operational risk. Management performs its own periodic assessments of the operational risk profile within its areas of responsibility. As part of this process, unmitigated risks and mitigation actions are logged in a Group-wide inventory. Operational Risk Control independently reviews the assessments produced by management and collates the Group's overall operational risk profile to determine whether it is in line with the risk tolerance defined by the Board of Directors. Operational risk events are analysed to determine their root causes, and adequate and sustainable mitigation actions are determined.

Leonteq also continuously invests in business continuity management to ensure continuity of critical operations in the event of a major disruptive event. Business continuity management encompasses backup operating facilities and IT disaster recovery plans, which are in place throughout Leonteq.

Legal and compliance risk

Legal risk is the risk of losses occurring or of damages, fines or penalties being imposed on the Group, or of other liabilities or any other material adverse impact arising from a failure to comply with legal obligations, whether contractual, statutory or otherwise, or changes in enforcement practices, legal challenges or claims made against the Group, an inability to enforce its legal rights, or the failure to take measures to protect its rights. Compliance risk is the risk of legal or regulatory sanctions, financial loss or damages resulting from a failure to comply with applicable laws, rules and regulations, as well as internal policies and procedures. Compliance risk, including conduct risk, is inherent in all of Leonteq's businesses activities. Legal and compliance risks can also lead to reputational harm, limit Leonteq's business opportunities and reduce its growth potential. Regulatory risk is the risk that changes in laws, regulations, rules or market standards may limit and/or have a negative effect on Leonteq's activities or its ability to implement strategic initiatives.

As a participant in the financial services sector, Leonteq operates in a highly regulated environment that exposes it to legal (including litigation), compliance, regulatory and other risks. Non-compliance with regulatory or other mandatory requirements may also result in the competent authorities taking enforcement action or initiating proceedings against Leonteq and its employees. Leonteq mitigates its legal, compliance and regulatory risks by raising awareness through mandatory training programmes for all employees

and through the strict enforcement and monitoring of its policies and procedures. It also mitigates these risks by ensuring it has a team of well-qualified legal and compliance specialists in place to draft and review contracts and assess transactions. Changes in the regulatory environment are monitored, and directives and procedures are adapted as required.

Tax risk

Tax risk is the risk of losses arising from changes in taxation (derived from tax legislation and decisions by the courts), including the misinterpretation of tax regimes as well as the manner in which they may be applied and enforced. This also applies to new international tax laws that could have a negative impact on the taxation of structured products, making them unattractive to investors. Leonteq proactively manages and controls these risks. It usually asks the relevant tax authorities for written confirmation of their interpretation of the relevant regulations (tax rulings) or seeks appropriate advice from professional tax consultants at a local level. Tax risk is monitored by the Tax department, which takes an integrated view of tax risks across the entire Group.

Information and cybersecurity risk

Technical defences

Cybersecurity and information security risk is defined as the risk of a malicious internal or external act, adversely impacting the confidentiality, integrity, or availability of Leonteq's data or information systems, leading to financial, regulatory or reputational harm or loss.

Leonteq mitigates cybersecurity and information security risk by adopting state-of-the-art Cybersecurity practices and uses a range of Cybersecurity tools to monitor its environment in real time and to produce alerts if any risk indicators emerge.

In cases where Leonteq is dependent on third-party services and service providers, a data protection impact analysis is performed prior to initiation of the contract. Cloud service providers are also assessed based on internal policies to ensure appropriate safeguards are in place.

Governance defences

Technical defences alone are not sufficient to ensure the safety of digital assets in a commercial environment. To enable the Group to meet stringent regulatory and security practices, technical defences are therefore backed by strong and regular governance routines including:

- Internal and external audits of cyber defences and routines to ensure compliance with the Group's requirements and foster good practices;
- Regular penetration tests, which are carried out in the Group's general environment on a routine basis and also when the Group launches a new digital service;
- Internal checks and reviews that have been established to verify that the Group's services are correctly configured, including exception handling; and
- Regular user awareness and training sessions to ensure that employees, or staff acting on behalf of the Group, understand the corporate values and culture, together with strategies to work within a safe environment.

Recent developments and emerging risks

BaFin publication: Leonteq's subsidiary, Leonteq Securities (Europe) GmbH, based in Frankfurt am Main received a notice from BaFin to remedy shortcomings in its arrangements for the prevention of money laundering and terrorist financing. Leonteq is continuously strengthening its compliance organisation and has taken various organisational and personnel measures in the reporting period. It is cooperating with BaFin and has already addressed some of the findings and the corrective measures will be implemented by the end of February 2024. BaFin has not imposed any fines.

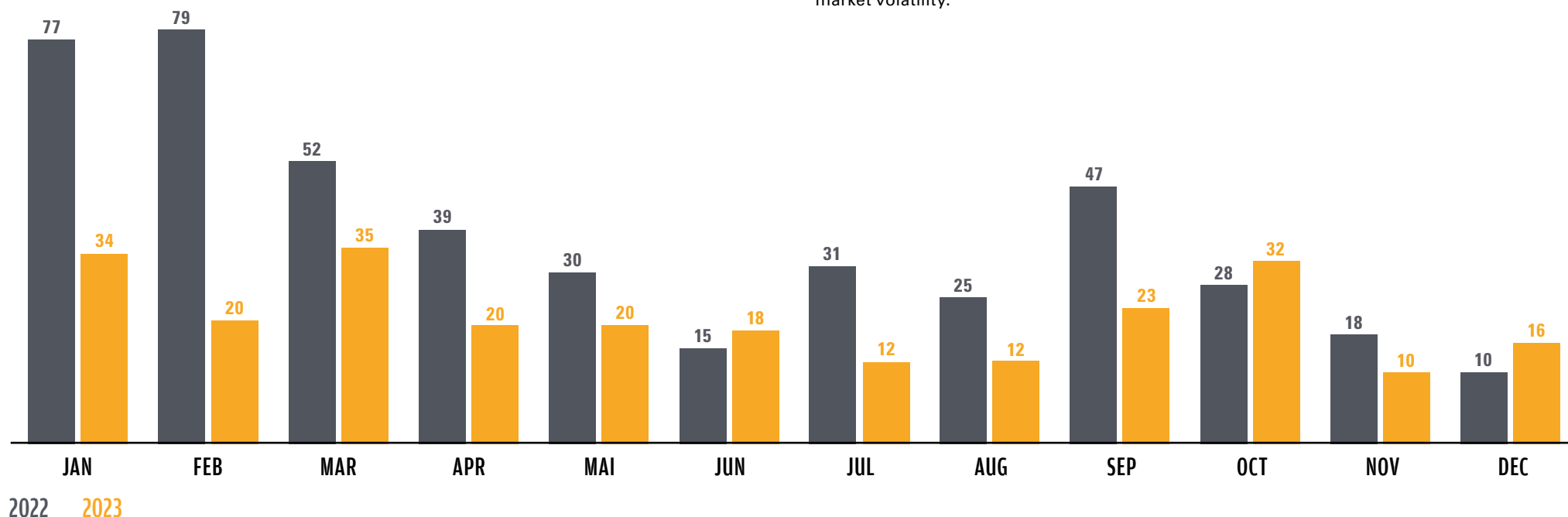
Allegations in media articles: Certain allegations were made through the media during the reporting period as well as the prior reporting year concerning products distributed by third parties, including by a company based in the BVI, referring to potential tax evasion or money laundering offences attributed to third parties and separately referring to potential fraud or criminal misconduct attributed to third parties.

Leonteq instructed that the above allegations be investigated independently at different points in time. These reviews, conducted in 2022 and 2023, revealed no evidence that Leonteq entities or employees intentionally participated in any potential tax fraud, money laundering or other criminal misconduct related to the transactions mentioned in the media articles. It is important to note that Leonteq's distribution partners are third-party financial intermediaries who must themselves comply with laws and regulations applicable to their business, as well as distribution agreements with the respective Leonteq entities. If Leonteq detects a breach thereof, it takes immediate and appropriate action.

As a result, Leonteq experienced ongoing regulatory scrutiny in the reporting period as authorities in some countries continue to investigate matters revolving around the allegations raised in the media articles and the Group continues to maintain an active dialogue.

Revenue analysis

Monthly economic revenues (CHF million)



The Group performs daily economic revenue analyses on a consolidated level as well as on an individual trading book level which are reported to senior management. Economic revenues primarily consist of fee income and trading income and are considered to have been recognised at the trade date without applying IFRS revenue recognition rules. Economic revenues do not include certain other income components such as the reimbursement of project costs from partners. Economic fee income is driven by the level of client activity which may show seasonal patterns, especially during the summer months and end-of-year holiday season. Economic trading income is primarily driven by Leonteq's hedging activity, which is influenced by various factors, including but not limited to market volatility.

Despite challenging market conditions in 2023, Leonteq's client franchise remained solid and net fee income was relatively stable year on year.

2023 was particularly characterised by materially lower levels of volatility, resulting in a normalised net trading result with limited but positive contributions from both hedging and treasury activities. This compared to an exceptionally strong net trading result in the prior year, which benefited from unprecedented market conditions.

Capital management

The Swiss Financial Institutions Act (FinIA) and the Financial Institutions Ordinance (FinIO) entered into force on 1 January 2020. FinIA regulates the licensing requirements and further organisational rules for certain financial institutions, including securities firms such as Leonteq. The regime distinguishes between account-holding and non-account-holding securities firms for the application of capital requirements. Securities firms that do not hold accounts for clients are not subject to the Capital Adequacy Ordinance but must permanently hold capital of at least one quarter of the fixed costs of the last annual financial statement, up to a maximum of CHF 20 million. FinIA further stipulates that securities firms must have sufficient own funds and liquidity individually and on a consolidated basis. Leonteq does not hold client accounts and is thus not subject to the requirements of the Capital Adequacy Ordinance.

Under the regulatory framework for securities firms, Leonteq calculates its eligible capital on the basis of the Group's shareholders' equity less intangible assets and less expected upcoming dividend payments. As of 31 December 2023, Leonteq reported eligible capital totalling CHF 703.5 million (31 December 2022: CHF 742.9 million).

Leonteq also has a robust capital adequacy and planning process in place to ensure that the Group's own funds are sufficient to cover potential losses in the event of severe adverse market shocks or other events.

Capital planning covers a 3-year time horizon which is consistent with the regulatory requirement for capital planning for banks. The framework establishes a direct link between the economic market environment and different economic scenarios for the future capital development. The economic market environment, in turn, is reflected by the strategic business plan provided by Financial Management, and the Group's risk profile and its impact on profits and eligible capital are directly connected through stress scenario losses adapted to the economic scenarios.

Defined stress scenarios include the simulated combined effect of a variety of market and business events, such as potential losses related to equity, crypto assets, commodity and precious metal market shocks, interest rate changes, foreign exchange rate movements, credit losses and operational losses, pension fund restructuring measures, as well as adverse changes to the business environment. These potential losses are then compared to the Group's own funds to ensure that a significant buffer is maintained in each defined economic scenario.

The risk tolerance objective for capital adequacy is set by the Board of Directors and reflects Leonteq's overall risk capacity and appetite. It serves as a global benchmark to calibrate the granular limits and scenarios defined for the multiple risk categories. Therefore, the capital risk framework forms the basis of the limit setting in the firm's operating risk framework.

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Leonteq AG

Consolidated income statement for the years ended 31 December 2023 and 2022

CHF thousand	Note	2023	2022
Fee income from securities trading and investment activities		213,279	221,554
Net fee income¹	9	213,279	221,554
Result from trading activities and the fair value option¹	10	36,592	236,707
of which interest revenue on FVOCI and amortised cost instruments related to trading activities		48,894	40,430
of which interest expense on amortised cost instruments related to trading activities		18,837	12,611
Interest income from financial assets measured at amortised cost ¹		15,148	2,413
Interest expense from financial liabilities measured at amortised cost ¹		(10,633)	(5,239)
Credit loss (expense) / recovery		1,937	(5,127)
Net result from interest operations	11	6,452	(7,953)
Other operating income	12	3,659	6,074
Total operating income		259,982	456,381
Personnel expenses	13	(138,007)	(151,560)
Other operating expenses	14	(60,888)	(61,342)
Depreciation and amortisation of tangible & intangible assets	31	(35,302)	(33,496)
Changes to provisions, other value adjustments and losses	37	(7,423)	(16,699)
Total operating expenses		(241,620)	(263,097)
Result from operating activities		18,362	193,284
Taxes	15	2,237	(36,838)
Group net profit		20,599	156,446
of which allocated to shareholders of Leonteq AG		20,599	156,446
Share information			
Basic earnings per share (CHF)	17	1.15	8.58
Diluted earnings per share (CHF)	17	1.11	8.28

¹ With effect from the start of 2023, the Group is disclosing the net result from securities lending and borrowing transactions and the net interest result from margins for derivative transactions in the result from trading activities and the fair value option. The figures for the prior period were adjusted accordingly. For further information refer to Note 10.

Consolidated statement of other comprehensive income for the years ended 31 December 2023 and 2022

CHF thousand	Note	2023	2022
Group net profit		20,599	156,446
Other comprehensive income/(loss) that will not be reclassified to the income statement (net of tax)			
Remeasurement of defined benefit plan	16, 35	(3,524)	1,306
Changes in own credit spread	16, 18	111	(22)
Total other comprehensive income/(loss) that will not be reclassified to the income statement		(3,413)	1,284
Other comprehensive income/(loss) that may be reclassified to the income statement (net of tax)			
Net unrealised gains/(losses) on debt instruments measured at fair value through other comprehensive income	16, 28	18,149	(26,340)
Expected credit loss changes on debt instruments measured at fair value through other comprehensive income	16, 36	(1,605)	3,078
Currency translation adjustments	16	(33,469)	2,733
Total other comprehensive income/(loss) that may be reclassified to the income statement		(16,926)	(20,529)
Total other comprehensive income/(loss)		(20,339)	(19,245)
Total comprehensive income		260	137,201
of which allocated to shareholders of Leonteq AG		260	137,201

The notes on pages 227 to 289 are an integral part of these consolidated financial statements.

Leonteq AG

Consolidated statement of financial position as of 31 December 2023 and 2022

CHF thousand	Note	31.12.2023	31.12.2022
Assets			
Cash and balances at central banks	20	142,697	288,412
Amounts due from banks ¹	21	462,923	934,959
Amounts due from securities financing transactions	23	20,667	1,845
Amounts due from customers	22	291,654	389,660
Trading financial assets ²	24	2,725,961	3,447,123
of which assets lent as collateral with the right to sell or repledge		434,350	1,008,829
Trading inventories	25	287,072	148,162
Positive replacement values of derivative financial instruments	26	2,398,656	4,144,449
Other financial assets designated at fair value through profit or loss ²	27	180,821	217,228
Financial investments measured at fair value through other comprehensive income ²	28	2,609,186	2,605,106
of which assets lent as collateral with the right to sell or repledge		387,512	258,077
Accrued income and prepaid expenses ²	29	6,586	8,041
Other assets	30	22,294	33,280
Current tax assets	15	279	1,010
Deferred tax assets	15	2,415	1,798
Interests in joint ventures	32	958	—
Tangible assets	31	44,812	50,011
Intangible assets	31	59,068	54,581
Total assets		9,256,049	12,325,666

CHF thousand	Note	31.12.2023	31.12.2022
Liabilities			
Amounts due to banks ¹	21	252,242	514,914
Liabilities from securities financing transactions	23	805,197	1,822,877
Amounts due to customers	22	483,992	1,057,946
Trading financial liabilities	24	54,019	201,543
Negative replacement values of derivative financial instruments	26	1,999,595	2,907,543
Other financial liabilities designated at fair value through profit or loss ²	27	4,666,965	4,674,305
Accrued expenses and deferred income ²	29	126,160	160,097
Current tax liabilities	15	13,184	44,593
Deferred tax liabilities	15	544	390
Other liabilities	30	50,470	49,837
Provisions	37	23,548	21,585
Total liabilities		8,475,916	11,455,631
Equity			
Share capital	38	18,934	18,934
Share premium		213,445	249,647
Retained earnings ³		680,999	690,797
Accumulated other comprehensive income/(loss)		(67,940)	(47,315)
Own shares	38	(65,305)	(42,027)
Total shareholders' equity		780,133	870,035
Total liabilities and equity		9,256,049	12,325,666

¹ For the year ending 2023, exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior year were adjusted accordingly, resulting in a reduction of CHF 27.1 million on the balance sheet line items "Amounts due from/to banks" for the year 2022.

² Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

³ Retained earnings comprise cumulated earnings, including Group net profit for the years ended 31 December 2023 and 31 December 2022, respectively.

The notes on pages 227 to 289 are an integral part of these consolidated financial statements.

Leonteq AG

Consolidated statement of changes in equity for the years ended 31 December 2023 and 2022

CHF thousand

	Note	Accumulated other comprehensive income/(loss)									Total shareholders' equity
		Share capital	Share premium	Retained earnings	Defined benefit plan	Change in own credit	Unrealised income/(loss) related to debt instruments at fair value through OCI	Changes in expected credit loss on debt instruments at fair value through OCI	Currency translation adjustments	Own shares	
Balance as of 1 January 2022		18,934	276,992	557,886	2,450	(1,058)	(758)	2,893	(32,679)	(22,568)	802,093
Equity-settled share-based payments	38	—	—	4,889	—	—	—	—	—	9,293	14,183
Net disposal/(purchase) of own shares	38	—	—	—	—	—	—	—	—	(28,753)	(28,753)
Dividends and other distributions	38	—	(27,345)	(27,345)	—	—	—	—	—	—	(54,689)
Other allocations to/(transfers from) other comprehensive income		—	—	—	1,306	(22)	(26,340)	3,078	2,733	—	(19,245)
Transfers within equity ¹		—	—	(1,080)	—	1,080	—	—	—	—	—
Group net profit		—	—	156,446	—	—	—	—	—	—	156,446
Balance as of 31 December 2022		18,934	249,647	690,797	3,756	—	(27,098)	5,971	(29,946)	(42,027)	870,035

CHF thousand

	Note	Accumulated other comprehensive income/(loss)									Total shareholders' equity
		Share capital	Share premium	Retained earnings	Defined benefit plan	Change in own credit	Unrealised income/(loss) related to debt instruments at fair value through OCI	Changes in expected credit loss on debt instruments at fair value through OCI	Currency translation adjustments	Own shares	
Balance as of 1 January 2023		18,934	249,647	690,797	3,756	—	(27,098)	5,971	(29,946)	(42,027)	870,035
Equity-settled share-based payments	38	—	—	5,521	—	—	—	—	—	11,130	16,651
Net disposal/(purchase) of own shares	38	—	—	—	—	—	—	—	—	(34,409)	(34,409)
Dividends and other distributions		—	(36,202)	(36,202)	—	—	—	—	—	—	(72,404)
Other allocations to/(transfers from) other comprehensive income		—	—	—	(3,524)	111	18,149	(1,605)	(33,469)	—	(20,339)
Transfers within equity ¹		—	—	285	—	(285)	—	—	—	—	—
Group net profit		—	—	20,599	—	—	—	—	—	—	20,599
Balance as of 31 December 2023		18,934	213,445	680,999	233	(174)	(8,949)	4,366	(63,415)	(65,305)	780,133

¹ Changes in own credit risk recognised in other comprehensive income are subsequently transferred within equity to retained earnings. For further information, refer to Note 18.

Leonteq AG

Consolidated statement of cash flows for the years ended 31 December 2023 and 2022

CHF thousand	Note	2023	2022
Group net profit		20,599	156,446
Adjustments for non-cash items in Group net profit			
Depreciation and amortisation expense	31	35,301	33,496
Increase/(Decrease) in deferred taxes	15	(463)	(454)
Change in expected credit loss provision	36	(1,967)	5,120
Change in provision	37	7,419	16,701
Expenses from employee participation schemes	13	16,895	14,304
Other non-cash income and expenses		(2,900)	(2,054)
Net (increase)/decrease in assets related to operating activities			
Amounts due from banks ⁴	21	110,638	(56,320)
Amounts due from securities financing transactions	23	(18,822)	3,906
Amounts due from customers	22	60,393	42
Trading financial assets ³	24	667,808	1,587,764
Trading inventories	25	(138,910)	338,564
Positive replacement values of derivative financial instruments	26	1,745,793	773,305
Other financial assets designated at fair value through profit or loss ³	27	36,407	130,685
Net (investment)/disposal of financial investments measured at fair value through other comprehensive income ³	28	14,068	(465,999)
Accrued income and prepaid expenses ³	29	1,455	(676)
Current tax assets	15	731	(68)
Other assets	30	10,986	(10,760)
Net increase/(decrease) in liabilities related to operating activities			
Amounts due to banks ⁴	21	(215,971)	213,984
Liabilities from securities financing transactions	23	(1,017,680)	87,662
Amounts due to customers	22	(573,956)	431,083
Trading financial liabilities	24	(147,524)	53,982
Negative replacement values of derivative financial instruments	26	(907,948)	(1,428,662)
Other financial liabilities designated at fair value through profit or loss ³	27	(7,340)	(1,577,493)
Accrued expenses and deferred income ³	29	(33,937)	5,996
Current tax liabilities	15	(2,885)	35,571
Other liabilities	30	3,321	786
Utilisation of general provision	37	(5,283)	(16,623)

CHF thousand	Note	2023	2022
Dividends received		53,354	91,161
Interest received		15,148	6,131
Interest paid		(10,152)	(17,374)
Current taxes paid		(28,524)	(6,222)
Cash flow from operating activities		(313,944)	403,982
Purchases of tangible assets	31	(2,310)	(3,278)
Proceeds from sale of tangible assets	31	—	92
Purchases of intangible assets	31	(26,227)	(22,676)
Investment in a joint venture	28	(958)	—
Cash flow from investing activities		(29,495)	(25,862)
Lease payments (excluding short term/low-value leases)	31	(9,749)	(9,620)
Distribution of capital contribution reserves	38	(36,202)	(27,345)
Dividend distribution	38	(36,202)	(27,345)
Purchases of own shares	38	(34,409)	(28,753)
Cash flow from financing activities		(116,561)	(93,062)
Exchange rate differences		(33,391)	2,412
Net (decrease)/increase in cash and cash equivalents		(493,392)	287,470
Cash and cash equivalents, beginning of the year		882,504	595,034
Cash and cash equivalents at the balance sheet date		389,112	882,504
Cash and balances at central banks		142,696	288,412
Due from banks on demand ^{1, 4}	21	237,247	594,011
Due to banks on demand ^{1, 4}	21	(4,176)	(50,876)
Due from financial market infrastructure entities ²	22	13,365	50,978
Due to financial market infrastructure entities ²	22	(21)	(20)
Net cash and cash equivalents at the balance sheet date		389,112	882,504

¹ The "Due from/to banks on demand" balances are included in balance sheet line items "Amounts due from/to banks".

² The "Due from/to financial market infrastructure entities" are included in the balance sheet line items "Amounts due from/to customers".

³ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

⁴ For the year ending 2023, exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior year were adjusted accordingly, resulting in a reduction of CHF 27.1 million on the balance sheet line items "Amounts due from/to banks" for the year 2022.

Notes to the consolidated financial statements

1 General information

Leonteq AG (Leonteq or "the Company"), together with its subsidiaries (referred to hereinafter as "the Group"), is an independent expert in structured investment products and long-term savings and retirement solutions.

These solutions and services include the development, structuring, distribution, hedging and settlement, lifecycle management and market making of structured products, as well as the design and management of structured certificates and unit-linked life insurance policies.

The Group provides some of these core services to platform partners under the terms of cooperation agreements. The Group also distributes products to institutional investors and financial intermediaries who offer these products to retail investors.

The Company was incorporated in Zurich, Switzerland, in 2007. It is a public limited company with its registered office at Europaallee 39, 8004 Zurich, Switzerland. The Company's shares have been listed on the SIX Swiss Exchange (SIX) since 19 October 2012.

These consolidated financial statements were approved for publication by the Board of Directors on 6 February 2023.

2 Basis of presentation

The Group prepares its consolidated financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). They are prepared according to the historical cost approach, with the exception that financial assets and liabilities (including derivative instruments and trading inventories) are revalued at fair value through profit or loss and debt instruments are measured at fair value through other comprehensive income.

These financial statements are presented in Swiss francs and rounded to the nearest thousand. Consequently, the total may differ from the figures calculated when the individual numbers are added together.

3 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and in the relevant Notes. These policies have been consistently applied unless otherwise stated.

Subsidiaries

These consolidated financial statements comprise the financial statements of the parent company Leonteq AG and its subsidiaries. Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when it is exposed to, or has rights 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 on which the Group ceases to control them.

Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances. Intercompany transactions, balances and unrealised gains or losses on transactions between the Group companies are eliminated.

Foreign currency translation

The Group's presentation currency is the Swiss franc (CHF). The Group used the following main foreign exchange rates:

	Spot rate 31.12.2023	Spot rate 31.12.2022	Average rate 2023	Average rate 2022
EUR / CHF	0.9290	0.9899	0.9716	1.0050
USD / CHF	0.8415	0.9246	0.8985	0.9548
GBP / CHF	1.0723	1.1186	1.1171	1.1794
JPY / CHF	0.0060	0.0071	0.0064	0.0073
HKD / CHF	0.1078	0.1184	0.1148	0.1219
SGD / CHF	0.6370	0.6903	0.6692	0.6925

The Group companies prepare their financial statements in their respective functional currencies. Transactions in a currency other than the functional currency are recognised by the companies at the foreign exchange spot rate on the transaction date. Exchange differences arising between the date of a transaction and its subsequent settlement are recognised in the income statement.

At the balance sheet date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency using the closing exchange rate, and unrealised exchange differences are recognised in the income statement. Non-monetary assets and liabilities not measured at fair value are translated into the functional currency at the historical exchange rate. Non-monetary assets and liabilities measured at fair value are translated into the functional currency using the closing exchange rate. Any unrealised gains or losses arising on the foreign currency translation are recognised in line with the recognition of gains or losses on the change in fair value of the item.

Assets and liabilities of Group companies that are denominated in a different functional currency to the Group are translated into Swiss francs at the closing exchange rates. Average exchange rates for the business year are used for items in the income statement, statement of other comprehensive income and statement of cash flows. Exchange differences arising from the use of closing exchange rates and average exchange rates are recognised as currency translation adjustments in the statement of other comprehensive income.

Initial recognition and derecognition

The Group uses trade date accounting to recognise financial transactions. The Group recognises a financial asset or financial liability at the transaction date (i.e. trade date) at fair value of the consideration given or received, including directly attributable transaction costs. In the case of financial assets or financial liabilities measured at fair value through profit or loss, the transaction costs are immediately recognised in the income statement. At the date on which the Group enters into a sales contract for financial assets and the conditions for derecognition are met, the relevant financial asset is derecognised from the statement of financial position. Recognition or derecognition is mainly associated with the transfer of the contractual rights to receive cash as well as the respective risks and rewards (market risk).

Financial assets and financial liabilities

Financial assets are allocated to the following categories based on the type of assets, the solely payments of principal and interest (SPPI) test and the business model test: Fair value through profit or loss (FVTPL), amortised cost or fair value through other comprehensive income (FVOCI). Financial liabilities are allocated to the following categories based on their type and designation: Fair value through profit or loss (FVTPL) or amortised cost.

Financial assets or liabilities held for trading purposes are measured at fair value and are disclosed in the statement of financial position in the line items “trading financial assets” or “trading financial liabilities”.

The Products issued by the Group contain hybrid financial instruments, certificates (including actively managed certificates) and mini-futures. Hybrid financial instruments are composed of debt components and embedded derivatives. Certificates may comprise an underlying instrument (or a basket of underlyings) combined with derivatives. Alternatively, the pay-off of a certificate could be achieved through the combination of a debt host and one or more embedded derivatives (similar to a hybrid financial instrument). As a result, the Group designates all of its issued products as other financial liabilities designated at fair value through profit or loss (FVTPL).

In addition to issued products, the Group applies the fair value option to selected receivables from customers and to interest rate instruments. The application of the fair value option to these instruments reduces an accounting mismatch that would otherwise arise from recognising these assets using a different measurement basis (e.g. amortised cost) to that used for offsetting liabilities, issued products as well as issued derivative instruments that are measured at fair value or designated at fair value through profit or loss (FVTPL).

Financial assets and financial liabilities designated at fair value are recognised in the statement of financial position in the line items “other financial assets designated at fair value through profit or loss” or “other financial liabilities designated at fair value through profit or loss”.

Further information on accounting principles for financial assets and financial liabilities can be found in respective notes.

4 Critical judgements and key estimation uncertainties

The preparation of consolidated financial statements requires the Group's management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The most relevant areas in which the Group's management exercises judgement in applying the Group's accounting policies include the following:

Revenue recognition and determination of deferral period applied to fee income

In defining the Group's revenue recognition policy, the Group's management exercises judgement in allocating the fees earned to the Group's performance obligations, in determining the timing of when performance obligations are satisfied and defining the average effective lifetime of the issued products. Further information is disclosed in Note 9.

Depreciation period of intangible assets

The Group defines the useful economic lives and residual values of intangible assets on the basis of the anticipated period over which the Group will receive economic benefits from the use of the assets. Useful economic lives are reviewed annually on the basis of historical and forecast expectations concerning future technological developments, economic and legal changes as well as further external factors. Further information can be found in Note 31.

Determining the terms of leases

When determining the terms of leases, the Group's management considers all facts and circumstances that provide an economic incentive to exercise renewal options or not exercise termination options. Renewal and termination options are only included in the contract term where there is sufficient certainty that they will be exercised. This assessment is reviewed in the event of a material occurrence or change in circumstances that may affect the previous assessment, where this is within the lessee's control. Further information is disclosed in Note 31.

Income taxes

Tax laws are complex, and judgement and interpretations about the application of such laws are required when accounting for income taxes. In addition, judgement is required to assess the expected value of uncertain tax positions and the related probabilities, including interpretation of tax laws, the resolution of any income tax-related appeals and litigation. Disclosures on income taxes can be found in Note 15.

Consolidation of structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The assessment of control can be complex and requires the use of significant judgement. When making this judgement, the Group also considers voting and similar rights available to itself and other parties, who may limit the Group's ability to control, including rights to appoint, reassign or remove members of the structured entity's key management personnel who have the ability to direct the relevant activities. For disclosures of unconsolidated structured entities, see Note 43.

Determination of own credit spread

For other financial liabilities designated at fair value through profit and loss, changes in fair value related to own credit risk are recognised in other comprehensive income. The determination of the own credit spread used in the valuation of financial liabilities designated at fair value through profit and loss requires judgement by the Group's management. The Group determines its own credit spread regularly based on a model using observable market inputs and compares the determined credit spread with observable and paid credit spreads for publicly distributed products of the Group to ensure that all available market information is reflected. Further information is disclosed in Note 18.

Estimates and assumptions are mainly contained in areas listed in the following paragraphs. These estimates and assumptions are based on the best available information and are adapted continuously in line with new findings and circumstances. Sensitivities are presented solely to assist the reader in understanding the Group's consolidated financial statements and are not intended to suggest that other assumptions would be more appropriate.

Fair value of financial instruments (Level 3)

The use of valuation techniques, modelling assumptions and estimates of unobservable market inputs in the fair valuation of financial instruments requires significant judgement and could affect the amount of gain or loss recorded for a particular position. Valuation techniques that rely more heavily on unobservable inputs and sophisticated models inherently require a higher level of judgement and may require adjustment to reflect factors that market participants would consider in estimating fair value. The Group provides a sensitivity analysis of the estimated effects arising from changing significant unobservable inputs in Level 3 financial instruments to reasonably possible alternative assumptions in Note 18.

Retirement benefit obligation - Measurement of the defined benefit obligation

The measurement of the defined benefit obligation is based on various economic and demographic assumptions. A range of assumptions could be applied, and different assumptions could significantly alter the defined benefit liability or asset and pension expense recognised. The most significant assumptions include life expectancy, discount rate, expected salary and pension growth rate and interest rate used to calculate credits on saving-accounts. Sensitivity analysis for the Group's retirement benefit obligations to changes in significant actuarial assumptions is provided in Note 35.

5 Changes to critical accounting estimates

No changes in critical accounting estimates were applied compared to the year ended 31 December 2022.

6 Changes in accounting policies and presentation

New or revised standards and interpretations that have been adopted

The following new or revised standards and interpretations became effective for the first time on 1 January 2023 and did not have any significant impact on the Group when applied for the first time or were not relevant for the Group:

- IFRS 17 Insurance Contracts
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules

New standards and interpretations not yet adopted

Various other new and revised standards and interpretations must be applied with effect from 1 January 2024 or a later date:

- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback - effective 1 January 2024
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – effective 1 January 2024
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements - effective 1 January 2024
- Amendments to IAS 21 - Lack of Exchangeability – effective 1 January 2025

The Group has performed an initial assessment of the new standards and interpretations and does not expect any of them to have a significant impact on the Group's net profit, comprehensive income and shareholders' equity or to be relevant to the Group.

7 Financial and other risk disclosures

In compliance with regulatory requirements in Switzerland and other applicable jurisdictions, the Group has established a comprehensive risk management and control framework covering market, credit, operational and liquidity risks and the capital management. Disclosures provided in the “Risk Management & Control” section of this report (pages 193 to 220) relate to financial risk disclosures in accordance with IFRS 7 and information on the objectives and process for managing capital. These disclosures form an integral part of the consolidated financial statements.

8 Segment reporting

Leonteq is an independent expert in structured investment products and long-term savings and retirement solutions. The Group focuses on industrialising the production process for structured investment products and unit-linked life insurance policies and on providing its clients and partners with high standards of service delivered by an international team of experienced industry professionals. Leonteq has a strong presence in its home market of Switzerland and in Europe, as well as an established footprint in Asia.

Leonteq's Executive Committee, which is the chief operating decision maker, is implementing the strategy and overseeing the operational management of the Group as a whole. The Executive Committee uses the Group's consolidated financial statements as the basis for its management decisions and for financial performance reviews.

In line with the applicable accounting standards and internal reporting to the chief operating decision maker, the Group consists of a single reportable operating segment. Consequently, and given that the external reporting in these financial statements reflects internal reporting to the chief operating decision maker, the Group does not disclose separate segment information.

Entity-wide disclosures

The Group has offices in various international locations and distributes its own structured investment products and those of its issuance partners, either through its own sales distribution and coverage desks or through the distribution channels of its issuance partners. The distribution network is supported by the related group companies outside Switzerland. The geographical allocation of the Group's operating income is undertaken based on the location of the distributing group entity, servicing primarily banks, insurance companies and asset managers/financial intermediaries.

The Group's net fee income decreased by 4% to CHF 213.3 million in 2023 compared to CHF 221.6 million in the prior year. This was primarily driven by a significant strengthening of the Swiss franc against major currencies, in particular the US dollar and the euro.

Net fee income in Switzerland totalled CHF 92.3 million in 2023 (2022: CHF 105.3 million). In Europe, net fee income grew by 10% to CHF 99.6 million.

In the Asia region (including the Middle East), net fee income was CHF 21.4 million (2022: CHF 25.8 million). Further, a single client in the Europe region accounted for approximately 11% of the Group's net fee income (2022: zero).

The Group saw its result from trading activities and the fair value option normalise with limited but positive contributions of CHF 20.1 million from Switzerland (2022: CHF 80.4 million) and CHF 29.7 million from Europe (2022: CHF 100.8 million), while operations in Asia saw the result from trading activities and the fair value option decrease to CHF -13.3 million in 2023 (2022: CHF 55.5 million). This compares to the very strong performance across all regions in the prior year which benefitted from unprecedented market conditions.

The net result from interest operations improved to CHF 6.5 million in 2023 compared to CHF -7.9 million in the prior year. This was primarily driven by the narrowing of credit spreads in the current market environment, resulting in a reduction in expected credit losses, and by a rise in interest rates that benefitted all regions.

Other operating income comprises mainly rental income from office subleases as well as cost reimbursements from partners. In the reporting period, other operating income in Switzerland decreased to CHF 3.6 million compared to CHF 5.7 million in 2022 which benefitted from non-recurring platform cost reimbursements.

As a result of these combined factors, total operating income decreased to CHF 260.0 million in 2023, compared to CHF 456.4 million in the prior year. In 2023, the office in Monaco generated approximately 30% of the Group's total operating income (2022: 20%).

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total 2023
Net fee income	92,304	99,611	21,364	213,279
Result from trading activities and the fair value option	20,145	29,697	(13,250)	36,592
Net result from interest operations	3,223	2,617	612	6,452
Other operating income	3,633	—	26	3,659
Total operating income	119,305	131,925	8,752	259,982

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total 31.12.2023
Trading financial assets	2,001,057	724,904	—	2,725,961
Positive replacement values of derivative instruments	1,526,363	872,293	—	2,398,656
Other financial assets designated at fair value through profit or loss	131,172	49,649	—	180,821
Financial investments measured at fair value through OCI	60,606	2,548,580	—	2,609,186
Total financial assets measured at fair value	3,719,198	4,195,426	—	7,914,624
Non-current assets	95,186	8,011	2,541	105,738
Trading financial liabilities	22,354	31,665	—	54,019
Negative replacement values of derivatives	1,196,391	803,204	—	1,999,595
Other financial liabilities designated at fair value through profit or loss	860,880	3,806,085	—	4,666,965
Total financial liabilities measured at fair value	2,079,625	4,640,954	—	6,720,579

Switzerland consists of the Group's headquarters in Zurich and its office in Geneva. Europe comprises the Group's operations in Amsterdam, Frankfurt, Guernsey, London, Milan, Monaco, Paris and Lisbon. Asia (including the Middle East) consists of its operations in Dubai, Hong Kong, Singapore and Tokyo.

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total 2022
Net fee income ¹	105,258	90,479	25,817	221,554
Result from trading activities and the fair value option ¹	80,406	100,756	55,545	236,707
Net result from interest operations ¹	(3,169)	(3,836)	(948)	(7,953)
Other operating income	5,748	213	113	6,074
Total operating income	188,243	187,612	80,527	456,382

¹ With effect from the start of 2023, the Group is disclosing the net result from securities lending and borrowing transactions and the net interest result from margins for derivative transactions in the result from trading activities and the fair value option. The figures for the prior period were adjusted accordingly. For further information refer to Note 10.

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total 31.12.2022
Trading financial assets	1,652,538	1,794,585	—	3,447,123
Positive replacement values of derivative instruments	3,205,510	938,939	—	4,144,449
Other financial assets designated at fair value through profit or loss	136,289	80,939	—	217,228
Financial investments measured at fair value through OCI	79,046	2,526,060	—	2,605,106
Total financial assets measured at fair value	5,073,383	5,340,523	—	10,413,906
Non-current assets	94,504	7,106	2,982	104,592
Trading financial liabilities	189,948	11,595	—	201,543
Negative replacement values of derivatives	2,016,673	890,870	—	2,907,543
Other financial liabilities designated at fair value through profit or loss	670,113	4,004,192	—	4,674,305
Total financial liabilities measured at fair value	2,876,734	4,906,657	—	7,783,391

Financial assets and liabilities are shown in the booking location accordingly.

9 Net fee income

Fees earned are allocated to Leonteq's main service offerings (performance obligation). The services are provided either when a product is issued or over the lifetime of a product. Consequently, certain types of fees are deemed to be earned when a product is issued, while other types of fees are deemed to be earned over the effective lifetime of the products issued.

For structured investment products, fees are generally collected when a product is issued or repurchased and are deemed to be earned when performance obligations are satisfied. The following performance obligation groups are deemed to be predominantly satisfied at the point in time when products are issued: Product design and launch; product documentation and reporting; issuance, settlement and order management and pricing and trading services. Performance obligations that are principally satisfied over the lifetime of issued products include: Risk management; lifecycle management; risk, regulatory and financial reporting. The fees are allocated to the individual performance obligations based on the estimated share of the total effort required (input method) over the lifetime of the products as it best reflects the compensation for services rendered. A portfolio approach is applied to determine the average effective lifetime of products issued, which is determined based on the historical effective lifetime of expired products and the expected effective lifetime of existing products at the balance sheet date. The calculation only excludes products or product categories that show a unique revenue recognition profile that differs significantly from the majority of issued products. The average effective lifetime is estimated to be nine months (31 December 2022: nine months). Material and customised contracts are accounted for to best reflect the actual patterns of the individual agreements.

For long-term savings and retirement products, some fees are collected upfront and recognised upon satisfaction of the respective performance obligation. The satisfaction of performance obligation groups and the effective lifetime of Leonteq's products are determined on a product group and client group basis. The following performance obligations are deemed to be predominantly satisfied upfront: Structuring, creation and origination of interest rate products for predefined cash flows of client groups, and coordination of insurance and banking partners acting as issuers of

capital protected products. Performance obligations that are principally satisfied over the lifetime of the products include: Servicing of recurring pay-out obligations and financing activities. In addition, some services are delivered over the product's lifetime, for which fees are collected and recognised at the point in time when the following performance obligation groups are deemed satisfied: Creation and origination of capital protected products, as well as creation and origination of the participation products, risk management and lifecycle management of products and platform and platform services.

The allocation of the total fee to the performance obligations, as well as the determination of when these performance obligations are satisfied, involves the application of judgement. Management is of the opinion that the methods and judgement applied provide a best estimate of the real circumstances at the balance sheet date.

Revenue recognised from contracts with clients is shown in the income statement in the line item "fee income from securities trading and investment activities". The amount of deferred fee income is included in the statement of financial position line item "accrued expenses and deferred income". Fees are generally not discounted when recognised. The Group presents fee income net of any costs that are directly attributable to the issuance of partner products and Leonteq products. Since Leonteq does not sell its products to the end investor but acts through distribution partners, Leonteq discloses its fee income net of directly attributable costs that were agreed upfront.

CHF thousand	2023	2022
Fee income from structured investment products	192,106	203,790
of which recognised at a point-in-time	168,810	172,622
of which recognised over time	23,296	31,168
Fee income from long-term savings and retirement products	21,173	17,765
of which recognised at a point-in-time	8,419	6,990
of which recognised over time	12,754	10,775
Total fee income from securities trading and investment activities	213,279	221,554
Fee expenses ¹	—	—
Net fee income	213,279	221,554

¹ With effect from the start of 2023, the Group is disclosing the net result from securities lending and borrowing transactions and the net interest result from margins for derivative transactions in the result from trading activities and the fair value option. The figures for the prior period were adjusted accordingly. For further information refer to Note 10.

Net fee income decreased to CHF 213.3 million in 2023, compared to CHF 221.6 million in 2022. Despite the continued challenging market environment in 2023, Leonteq's client franchise remained solid whilst the decrease in net fee income was primarily driven by a significant strengthening of the Swiss franc against major currencies, in particular the US dollar and the euro. Leonteq further registered an increase in large ticket transaction (defined as transactions where Leonteq earns a fee of CHF 0.5 million or more) which amounted to CHF 22.5 million, or 11% of the Group's net fee income in 2023, compared to CHF 8.4 million, or 4% in 2022.

The following table provides a reconciliation of the balance of deferred fees:

CHF thousand	2023	2022
Balance of deferred fees as of 1 January	62,723	71,527
Deferred fees of structured investment products		
Recognition of deferred fees in the income statement	(23,296)	(31,168)
Deferral of fees collected	22,428	26,054
Deferred fees of long-term savings and retirement products	—	
Recognition of deferred fees in the income statement	(12,754)	(10,775)
Deferral of fees collected	8,671	7,084
Balance of deferred fees as of 31 December	57,772	62,723
of which recognised within the next 12 months	15,133	13,743
of which recognised after 12 months	42,639	48,980

Deferred fees are included in the consolidated statement of financial position in the line item "accrued expenses and deferred income". The balance of deferred fees is recognised in the income statement as fee income when the respective performance obligations are satisfied.

For structured investment products, performance obligations that are not satisfied upon issuance of the product are deemed to be satisfied over the average effective lifetime of issued products, which is estimated to be 9 months as of 31 December 2023 (31 December 2022: 9 months).

Due to the long-term nature of the pension savings business, performance obligations arising from long-term savings and retirement products are satisfied over a period of up to 48 years (31 December 2022: 48 years). CHF 15.3 million are expected to be recognised as fee income between 2 and 5 years, CHF 16.3 million between 6 and 20 years, and CHF 11.0 million after 20 years.

10 Result from trading activities and the fair value option

CHF thousand	2023	2022
Debt securities (including funds)	22,765	25,726
Equity securities (including funds)	3,705	201,489
Forex	2,648	2,317
Precious metals / commodities / crypto assets	(1,508)	1,918
Multi Asset Class	8,982	5,257
Result from trading activities and the fair value option¹	36,592	236,707
of which result due to financial assets designated at fair value	12,047	(6,360)
of which result due to financial liabilities designated at fair value	(395,659)	2,042,770
of which effective interest income from debt instruments at FVOCI	44,060	36,712
of which effective interest income from financial instruments at amortised cost	4,834	3,718
of which effective interest expense from financial instruments at amortised cost	18,837	12,611

¹ With effect from the start of 2023, the Group is disclosing the net result from securities lending and borrowing transactions and the net interest result from margins for derivative transactions in the result from trading activities and the fair value option. The figures for the prior period were adjusted accordingly.

The operating environment in 2023 was characterised by inflationary pressures, increased geopolitical uncertainties and a significant reduction in market volatility which reached an all-year low in November 2023. Against this backdrop, Leonteq recorded a normalised net trading result with limited but positive contributions from both, its hedging and treasury activities of CHF 36.6 million. This compared to a very strong performance in 2022, with a net trading result of CHF 236.7 million, driven by unprecedented market conditions.

The result from trading activities due to financial liabilities designated at fair value represents the gross results from products issued. The offsetting result from hedging activities is reflected in various components of the trading result (excluding trading related costs). The net result from trading inventories (crypto assets) is reflected in the line item "Precious metals / commodities / crypto assets". The table above shows the net results from trading activities and the fair value option allocated to risk categories based on the underlying (broken down by asset class).

With effect from the start of 2023, the Group is disclosing the net result from securities lending and borrowing transactions and the net interest result from margins for derivative transactions in the result from trading activities and the fair value option to better reflect the close relationship with its collateral management and hedging activities. The figures for the prior year were adjusted accordingly. Income of CHF 1.8 million (2022: CHF 7.6 million) and expenses of CHF 33.7 million (2022: CHF 25.9 million) from securities lending and borrowing transactions were reclassified from net fee income to the result from trading activities and the fair value option. Interest income in the amount of CHF 4.8 million (2022: CHF 3.7 million) and interest expenses of CHF 18.8 million (2022: CHF 12.6 million) from margins for derivative transactions were reclassified from interest income and interest expense to the result from trading activities and the fair value option.

11 Net result from interest operations

CHF thousand	2023	2022
Interest income from financial assets measured at amortised cost ¹	15,148	2,413
Total interest income	15,148	2,413
Interest expense from financial liabilities measured at amortised cost ¹	(10,633)	(5,239)
Total interest expenses	(10,633)	(5,239)
Gross result from interest operations	4,515	(2,826)
Credit loss (expense) / recovery	1,937	(5,127)
Net result from interest operations	6,452	(7,953)

¹ With effect from the start of 2023, the Group is disclosing the net result from securities lending and borrowing transactions and the net interest result from margins for derivative transactions in the result from trading activities and the fair value option. The figures for the prior period were adjusted accordingly. For further information refer to Note 10.

Interest income increased to CHF 15.1 million compared to CHF 2.4 million in the prior year. Interest expense increased to CHF 10.6 million in 2023, compared to CHF 5.2 million in 2022. The increases in interest income and in interest expense were both driven by rising interest rates throughout 2023.

The line item credit loss (expense) / recovery included a CHF 1.9 million reduction in the expected credit loss allowance to CHF 6.1 million as of 31 December 2023 (2022: CHF 8.1 million), including a lifetime expected credit loss provision in the amount of CHF 1.6 million for the outstanding return of collateral (2022: CHF 1.8 million). Net result from interest operations therefore increased to CHF 6.5 million in 2023 from CHF -8.0 million in prior year.

For further information on credit loss expense and recovery, refer to Note 36.

12 Other operating income

CHF thousand	2023	2022
Rental income	2,496	2,347
Other fee income from platform partners	646	2,855
Other	517	872
Total other operating income	3,659	6,074

Other operating income mainly consists of rental income generated through the sub-leasing of office space and non-recurring income earned in connection with other services rendered to platform partners (i.e. onboarding, technical integration). In 2023, other operating income decreased to CHF 3.7 million, compared to CHF 6.1 million in the prior year, mainly due to a reduction in non-recurring income from platform partners.

13 Personnel expenses

CHF thousand	2023	2022
Salaries and variable compensation	119,569	131,879
of which share-based compensation	16,895	14,304
Social security contributions	9,986	10,687
Pension plan expenses	6,263	6,714
of which expenses for defined benefit plans	2,217	4,237
of which expenses for defined contribution plans	4,046	2,477
Other personnel expenses	2,189	2,280
Total personnel expenses	138,007	151,560

Personnel expenses amounted to CHF 138.0 million in 2023, a decrease of 9% compared to CHF 151.6 million in 2022. The reduction in personnel expenses in 2023 was primarily driven by a significant decline in discretionary compensation which was partially offset by deferred compensation effects from prior years. Future commitments arising from deferred variable compensation amounted to CHF 50.8 million for the year ending 31 December 2023 (2022: CHF 64.1 million).

The Group employed 600 employees as of 31 December 2023 (31 December 2022: 595 employees). It had 591 full-time equivalents as of 31 December 2023 (31 December 2022: 582 FTEs).

For information on retirement benefit obligations, refer to Note 35.

Variable compensation plans for employees

Personnel expenses include the impact of variable compensation plans which are operated by the Group for its employees. A portion of each employee's variable compensation is deferred if the variable compensation is equal to or greater than CHF 50 thousand. Depending on the function of the employee and the individual variable compensation amount granted, the deferred proportion ranges from 20% to 80% of their total variable compensation.

Non-deferred variable compensation component is paid in cash and recognised as personnel expenses in the income statement during the service period. The deferred variable compensation component of less than

CHF 40 thousand is fully paid in cash over a three-year period in three equal instalments (stage vesting). For deferred variable compensation of CHF 40 thousand or more, one half is generally paid in cash over a three-year period, in three equal instalments, and one half is paid in form of restricted share units (RSUs) over a vesting period of three years (stage vesting). The awards are subject to vesting conditions.

Deferred variable compensation expenses incurred in cash are recognised as personnel expenses in the income statement with one third of the expenses recognised each year on a straight-line basis. Deferred variable compensation expenses incurred in RSUs are recognised as personnel expenses in the income statement over the respective vesting period based on the grant value of the RSUs.

Restricted share unit plans

The Group operates restricted share unit (RSU) plans for eligible Leonteq employees who receive part of their deferred compensation in the form of RSUs. The RSUs are converted into Leonteq AG shares at the end of the vesting period, whereby one RSU is equivalent to the entitlement to one Leonteq AG share. RSUs carry no dividend entitlement or voting rights during the vesting period.

The number of RSUs granted is determined by the amount of deferred variable compensation awarded to the employee, as well as the fair value of Leonteq AG shares at the grant date. Allocations made under this plan are based on deferred compensation for services rendered in the financial year ending on 31 December prior to the grant date. Eligible employees earn the RSUs over the pre-defined vesting period (stage vesting), provided they fulfil the vesting conditions in March of each of the following years.

The Group also operates an employee long-term incentive plan (ELTIP). The plan comprises RSUs only, is fully deferred and is subject to cliff-vesting after a period of three and a half years. If employees leave the Group voluntarily before the granted awards are vested, the respective RSUs are forfeited. Expenses incurred in RSUs are recognised as personnel expenses in the income statement over the respective vesting period based on the grant value of the RSUs.

RSU plans align the deferred variable compensation of eligible employees with the long-term performance of the Group and are therefore aligned with the interests of shareholders.

Number of RSUs	Employees	Executive Committee	Total 2023
Unvested committed RSUs at the beginning of the year	413,887	5,963	419,850
Allotted RSUs in the year under review	214,565	—	214,565
Forfeited RSUs in the year under review	(13,163)	—	(13,163)
Settlement of RSUs by Leonteq AG shares	(98,351)	(779)	(99,130)
Unvested committed RSUs at the balance sheet date	516,938	5,184	522,122

CHF

Average grant price of unvested committed RSUs (programmes 2021 to 2026)	55.28

CHF thousand	Employees	Executive Committee	Total 2023
Personnel expenses to be recognised over the vesting period for RSUs	28,627	235	28,862
Market value of RSUs at the allocation date	28,627	235	28,862
Charged as personnel expenses in the year under review	13,025	72	13,097
Cumulative charges recognised as personnel expenses up to the balance sheet date	18,787	194	18,981
Estimated personnel expenses for the remaining vesting periods excluding future terminations	9,840	41	9,881

Number of RSUs	Employees	Executive Committee	Total 2022
Unvested committed RSUs at the beginning of the year	294,396	22,724	317,120
Allotted RSUs in the year under review	241,201	—	241,201
Forfeited RSUs in the year under review	(24,214)	—	(24,214)
Settlement of RSUs by Leonteq AG shares	(97,496)	(16,761)	(114,257)
Unvested committed RSUs at the balance sheet date	413,887	5,963	419,850

CHF

Average grant price of unvested committed RSUs (programmes 2020 to 2026)	57.05

CHF thousand	Employees	Executive Committee	Total 2022
Personnel expenses to be recognised over the vesting period for RSUs	23,681	270	23,951
Market value of RSUs at the allocation date	23,681	270	23,951
Charged as personnel expenses in the year under review	9,784	134	9,918
Cumulative charges recognised as personnel expenses up to the balance sheet date	11,744	157	11,901
Estimated personnel expenses for the remaining vesting periods excluding future terminations	11,937	113	12,050

Variable compensation plans for members of the Executive Committee

The Group operates short- and long-term incentive plans for the members of the Executive Committee.

Variable compensation for the short-term incentive plan (STIP) is deferred at a rate of 50% and paid in cash. The non-deferred variable component of the STIP plan is recognised in the income statement during the service period. The deferred variable compensation component is fully paid in cash over a three-year period in three equal instalments (stage vesting). Deferred variable compensation expenses incurred in cash are recognised as personnel expenses in the income statement on a straight-line basis, with one third of the expense recognised each year.

Performance share units plans

Variable compensation for the long-term incentive plan (LTIP) for the members of the Executive Committee is granted in form of performance share units (PSUs). The number of PSUs is calculated as a multiple of the annual base salary for each member of the Executive Committee, with the volume-weighted average share price from the last quarter prior to the start of the three-year performance period serving as the grant reference price. The PSUs allocated vest after a period of three years (cliff vesting) and are converted into Leonteq AG shares. PSUs carry no dividend entitlement or voting rights during the vesting period. The number of shares that vest depends on the level of achievement of the performance target.

Two thirds of the performance target is measured against the Group's return on shareholder's equity (RoE) target, while one third is measured against the total shareholder return (TSR) of the Leonteq share compared with the performance of a basket of equity indices.

Compensation expense arising from the LTIP performance condition RoE is recognised over the service period based on the estimated number of shares expected to vest. The number of shares and the recognition of the related expense are adjusted over the three-year performance period to reflect the anticipated actual outcome. Compensation expense arising from the LTIP performance condition TSR is determined based on its fair value at grant date and recognised over the service period, even if vesting awards may change or be forfeited. Share-based compensation arising from the performance condition TSR is not re-measured unless the condition would be modified in such a way that the fair value after modification exceeds the fair value prior to modification.

	2023	2022
Maximum number of PSUs granted for the compensation year	97,290	64,453
Fair value of each PSU at the grant date (in CHF)	52.70	68.70
Anticipated expense recognition arising from PSUs granted over vesting period (in CHF thousand)	849	3,363
Estimated fair value of PSUs granted over vesting period (in CHF thousand)	229	1,869

As of 31 December 2023, estimated LTIP financial impacts amounted to CHF 0.8 million for the newly established plan in the year under review for the three-year performance period. The grant reference price of CHF 41.56 of each PSU granted reflects the volume-weighted average share price from the last quarter prior to the start of the three-year performance period (i.e. the fourth quarter of the year 2022).

The anticipated expense recognition arising from the LTIP performance condition RoE reflects the estimated number of shares expected to vest over the three-year performance period applying the fair value at grant date. For the LTIP performance condition TSR, the expense recognition is determined based on the fair value at grant date. The fair value for the performance criteria TSR has been determined using a Monte Carlo pricing model and was estimated to be 49.68%, corresponding to CHF 849 thousand at the measurement date. Leonteq chose to value the market condition TSR internally given its valuation capabilities. Share-based compensation arising from the performance condition TSR is not re-measured.

The basis for the estimated fair value of the PSUs granted are the anticipated achievement rates as of year-end 2023 for the RoE and the TSR performance conditions as well as the fair value of the underlying Leonteq AG shares at the end of the financial year (CHF 34.35 for 2023). For further information on the variable compensation of the Executive Committee including LTIP, refer to the compensation report (pages 166 to 190).

14 Other operating expenses

CHF thousand	2023	2022
Occupancy costs	2,117	1,914
Information and communication technology	31,444	32,460
Office equipment expenses	272	143
Audit fees	1,588	995
of which for financial and regulatory audit by external auditor	1,051	669
of which for other services by external auditor	27	32
Other administrative expenses	25,467	25,830
of which for professional services other than audits	9,114	11,297
Total other operating expenses	60,888	61,342

Other operating expenses decreased slightly by 1% from CHF 61.3 million in 2022 to CHF 60.9 million in 2023. This was mainly driven by a decrease in information and communication technology expenses and expenses for professional services other than audits.

15 Taxes

Taxes comprise current and deferred income taxes. The Group is subject to income taxes in numerous jurisdictions.

Current income taxes are calculated based on the applicable tax laws in the relevant jurisdictions and recognised as an expense in the period in which the related profits are generated. Assets or liabilities related to current income taxes are reported in the statement of financial position as applicable. The current tax assets and current tax liabilities reported as of the balance sheet date, as well as the resulting current tax expense for the year under review, are based partly on estimates and assumptions and may therefore differ from the amounts determined by the tax authorities in the future. In certain cases where complex tax questions arise, external tax specialists are consulted, or a preliminary clarification is obtained from the tax authorities.

Deferred income taxes are considered for the expected future tax consequences of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax values.

Deferred tax assets arising from temporary differences and from loss carry-forwards eligible for offsetting are capitalised if it is likely that enough taxable profits will be available against which those temporary differences or loss carry-forwards can be offset. The level of recognised deferred tax assets is essentially based on budget figures and mid-term planning. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realised or the tax liabilities settled.

Current and deferred taxes are credited or charged to other comprehensive income if the taxes refer to items that are credited or charged to other comprehensive income. Otherwise, taxes are recognised in the income statement.

Income taxes

CHF thousand	2023	2022
Income tax expenses		
Switzerland	(1,050)	158
Foreign	(1,435)	37,692
Current income tax expenses	(2,485)	37,850
Switzerland	198	(956)
Foreign	51	(56)
Deferred income tax (benefit)/expenses	249	(1,012)
Total income tax expenses	(2,237)	36,838
Profit before tax	18,362	193,284
Income tax expenses calculated at the statutory group tax rate	3,608	37,980
Explanations for higher/(lower) tax expenses		
Tax rate differential	(8,688)	(8,673)
Impact due to IFRS 16 lease accounting	11	(727)
Intercompany interest adjustments	—	2,909
Addition/(utilisation) of unrecognised tax loss carry-forwards	1,932	2,122
Adjustments related to prior years	(4,001)	3,318
Impact of uncertain tax position	—	(316)
Revaluation pension fund	184	(232)
Impact from FX translation on equity	2,192	—
Non-deductible expenses	2,409	—
Other impacts	116	456
Total income tax expenses	(2,237)	36,838
Capital tax expenses	370	615
Corporate tax expenses	(1,866)	37,453

The above table is based on an income tax rate of 19.65% (2022: 19.65%), which corresponds to the statutory tax rate in Zurich, Switzerland, where the Group is headquartered. The difference between the calculated statutory income tax expense and the actual corporate tax expense is mainly attributable to the Group's foreign operations, which are taxed at varying rates.

Both Swiss entities, the ultimate Swiss parent company of the Group, Leonteq AG, and the Swiss operating entity, Leonteq Securities AG, apply the tax participation relief for Swiss income taxes at Federal as well as Cantonal/Communal level leading to the following reduction in the Swiss income tax base:

CHF thousand	2023	2022
Income tax expenses		
Leonteq AG	12,544	—
Leonteq Securities AG	—	—

The Group applied the participation relief for Swiss income tax purposes in 2023, as well as in prior year, line with the applicable Swiss legislation. The Group's position remains unchanged regarding the tax assessments of Leonteq Securities AG issued by the Zurich Cantonal Tax Office for the fiscal years 2013 to 2015, for which the tax authority applied a different method of calculating the income tax participation relief. Leonteq Securities AG filed an appeal against the aforesaid tax assessments for fiscal years 2013 to 2015. The Cantonal Tax Appeal Court (court of first instance) decided in favour of Leonteq Securities AG in March 2023. The Zurich Cantonal Tax Office appealed against the decision. The case is therefore currently with the Zurich Cantonal Administrative Court (court of second instance). A decision by the Zurich Cantonal Administrative Court is pending at the time of this report being published.

Until its expiry at the end of the fiscal year 2018, the Group applied a tax ruling regarding its international allocation of net issuance proceeds agreed with the competent tax authorities. Since 2019, the Group has applied a transfer pricing method defined by an external tax advisor and based on an OECD recognised standard to account for the international allocation of net issuance proceeds.

The Group performs an in-depth risk analysis of uncertainties in the application and acceptance of transfer pricing methods, developments in international transfer pricing rules, changes of respective practices by tax authorities and resulting litigation exposure on a semi-annual basis. The update of the calculation of uncertain tax positions as of 31 December 2023 did not lead to any financial impact in the reporting period.

Deferred taxes

CHF thousand	Assets 31.12.2023	Assets 31.12.2022	Liabilities 31.12.2023	Liabilities 31.12.2022
Composition of deferred taxes				
Pension liability	1,906	1,226	—	—
Tangible assets	386	179	—	1
Tax loss carry-forwards	52	—	—	—
Other	72	393	544	389
Total deferred taxes	2,415	1,798	544	390

CHF thousand	Assets 2023	Assets 2022	Liabilities 2023	Liabilities 2022
Changes in deferred taxes				
Balance at the beginning of the year	1,798	1,160	390	206
Changes affecting the income statement	(247)	1,001	—	(11)
Changes affecting the statement of other comprehensive income	864	(321)	154	194
Translation adjustments	—	(43)	—	1
Balance at the end of the year	2,415	1,798	544	390

16 Tax effects relating to components of other comprehensive income

	2023		
CHF thousand	Amount before tax	Tax yield / (Tax expense)	Amount net of tax
Other comprehensive income/(loss) that will not be reclassified to the income statement			
Remeasurement of defined benefit plan	(4,386)	862	(3,524)
Changes in own credit spread	156	(45)	111
Other comprehensive income/(loss) that may be reclassified to the income statement			
Net unrealised gains/(losses) on debt instruments measured at fair value through other comprehensive income	18,259	(110)	18,149
Expected credit loss changes on debt instruments measured at fair value through other comprehensive income	(1,605)	—	(1,605)
Currency translation adjustments	(33,469)	—	(33,469)
Total Other comprehensive income	(21,046)	707	(20,339)

	2022		
CHF thousand	Amount before tax	Tax yield / (Tax expense)	Amount net of tax
Other comprehensive income/(loss) that will not be reclassified to the income statement			
Remeasurement of defined benefit plan	1,627	(321)	1,306
Changes in own credit spread	(22)	—	(22)
Other comprehensive income/(loss) that may be reclassified to the income statement			
Net unrealised gains/(losses) on debt instruments measured at fair value through other comprehensive income	(26,146)	(194)	(26,340)
Expected credit loss changes on debt instruments measured at fair value through other comprehensive income	3,078	—	3,078
Currency translation adjustments	2,733	—	2,733
Total Other comprehensive income	(18,730)	(515)	(19,245)

17 Earnings per share

	2023	2022
Group net profit (CHF thousand)	20,599	156,446
Weighted average number of shares issued	18,934,097	18,934,097
Less weighted average number of treasury shares	1,006,290	694,626
Weighted average number of shares outstanding - undiluted	17,927,807	18,239,471
Effect of dilution of share-based payments (weighted number of shares)	674,011	647,438
Weighted average number of shares outstanding - diluted	18,601,818	18,886,909
Basic earnings per share CHF	1.15	8.58
Diluted earnings per share CHF	1.11	8.28

The dilution effect (number of shares) includes the effects of employee share-based benefit plans as explained in Note 13.

18 Fair values of financial instruments and trading inventories

The fair value of financial instruments and trading inventories contained in the Group's statement of financial position based on the valuation methods explained below is the same as the book value. There is no difference between fair value and book value.

Initial recognition

Purchases and disposals of financial assets are recognised in the balance sheet at the trade date. At the time of initial recognition, all financial instruments are measured at fair value and assigned to one of the following categories in accordance with IFRS 9 criteria: "Fair value through profit or loss (FVTPL)", "Fair value through other comprehensive income (FVOCI)" or "Amortised cost". In the case of financial instruments in the categories "Fair value through other comprehensive income" and "Amortised cost", this original fair value is adjusted to reflect the directly attributable transaction costs.

Measurement methodologies

Derivative financial instruments, traded financial assets and liabilities, other financial assets designated at fair value, other financial liabilities designated at fair value and are recognised at fair value in the statement of financial position. Transaction costs that are directly attributable to the acquisition or issuance are recognised in "result from trading activities and the fair value option" at the date of the transaction. Trading inventories comprises crypto assets held as an economic hedge for issued structured products and are measured under the commodity broker exemption at fair value less costs to sell (see also Note 25). Changes in the fair values, gains and losses on the sale and redemption of these instruments, interest and dividend income are recognised in the income statement as "result from trading activities and the fair value option".

Financial investments measured at fair value through other comprehensive income are recognised at fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset, in the statement of financial positions and changes in fair values attributable to changes in the issuer credit risk or the benchmark interest rate are initially recognised in the statement of other comprehensive income (OCI).

Either due to the application of hedge accounting or upon disposal of the respective investment, amounts initially recognised in OCI are reallocated to the income statement as “result from trading activities and the fair value option”.

The transaction price represents the best indication of the fair value of financial instruments unless the fair value of the instrument can be better determined by comparing it with other observable current market transactions involving the same instrument (level 1 instrument) or it is based on a valuation method that uses only observable market data (level 2 instrument). In this case, any difference between fair value and the transaction price is recognised as day-1 profit or loss in the line item “result from trading activities and the fair value option”. For level 3 instruments, day-1 result is deferred over the duration of the product.

Fair value is determined using quoted prices in active markets when these are available. In other cases, fair value is determined using a valuation model. Valuation models use inputs and rates derived from observable market data, such as interest rates and foreign exchange rates, when available. Valuation models are primarily used for the valuation of issued structured products and derivatives.

The output of a model is typically an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques employed may not fully reflect all factors relevant to the positions held. Significant risks arise when models are used to value financial instruments and calculate hedging ratios. The consequence of an inadequate model could be an incorrect valuation, leading to an incorrect risk assessment and an incorrect hedging position, both of which could have a financial impact.

All models are validated before they are used as a basis for financial reporting, and they are periodically reviewed thereafter by qualified specialists who operate independently from model developers and users. Whenever possible, the valuations derived from models are compared with the prices of similar financial instruments and with actual values once realised in order to further validate and calibrate the models. Valuation models are generally applied consistently across products from one period to the next, ensuring the comparability and continuity of valuations over time.

There were no significant changes in the valuation models used for the year ended 31 December 2023.

Fair value hierarchy

All financial instruments and trading inventories carried at fair value are assigned to one of three fair value hierarchy levels at year-end, depending on how fair value has been determined.

Transfers between levels resulting from changes due to the availability of market prices or market liquidity are made when a change of market liquidity occurs.

Level 1 instruments

The fair value of level 1 instruments is based on unadjusted quoted prices in active markets. Equity securities, interest rate or debt securities issued by governments, public sector entities or companies, quoted investment funds, precious metals, trading inventories, commodities and positive or negative replacement values of exchange traded derivatives are allocated to this category. The quoted market price used for the Group’s equity securities, debt securities, quoted funds and exchange traded derivative instruments is the exit price. Generally accepted market prices are used for foreign currencies, precious metals, trading inventories and commodities. Mid-market prices are used for the valuation of debt securities, which are categorised as financial assets designated at fair value through profit or loss if the market price risks of these positions are offset fully or to a significant extent by issued structured products or other trading positions.

Level 2 instruments

The fair value of level 2 instruments is based on quoted prices in markets that are not active or on a valuation method using significant input parameters that are directly or indirectly observable. Level 2 instruments comprise positive or negative replacement values of derivative instruments, issued structured products, debt securities with reduced market liquidity and investment funds that are not quoted. The Group uses valuation methods to determine the fair value of positive and negative replacement value of derivative instruments and issued structured products if there is no active market pursuant to the definition in IFRS 13 or if market liquidity varies significantly over time. For the valuation of derivative instruments, including the option components and interest rate components of structured products, generally recognised option pricing models and generally recognised valuation methods – e.g. discounted cash flow models – are used. If quoted prices for instruments are available but low trading volumes indicate that there is no active market or quoted prices are not available, then the fair values of equity securities, debt securities, other securities and trading inventories are based on pricing information from counterparties, brokers or other pricing services. In the case of investment funds, published net asset values are used. The input parameters for the valuation models are contract-specific and include the market price of the underlying asset, foreign exchange rates, yield curves, default risk, dividend estimates, volatilities and correlations. Derivative instruments are traded on a collateralised basis. The Group's own credit risk, as well as third-party credit risk in the case of assets, is not included in the valuation of collateralised derivative instruments.

Level 3 instruments

The fair value of level 3 instruments is based on a valuation method that uses at least one significant input parameter that cannot be observed directly or indirectly in the market. The Group's level 3 instruments comprise unlisted equity instruments presented in financial investments measured at fair value through other comprehensive income and positive or negative replacement values for long-term derivative financial instruments.

The fair value of the unlisted equity instrument is based on an independent valuation assessment using a multiple approach, taking account of any further valuation-relevant factors.

For the determination of the fair value of derivative financial instruments, the Group uses generally recognised pricing valuation models. The input parameters for the valuation models are contract-specific and include the market prices of the underlying asset, yield curves, volatilities and possibly other parameters. Derivative financial instruments are traded predominantly on a collateralised basis and the Group's own credit risk, as well as third-party credit risk in the case of assets, is not included in the valuation of collateralised derivative instruments. Whenever possible, the Group uses input parameters observable in the market to determine the fair value of financial instruments. However, due to the long-term nature of some instruments, significant input parameters are not always observable for those long-dated products and they are therefore classified as level 3 instruments. The Group estimates these unobservable input parameters using market information as well as historical data. The estimated input parameters are reviewed during monthly independent price verification processes and are further reviewed by an independent risk control function.

Valuation adjustments

The fair values of level 2 and level 3 instruments are based on valuation methods and therefore a level of uncertainty is inherent in those values. The valuation methods used do not always reflect all relevant factors when determining fair values. The Group considers additional factors in the case of issued structured products as well as derivative instruments to ensure that the valuations are appropriate. The factors include uncertainties in relation to models used, to parameters used, to liquidity risks and, in the case of structured products, to the risk of early redemption. The adjustments reflect the uncertainty in model assumptions and input parameters in relation to the valuation method used. The adjustments relating to the liquidity risk take into account the expected cost of hedging open net risk positions. The Group believes that it is necessary and appropriate to take these factors into account to determine the fair value of these instruments correctly.

Clearly defined processes, methods and independent controls are applied to ensure that an appropriate valuation is assigned to financial instruments. The controls comprise the analysis and approval of new instruments, the approval and regular assessment of the valuation models used, the daily analysis of profit and loss, and regular independent price verification, including the review of the input parameters used. The controls are performed by risk control specialists who possess the relevant knowledge and operate independently from trading and treasury functions

Own credit risk

Under IFRS 9, changes in fair value related to own credit risk for other financial liabilities designated at fair value through profit or loss are recognised in other comprehensive income. The changes in own credit risk recognised in other comprehensive income are subsequently transferred within equity to retained earnings when the associated liability is deemed to be derecognised.

Leonteq regularly determines its own credit spread based on a model using observable market inputs such as market capitalisation, debt and product type-specific adjustments. Management compares the determined credit spread with observable and paid credit spreads for publicly distributed products of Leonteq to ensure that all available market information is reflected in the determined credit spread. In 2023, the own credit spread was adjusted for US dollar denominated products and certain specific term structures and led to an OCI impact of CHF 111 thousand (2022: CHF 22 thousand).

Day 1 result

According to IFRS 13, the transaction price represents the best indication of the fair value of a financial instrument unless the fair value of the instrument can be better determined by comparing it with another observable current market transaction involving the same instrument (level 1 instrument) or it is based on a valuation method that uses only observable market data (level 2 instrument). If this is the case, the difference between the transaction price and the fair value is recognised as day-1 profit or loss in the line item “result from trading activities and the fair value option”.

For level 3 instruments, day-1 result is deferred over the duration of the product. During the current and previous reporting period, the Group had no positions with deferred day-1 result.

CHF thousand	Level 1	Level 2	Level 3	Total 31.12.2023
Financial assets				
Trading financial assets				
Debt securities (listed)	194,865	41,799	—	236,664
Equity securities	1,494,403	980	—	1,495,383
Funds	783,521	696	—	784,217
Other securities	—	209,697	—	209,697
of which hybrid financial instruments	—	209,697	—	209,697
Total trading financial assets	2,472,789	253,172	—	2,725,961
Positive replacement values of derivative instruments	1,334,018	1,064,639	—	2,398,657
Other financial assets designated at fair value through profit or loss	—	180,821	—	180,821
Financial investments measured at fair value through other comprehensive income	2,583,698	24,588	900	2,609,187
Total financial assets	6,390,505	1,523,221	900	7,914,626
Trading inventories	287,072	—	—	287,072
Total trading inventories	287,072	—	—	287,072

CHF thousand	Level 1	Level 2	Level 3	Total 31.12.2023
Financial liabilities				
Trading financial liabilities				
Debt securities (listed)	—	—	—	—
Equity securities	53,141	—	—	53,141
Funds	878	—	—	878
Other securities	—	—	—	—
of which hybrid financial instruments	—	—	—	—
Total trading financial liabilities	54,019	—	—	54,019
Negative replacement values of derivative instruments	1,150,213	841,391	7,991	1,999,595
Other financial liabilities designated at fair value through profit or loss				
Interest rate instruments	—	432,020	—	432,020
Equities	—	3,843,704	—	3,843,704
Foreign currency	—	6,402	—	6,402
Commodities (including precious metals and crypto assets)	—	384,838	—	384,838
Total other financial liabilities designated at fair value through profit or loss	—	4,666,964	—	4,666,964
Total financial liabilities	1,204,232	5,508,355	7,991	6,720,578

In 2023, there were no significant reclassifications of positions between level 1 and level 2 and vice versa.

CHF thousand	Level 1	Level 2	Level 3	Total 31.12.2022
Financial assets				
Trading financial assets				
Debt securities (listed) ¹	103,393	45,184	—	148,577
Equity securities	2,683,043	2,278	—	2,685,321
Funds	587,631	9,113	—	596,744
Other securities	—	16,481	—	16,481
of which hybrid financial instruments	—	16,481	—	16,481
Total trading financial assets	3,374,067	73,056	—	3,447,123
Positive replacement values of derivative instruments	2,096,079	2,048,370	—	4,144,449
Other financial assets designated at fair value through profit or loss ¹	7,939	209,289	—	217,228
Financial investments measured at fair value through other comprehensive income ¹	2,554,444	50,662	—	2,605,106
Total financial assets	8,032,529	2,381,377	—	10,413,906
Trading inventories	148,162	—	—	148,162
Total trading inventories	148,162	—	—	148,162

CHF thousand	Level 1	Level 2	Level 3	Total 31.12.2022
Financial liabilities				
Trading financial liabilities				
Debt securities (listed)	—	—	—	—
Equity securities	195,991	—	—	195,991
Funds	5,552	—	—	5,552
Other securities	—	—	—	—
of which hybrid financial instruments	—	—	—	—
Total trading financial liabilities	201,543	—	—	201,543
Negative replacement values of derivative instruments	1,709,591	1,193,911	4,041	2,907,543
Other financial liabilities designated at fair value through profit or loss				
Interest rate instruments	—	353,678	—	353,678
Equities	—	4,141,494	—	4,141,494
Foreign currency	—	2,122	—	2,122
Commodities (including precious metals and crypto assets)	—	177,011	—	177,011
Total other financial liabilities designated at fair value through profit or loss ¹	—	4,674,305	—	4,674,305
Total financial liabilities	1,911,134	5,868,216	4,041	7,783,391

¹ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

In 2022, there were no significant reclassifications of positions between level 1 and level 2 and vice versa.

Level 3 financial instruments

CHF thousand	Financial investments measured at fair value through other comprehensive income	2023 Total Financial Assets	Negative replacement values of derivative instruments	2023 Total Financial Liabilities
Statement of financial position				
Balance at the beginning of the year	—	—	4,041	4,041
Additions	900	900	2,147	2,147
Disposals	—	—	(355)	(355)
Result recognised in the income statement	—	—	3,368	3,368
Result recognised in the statement of other comprehensive income	—	—	—	—
Reclassifications to level 3	—	—	—	—
Reclassifications from level 3	—	—	(1,209)	(1,209)
Translation differences	—	—	—	—
Total at balance sheet date	900	900	7,991	7,991
Income in the period on holdings at balance sheet date				
Unrealised income/(loss) recognised in trading income	—	—	(3,723)	(3,723)
Unrealised income/(loss) recognised in other income	—	—	—	—
Unrealised income/(loss) recognised in other comprehensive income	—	—	—	—

CHF thousand	Financial investments measured at fair value through other comprehensive income	2022 Total Financial Assets	Negative replacement values of derivative instruments	2022 Total Financial Liabilities
Statement of financial position				
Balance at the beginning of the year	—	—	15,555	15,555
Additions	—	—	51	51
Disposals	—	—	(301)	(301)
Result recognised in the income statement	—	—	(10,541)	(10,541)
Result recognised in the statement of other comprehensive income	—	—	—	—
Reclassifications to level 3	—	—	—	—
Reclassifications from level 3	—	—	(723)	(723)
Translation differences	—	—	—	—
Total at balance sheet date	—	—	4,041	4,041
Income in the period on holdings at balance sheet date				
Unrealised income/(loss) recognised in trading income	—	—	10,240	10,240
Unrealised income/(loss) recognised in other income	—	—	—	—
Unrealised income/(loss) recognised in other comprehensive income	—	—	—	—

Financial instruments are reclassified into or out of levels 2 or 3 based on changes in the observability of the significant input parameter “volatility of interest rates” for the valuation of financial instruments.

Based on the change in the observability of significant input parameters, CHF 1.2 million of level 3 financial instruments were reclassified to level 2 (2022: CHF 0.7 million). No level 2 financial instruments were reclassified to level 3 in 2023 and 2022, respectively.

The result recognised in the income statement relates to trading (gains)/ losses in connection with the decrease in long-term interest rates in 2023.

No day-1 gains or losses were recognised as a result of transactions involving level 3 instruments during the year. In 2023, an unrealised loss of CHF -3.7 million (2022: gain of CHF 10.2 million) for fair value movements was recognised in the line item “result from trading activities and the fair value option”. The closing balance of level 3 financial liabilities as of 31 December 2023 totalled CHF 8.0 million (31 December 2022: CHF 4.0 million).

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

The following table shows significant level 3 liabilities together with the valuation techniques used to measure their fair value, significant inputs used in the valuation method that are considered unobservable, and a range of values for unobservable inputs. The range of values represents the highest and lowest level input used in the valuation techniques. Consequently, the range does not reflect the level of uncertainty regarding a particular input but rather the different underlying characteristics of the relevant liabilities. The ranges will therefore vary from period to period and parameter to parameter based on the characteristics of the instruments held at each balance sheet date. Further, the ranges of unobservable inputs may differ across other financial institutions due to the diversity of the products in each firm’s inventory.

Significant unobservable inputs in level 3 liabilities

This section discusses the significant unobservable inputs used in the valuation of level 3 instruments and assesses the potential effect that a change in each unobservable input in isolation may have on fair value measurement. It also provides information to facilitate an understanding of factors that give rise to the input ranges shown.

CHF thousand

	31.12.2023	31.12.2022
Negative replacement values of derivative financial instruments	7,991	4,041

¹ A generic replication model is used to price interest rate derivatives.

Volatility measures the variability of interest rates and is generally expressed as an absolute number in basis points (bps). The minimum level of volatility is 0 bps and there is no theoretical maximum. Volatility is a key input in option models, where it is used to derive a probability-based distribution of forward rates. The effect of volatility on individual positions within the portfolio is determined primarily on the basis of whether the option contract is a long or short position. In most cases, the fair value of an option increases as a result of a rise in volatility and is reduced following a decrease in volatility. In general, volatility used in the measurement of fair value is derived from active market option prices (referred to as implied volatility). A key feature of implied volatility is the volatility “smile” or “skew”, which represents the effect of pricing options of different option strikes at different implied volatility levels.

		Range of unobservable inputs				
		31.12.2023		31.12.2022		
Valuation method	Significant unobservable input	low	high	low	high	Unit
Generic Replication Model ¹	Volatility of interest rates	65	79	56	87	basis points

Sensitivity of fair values of Level 3 liabilities

The Group's management believes, based on the valuation approach used for the calculation of fair values and the related controls, that the level 3 fair values are appropriate.

The following table shows the impact of reasonably possible alternative assumptions to the unobservable input parameters used. These results show no significant impact on the Group's net profit, comprehensive income or shareholders' equity.

CHF thousand	31.12.2023	31.12.2022
Impact of shifts in unobservable input parameters on fair values		
Increase of volatility of interest rates (+5 bps)	44	124
Decrease of volatility of interest rates (-5 bps)	(44)	(124)

Sensitivity of fair values of Level 3 equity instrument

A change in the multiples used for the valuation of the unlisted equity instrument leads to a proportional change in fair value. A reasonably realistic change in input parameters has no significant impact on the Group's consolidated financial statements.

Financial assets and liabilities at amortised cost

The following table shows the carrying amount of financial assets and liabilities measured at amortised cost. All these positions have short-term maturities (i.e. less than three months) and the carrying amount is a reasonable approximation of fair value.

CHF thousand	31.12.2023	31.12.2022
Financial assets at amortised cost		
Cash and balances at central banks	142,697	288,412
Amounts due from banks ⁴	462,923	934,959
Amounts due from securities financing transactions	20,667	1,845
Amounts due from customers	291,654	389,660
Other financial assets ^{1, 3}	20,406	31,666
Total financial assets at amortised cost	938,347	1,646,543
Financial liabilities at amortised cost		
Amounts due to banks ⁴	252,242	514,914
Liabilities from securities financing transactions	805,197	1,822,877
Amounts due to customers	483,992	1,057,946
Other financial liabilities ^{2, 3}	63,298	76,366
Total financial liabilities at amortised cost	1,604,729	3,472,104

¹ Other financial assets mainly comprise withholding tax receivables.

² Other financial liabilities mainly includes accrued personnel and other operating expenses as well as lease liabilities.

³ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

⁴ For the year ending 2023, exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior year were adjusted accordingly, resulting in a reduction of CHF 27.1 million on the balance sheet line items "Amounts due from/to banks" for the year 2022.

19 Hedge accounting

In accordance with the risk management framework, the Group hedges its exposure to the benchmark (market) interest rate risk related to its investment activities. Benchmark interest levels may have a positive impact (declining interest rates) or a negative impact (increasing interest rates) on the market price of bonds. Payer interest rate swaps or other derivative financial instruments are used to offset the interest rate risk arising from the investment portfolio. For bonds measured at fair value through profit or loss, the changes in fair value of the hedging instruments as well as the hedged item are recognised in the income statement. For bonds measured at fair value through other comprehensive income (FVOCI), changes in fair value of the respective bonds are first recognised in the statement of other comprehensive income and only recycled to the income statement if bonds are disposed of, whereas the changes in fair value of the hedging instruments are recognised directly in the income statement. To avoid this accounting mismatch, fair value hedge accounting is used. To apply hedge accounting, various criteria set out in IFRS 9 must be met:

- The hedging relationship must consist only of eligible hedging instruments and eligible hedged items.
- At inception of the hedging relationship, there is a formal designation and documentation of the hedging relationship, risk management objective and strategy for undertaking the hedge.
- Hedges must be expected to be effective, so that there is an economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate the value changes that result from the economic relationship, and the hedging ratio is adequately weighted.

If the criteria for fair value hedge accounting are met, the Group reports the change in fair value on the financial investments measured at FVOCI attributable to the benchmark interest rate risk (hedged item) as the “result from trading activities and the fair value option” in the income statement instead of in the statement of other comprehensive income. The ineffectiveness of the fair value hedge is also recognised in the income statement in the line item “result from trading activities and the fair value option”. Elements other than the benchmark interest rate risk are not part of the hedge. The portfolios are managed dynamically, and the hedging

relationship is designated on a daily basis. Hedge effectiveness is tested prospectively by applying different scenarios on a daily basis. Similarly, retrospective hedge effectiveness is measured on a daily basis by comparing the change in fair value of hedging instruments and the change in fair value of bonds that is attributable to the benchmark interest rate risk. Ineffectiveness is mainly expected to arise due to the different maturities of the bonds that fall within the scope of the hedging relationship and the hedging instruments, as well as differences in overall sensitivities to movements in benchmark interest rate curves. Credit risk is limited by entering into derivatives transactions (related to hedging instruments) only with central clearing counterparties or on a collateralised basis. In the event of an early termination of the hedge, the cumulative adjustment of the carrying amount of the bonds that fall within the scope of the respective hedging relationship is recognised as “result from trading activities and the fair value option” in the income statement over their remaining term.

For further information on risk management activities, refer to the separate Risk section.

The following table provides an overview of the effect of fair value hedge accounting on financial investments measured at FVOCI:

CHF thousand	31.12.2023	31.12.2022
Hedging instruments		
Positive replacement values of hedging instruments	126,532	203,015
Notional amount of derivative financial instruments used as hedging instruments	2,572,604	3,481,190
Negative replacement value of hedging instruments	36,850	49,097
Notional amount of derivative financial instruments used as hedging instruments	1,281,716	872,060

CHF thousand	31.12.2023	31.12.2022
Hedged item		
Carrying amount of financial investments measured at FVOCI	2,439,032	2,487,116
of which accumulated amount of fair value hedge gain/(loss) included in the carrying amount	(143,939)	(234,109)

CHF thousand	2023	2022
Hedge effectiveness		
Change in the fair value of the hedging instruments used as the basis for recognising hedge ineffectiveness	90,296	246,026
Change in the fair value of the hedged item used as the basis for recognising hedge ineffectiveness	(89,081)	(241,133)
Amount of hedge ineffectiveness recognised in the income statement	1,215	4,893

The accumulated amount of fair value hedge adjustments remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses is zero as of 31 December 2023 (31 December 2022: zero). The carrying amount of the hedging instruments is presented as the positive and/or negative replacement values of derivative financial instruments. All hedged items are included in the line item "financial investments measured at fair value through other comprehensive income".

20 Cash and balances at central banks

Cash and balances at central banks consist of sight deposit accounts held at the Swiss National Bank and are recognised at their nominal value.

21 Amounts due from/to banks

Amounts due from banks include receivables from banks on demand, term deposits and settlement receivables. Amounts due from banks are recognised initially at fair value and subsequently at amortised cost, less expected credit loss.

Amounts due to banks include bank overdrafts and settlement payables to banks and parties regulated by a banking supervisory authority. Amounts due to banks are recognised initially at fair value and subsequently at amortised cost.

CHF thousand	31.12.2023	31.12.2022
Amounts due from banks¹		
Due from banks on demand (cash and cash equivalents)	237,247	594,011
Due from banks on demand (precious metals)	415	2,837
Security deposit with banks	6,631	6,650
Cash collateral paid to banks or regulated financial institutions	147,874	243,475
Settlement receivables from banks or regulated financial institutions	66,776	79,436
Settlement receivables with platform partners – banks or regulated financial institutions	3,980	8,550
Total amounts due from banks	462,923	934,959
Amounts due to banks¹		
Cash overdrafts (cash and cash equivalents)	4,176	50,876
Cash collateral received from banks or regulated financial institutions	218,181	434,030
Settlement liabilities with banks or regulated financial institutions	27,285	26,593
Settlement liabilities with platform partners – banks or regulated financial institutions	2,600	3,415
Total amounts due to banks	252,242	514,914

¹ For the year ending 2023, exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior year were adjusted accordingly, resulting in a reduction of CHF 27.1 million on the balance sheet line items "Amounts due from/to banks" for the year 2022.

Amounts with related parties are disclosed in Note 40.

22 Amounts due from/to customers

Amounts due from customers include receivables (including settlement receivables and other receivables, as well as cash collateral paid) from counterparties other than banks. Amounts due from customers are recognised initially at fair value and subsequently at amortised cost, less expected credit loss.

Amounts due to customers include payables (including settlement payables and other payables, as well as cash collateral received) to counterparties other than banks. Amounts due to customers are recognised initially at fair value and subsequently at amortised cost.

CHF thousand	31.12.2023	31.12.2022
Amounts due from customers		
Amounts due from financial market infrastructure entities (cash and cash equivalents)	13,365	50,978
Cash collateral paid to non-banks	1,138	1,094
Settlement receivables with financial market infrastructure entities	219,126	219,716
Settlement receivables with platform partners – non-banks	7,847	30,536
Other amounts due from platform partners – non-banks	4,208	6,071
Settlement and other receivables due from customers	45,970	81,265
Total amounts due from customers	291,654	389,660
Amounts due to customers		
Amounts due to financial market infrastructure entities (cash and cash equivalents)	23	20
Cash collateral received from non-banks	193,332	834,102
Settlement payables to financial market infrastructure entities	255,531	209,588
Settlement and other payables to platform partners – non-banks	28,329	14,028
Settlement and other payables to customers	6,777	208
Total amounts due to customers	483,992	1,057,946

Amounts with related parties are disclosed in Note 40.

23 Securities financing transactions (assets and liabilities)

The Group generally enters into securities lending and securities borrowing transactions on a collateralised basis. In the case of such transactions, the Group typically lends or borrows securities in exchange for securities or cash collateral. Additionally, the Group's lending and borrowing activities are performed in exchange for a fee.

The majority of securities lending and borrowing agreements involve shares, funds or bonds. The transactions are conducted on the basis of standard agreements employed by financial market participants and are undertaken with counterparties subject to the Group's normal credit risk control processes. The Group monitors the market value of the securities received or delivered on a daily basis and requests or provides additional collateral or returns, or recalls surplus collateral in accordance with the underlying agreements. Securities that have been transferred, be it in the context of a lending/borrowing transaction or as collateral, are not recognised or derecognised in the statement of financial position unless the risks and rewards of ownership are also transferred. In such transactions where the Group transfers owned securities without transferring the risks and rewards of ownership and where the borrower is granted the right to sell or repledge them, the securities are presented as "trading financial assets" or "other financial assets designated at fair value through profit or loss", in the sub-line item "of which pledged as collateral". Cash collateral received is recognised with a corresponding obligation to return it which is disclosed in the line item "liabilities from securities financing transactions". Cash collateral delivered is derecognised with a corresponding receivable, reflecting the right to receive it back. The cash collateral delivered is disclosed in the line item "amounts due from securities refinancing transactions". Additionally, the sale of securities received in a lending or borrowing transaction triggers the recognition of a trading financial liability (short sale).

Consideration exchanged in such transactions (i.e. interest received or paid) is accrued in the period in which it incurred.

Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell, reverse repurchase agreements, and securities sold under agreements to repurchase, as well as repurchase agreements, are all treated as collateralised financing transactions. Nearly all repurchase and reverse repurchase agreements involve debt securities (i.e. bonds, notes or money market papers) and equity securities. The transactions are normally conducted under standard agreements employed by financial market participants and are undertaken with counterparties subject to the Group's normal credit risk control processes. The Group monitors the market value of the securities received or delivered on a daily basis and requests or provides additional collateral or returns, or recalls surplus collateral in accordance with the underlying agreements.

The transfer of securities in the case of repurchase and reverse repurchase agreements is not recognised or derecognised in the statement of financial position unless the risks and rewards of ownership are also transferred. In reverse repurchase agreements, cash collateral provided is derecognised with a corresponding receivable being recognised, reflecting the right to receive it back. The cash collateral provided is disclosed in the line item "amounts due from securities financing transactions". In repurchase agreements, the cash collateral received is recognised with a corresponding obligation to return it. The cash collateral received is presented in the line item "liabilities from securities financing transactions".

In repurchase agreements where the Group transfers owned securities and where the recipient is granted the right to resell or repledge them, the securities are presented in the statement of financial position in the line items "trading financial assets" or "other financial assets designated at fair value through profit or loss", in the sub-line item "of which pledged as collateral". Securities received in a reverse repurchase agreement are disclosed as off-balance sheet items if the Group has the right to resell or repledge them, with securities that the Group has resold or repledged being disclosed if applicable. Additionally, the sale of securities received in reverse repurchase transactions triggers the recognition of a trading financial liability (short sale).

Interest income from reverse repurchase agreements and interest expenses from repurchase agreements are accrued in the period in which they are incurred.

CHF thousand	Book value of assets as reported on balance sheet	Cash collateral received	Securities lent or used for collateralisation ¹	Total Net amount
Amounts due from securities financing transactions	20,667	—	—	20,667
Trading financial assets	2,725,961	805,197	(1,265,360)	2,265,798
Other financial assets designated at fair value through profit or loss	180,821	—	—	180,821
Total as of 31 December 2023	2,927,449	805,197	(1,265,360)	2,467,286
with unrestricted right to resell or repledge	—	—	(434,350)	(434,350)

CHF thousand	Book value of liabilities as reported on balance sheet	Cash collateral paid	Securities borrowed or received for collateralisation	Total Net amount
Amounts due in respect of securities financing transactions	805,197	—	—	805,197
Trading financial liabilities	54,019	20,667	(15,846)	58,840
Other financial liabilities designated at fair value through profit or loss	4,666,965	—	—	4,666,965
Total as of 31 December 2023	5,526,181	20,667	(15,846)	5,531,002
of which resold	—	—	(15,846)	(15,846)

CHF thousand	Book value of assets as reported on balance sheet	Cash collateral received	Securities lent or used for collateralisation ¹	Total Net amount
Amounts due from securities financing transactions	1,845	—	—	1,845
Trading financial assets ²	3,447,123	1,822,877	(2,135,113)	3,134,887
Other financial assets designated at fair value through profit or loss ²	217,228	—	(7,931)	209,297
Total as of 31 December 2022	3,666,196	1,822,877	(2,143,044)	3,346,029
with unrestricted right to resell or repledge	—	—	(1'008'829)	(1,008,829)

CHF thousand	Book value of liabilities as reported on balance sheet	Cash collateral paid	Securities borrowed or received for collateralisation	Total Net amount
Amounts due in respect of securities financing transactions	1,822,877	—	—	1,822,877
Trading financial liabilities	201,543	1,845	(148,098)	55,291
Other financial liabilities designated at fair value through profit or loss ²	4,674,305	—	—	4,674,305
Total as of 31 December 2022	6,698,725	1,845	(148,098)	6,552,473
of which resold	—	—	(148,098)	(148,098)

¹ Securities lent or used for collateralisation of securities financing transactions are equal to the amounts of collateral received or paid (taking haircuts into account). The remaining amount is used as collateral for other purposes (i.e. initial margin for ETDs or add-ons).

² Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is allocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly.

24 Trading financial assets and liabilities

CHF thousand	31.12.2023	31.12.2022
Trading financial assets		
Debt securities (listed) ¹	236,664	148,577
of which pledged as collateral	90,305	48,681
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	5,415	1,887
Equity securities	1,495,383	2,685,321
of which pledged as collateral	370,045	795,626
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	423,218	997,863
Funds	784,217	596,744
of which pledged as collateral	370,660	282,178
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	5,717	8,878
Other securities	209,697	16,481
of which hybrid financial instruments	209,697	16,481
Total trading financial assets	2,725,961	3,447,123
of which based on valuation-model (see Note 18)	253,172	73,056
Trading financial liabilities		
Equity securities	53,141	195,991
Funds	878	5,552
Total trading financial liabilities	54,019	201,543

¹ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is allocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly.

Trading financial assets are purchased to offset the economic exposures arising from the non-host debt component of the Group's issued products or other financial liabilities.

25 Trading inventories

The Group issues certificates that replicate the performance of single crypto assets and thematic crypto baskets. The Group issues products on a universe of 29 crypto assets as underlyings. To hedge the exposure resulting from the issuance of these certificates, the Group purchases or sells the respective underlyings.

The Group classifies crypto assets held as an economic hedge for issued structured products as "trading inventories" and applies the commodity broker-trader exemption (IAS 2.3) and therefore measures crypto assets at fair value less costs to sell. The fair market values for crypto assets held as assets are determined based on generally accepted prices. The changes in fair value are recognised in the line item "result from trading activities and the fair value option".

26 Replacement values of derivative instruments

Derivative instruments are recognised at fair value (which is equal to replacement value) in the statement of financial position and are reported as positive replacement values or negative replacement values. As the Group enters into derivative contracts for trading purposes, realised and unrealised gains and losses are recognised in "result from trading activities and the fair value option".

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and arise predominantly from the issuance of structured debt instruments. The values of embedded derivatives are presented with the host debt as other financial liabilities designated at fair value. Gains and losses from financial liabilities are reported in the income statement as "result from trading activities and the fair value option".

For derivative financial instruments used for hedge accounting in accordance with IFRS 9, refer to Note 19.

CHF thousand

	Trading instruments			Hedging instruments		
	Positive RV	Negative RV	Contract volume	Positive RV	Negative RV	Contract volume
Interest rate instruments						
Swaps	313,423	308,613	17,291,603	121,772	36,850	3,813,650
Futures	—	—	6,346,490	—	—	—
Options (OTC)	51,970	113,171	18,177,546	—	—	—
Foreign currencies/precious metals						
Forward contracts	47,261	4,492	1,440,390	4,760	—	40,670
Swaps	21	20	2,539	—	—	—
Futures	—	—	149	—	—	—
Options (OTC)	10,128	13,727	845,044	—	—	—
Precious metals						
Swaps	74	88	11,250	—	—	—
Futures	—	—	35,968	—	—	—
Options (OTC)	—	290	13,734	—	—	—
Options (exchange traded)	—	2,751	56,859	—	—	—
Equities/indices						
Swaps	399,006	175,847	6,774,594	—	—	—
Futures	—	—	946,448	—	—	—
Options (OTC)	73,410	141,729	4,252,812	—	—	—
Options (exchange traded)	1,336,093	1,168,387	21,209,122	—	—	—

CHF thousand

	Trading instruments			Hedging instruments		
	Positive RV	Negative RV	Contract volume	Positive RV	Negative RV	Contract volume
Credit instruments						
Credit default swap	9,430	15,568	1,077,341	—	—	—
Total return swap	21,745	17	661,717	—	—	—
Other						
Swaps	5,858	63	147,219	—	—	—
Futures	—	—	88,147	—	—	—
Options (OTC)	620	584	31,437	—	—	—
Options (exchange traded)	3,083	17,399	424,596	—	—	—
Total before deduction of netting agreements (including cash collaterals) as of 31 December 2023	2,272,124	1,962,745	79,835,004	126,532	36,850	3,854,320
of which based on valuation-model (see Note 18)	1,064,639	841,391	—	—	—	—
Total after deduction of netting agreements (including cash collaterals) as of 31 December 2023¹	252,037	115,534				
of which balances against central clearing institutions	222,964	—	—	—	—	—
of which balances against banks or securities firms	13,989	54,369	—	—	—	—
of which balances against other customers	15,084	61,165	—	—	—	—

¹ Replacement values of derivative instruments includes both trading and hedging instruments

CHF thousand

	Trading instruments			Hedging instruments		
	Positive RV	Negative RV	Contract volume	Positive RV	Negative RV	Contract volume
Interest rate instruments						
Swaps	447,673	513,121	19,842,002	195,922	49,097	4,282,840
Futures	—	—	4,187,546	—	—	—
Options (OTC)	39,721	86,293	13,119,419	—	—	—
Foreign currencies/precious metals						
Forward contracts	14,070	8,750	2,980,961	7,093	—	70,410
Swaps	—	65	314	—	—	—
Options (OTC)	23,444	13,037	1,148,922	—	—	—
Precious metals						
Futures	—	—	44,561	—	—	—
Options (OTC)	—	14	202	—	—	—
Equities/indices						
Swaps	1,137,796	228,206	8,393,700	—	—	—
Futures	—	—	709,395	—	—	—
Options (OTC)	135,925	195,183	4,427,356	—	—	—
Options (exchange traded)	2,107,368	1,780,256	26,013,608	—	—	—
Credit instruments						

CHF thousand

	Trading instruments			Hedging instruments		
	Positive RV	Negative RV	Contract volume	Positive RV	Negative RV	Contract volume
Credit default swap	27,337	24,886	2,674,548	—	—	—
Total return swap	2,773	3,482	743,276	—	—	—
Other credit derivatives	913	1,002	186,347	—	—	—
Other						
Swaps	2,645	2,860	228,102	—	—	—
Futures	—	—	65,437	—	—	—
Options (OTC)	1,769	1,291	28,101	—	—	—
Total before deduction of netting agreements (including cash collaterals) as of 31 December 2022	3,941,434	2,858,446	84,793,797	203,015	49,097	4,353,250
of which based on valuation-model (see Note 18)	2,048,370	1,193,911	—	—	—	—
Total after deduction of netting agreements (including cash collaterals) as of 31 December 2022	418,894	105,051				
of which balances against central clearing institutions	390,475	623	—	—	—	—
of which balances against banks or securities firms	20,231	71,795	—	—	—	—
of which balances against other customers	8,188	32,633	—	—	—	—

27 Other financial assets and liabilities designated at fair value through profit or loss

CHF thousand	31.12.2023	31.12.2022
Other financial assets designated at fair value through profit or loss		
Debt securities (listed) ¹	—	7,939
of which pledged as collateral	—	7,939
Other securities	49,649	73,000
of which hybrid financial instruments	49,649	73,000
Receivables from counterparties in connection with long-term savings and retirement products	131,172	136,289
Total other financial assets designated at fair value through profit or loss	180,821	217,228
of which based on valuation-model (see Note 18)	180,821	209,289
of which repo-eligible securities	—	—
Other financial liabilities designated at fair value through profit or loss		
Interest rate instruments ¹	432,020	353,678
with own debt component	423,192	345,225
without own debt component	8,828	8,453
Equities ¹	3,843,704	4,141,494
with own debt component	3,775,008	4,059,120
without own debt component	68,696	82,374
Foreign currency	6,402	2,122
with own debt component	6,402	2,122
Commodities (including precious metals and crypto assets)	384,839	177,011
with own debt component	97,347	44,849
without own debt component	287,492	132,162
Total other financial liabilities designated at fair value through profit or loss	4,666,965	4,674,305
of which based on valuation-model (see Note 18)	4,666,965	4,674,305

¹ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

Bonds are used to offset exposures to similar term components of the Group's issued products, principally the host debt component of structured products issued. An issued structured product with its own debt component exists if the repayment mode of this product provides for full or partial cash repayment, regardless of whether this cash repayment is made in any case or based on an option is replaced by another compensation.

Receivables from long-term savings and retirement solutions counterparties relate to expenses incurred to purchase economic hedges for interest rate risks on behalf of these counterparties prior to the inception of their specific client contracts. These expenses are reimbursed to the Group by the respective counterparty.

CHF thousand	31.12.2023	31.12.2022
Classification in accordance with SVSP Swiss Derivative Map		
Capital protection	351,013	220,714
Yield enhancement	2,466,295	2,744,916
Participation	1,835,112	1,682,577
Leverage	14,545	26,098
Total other financial liabilities designated at fair value through profit or loss	4,666,965	4,674,305

¹ All issued structured products are recognised as financial liabilities designated at fair value through profit or loss.

28 Financial investments measured at fair value through other comprehensive income

The Group holds debt instruments within a business model whose objective is achieved both by collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

These debt instruments are recognised at fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset, in the statement of financial positions line item “financial investments measured at fair value through other comprehensive income”.

Effective interest and foreign exchange gains and losses are recognised in the income statement in the line item “result from trading activities and the fair value option”. Other changes in fair value that are mainly attributable to changes in the benchmark interest rate or issuer credit risk are recognised in the statement of other comprehensive income.

Since issuer credit risk is initially recognised in other comprehensive income, the expected credit loss is accounted for in the portfolio of debt instruments measured at FVOCI. The change in the expected credit loss is recognised in the income statement in the line item “credit loss (expense) / recovery”, while the reverse entry is recognised in the statement of other comprehensive income.

If a bond measured at FVOCI is disposed of, the amount recognised in the statement of other comprehensive income is reclassified to the income statement. The cumulative changes in fair value are transferred to “results from trading activities and the fair value option” and the corresponding expected credit loss amount is credited to “credit loss (expense) / recovery”. For information on the application of hedge accounting, refer to Note 19.

The following table provides an overview of financial investments measured at FVOCI:

CHF thousand	31.12.2023	31.12.2022
Government bonds ¹	393,959	282,003
of which pledged as collateral	99,315	96,098
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	71,986	17,489
Supranational agency bonds ¹	163,934	124,877
of which pledged as collateral	106,715	62,555
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	678	—
Corporate bonds ¹	1,109,166	1,298,804
of which pledged as collateral	611,159	416,368
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	209,681	136,247
Financial institution bonds ¹	941,227	899,421
of which pledged as collateral	455,999	195,805
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	105,167	104,341
Total debt financial instruments measured at FVOCI	2,608,286	2,605,106
Equity Interest	900	—
Total equity measured at FVOCI	900	—
Total instruments measured at FVOCI	2,609,186	2,605,106
of which listed	2,608,286	2,605,106
of which unlisted	900	—

¹ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

29 Accrued income and prepaid expenses/ Accrued expenses and deferred income

The Group recognises fee income from services rendered over a specific period of time on a pro rata basis for the anticipated duration of the service. This includes the initial margin earned upon the issuance of products, as well as service and management fees related to the long-term savings and retirement solutions products.

Interest income is accrued as earned. Dividends are recognised when there is a right to receive the payment. Accrued and deferred income are presented as a separate asset or liability in the statement of financial position.

CHF thousand	31.12.2023	31.12.2022
Accrued income and prepaid expenses		
Prepaid operating expenses	6,064	7,144
Accrued interest ¹	61	2
Other	461	895
Total accrued income and prepaid expenses	6,586	8,041
Accrued expenses and deferred income		
Accrued operating expenses	55,316	77,422
Deferred fee income	57,772	62,723
Accrued interest ¹	592	3,951
Other	12,480	16,001
Total accrued expenses and deferred income	126,160	160,097

¹ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

Prepaid operating expenses relate to office lease, staff and other operating expense items.

Accrued operating expenses include staff, audit fees and other operating expense items. For more details on deferred fee income, refer to Note 9. Other accrued expenses consist of accrued capital tax, outstanding social security expenses as well as accrued distribution fees.

30 Other assets and liabilities

CHF thousand	31.12.2023	31.12.2022
Other assets		
Withholding and other tax receivables	21,804	32,863
Other assets	490	417
Total other assets	22,294	33,280
Other liabilities		
Other tax liabilities	3,424	2,641
Pension liability	9,670	6,216
Lease liability	36,897	40,218
Other liabilities	479	762
Total other liabilities	50,470	49,837

The derivative component of structured products with Swiss equity underlyings, are generally hedged with Swiss shares. Withholding taxes on dividends from such Swiss shares are included in withholding tax receivables.

For further information on the change in net pension liability, refer to Note 35.

The CHF 3.3 million decrease in lease liability is mainly due to regular lease payments and interest recognised in the income statement.

Other liabilities mainly comprise unpaid supplier invoices which relate to 2023.

31 Tangible and intangible assets

Tangible assets (furniture, equipment, leasehold improvements, IT equipment) and intangible assets (internally developed and purchased software) are recognised at cost less accumulated depreciation and amortisation as well as impairment losses. Right-of-use assets are reported at the amount equivalent to the capitalised lease payments less accumulated depreciation. Tangible and intangible assets are reviewed periodically for impairment, with any impairment charge being recognised in the income statement.

Certain personnel costs directly attributable to the internal development of software are capitalised as intangible assets. Capitalised costs include salaries and bonuses, social security contributions and pension costs.

Capitalised software acquisition costs are based on the costs of acquiring the software and the costs incurred in bringing it into its intended state. Direct costs attributable to the internal development of software are capitalised when such items meet the definition of capitalisation. These costs relate to the design and implementation phases for internally developed software.

Depreciation is calculated using the straight-line method. Tangible assets are depreciated over their useful lives, as follows:

- Furniture and equipment: 5 to 10 years
- Leasehold improvements: 5 to 10 years
- Right-of-use assets: 2 to 15 years
- IT equipment: 3 to 5 years

Intangible assets are depreciated over their useful lives, as follows:

- Purchased IT software: 3 to 5 years
- Internally developed software: 3 to 5 years
- Other intangible assets: 5 years

The useful lives and residual values of tangible and intangible assets are estimated by the management on the basis of the anticipated period over which economic benefits will accrue to the Group from the use of those assets. Useful economic lives are reviewed annually on the basis of historical and forecast expectations concerning future technological developments, economic and legal changes as well as further external factors.

Impairment of non-financial assets

For all non-financial assets not measured at fair value, the Group assesses at the end of each reporting period whether there is objective evidence that a non-financial asset or a group of nonfinancial assets is impaired. A non-financial asset or a group of non-financial assets is considered to be impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a loss event), and that loss event (or events) has (or have) an impact on estimated future cash flows of the non-financial asset or group of non-financial assets that can be reliably estimated.

CHF thousand

	Tangible assets					Intangible assets			
	Furniture / equipment	Leasehold improvement	Right-of-use asset	IT equipment	Total 31.12.2023	Internally developed software	Purchased software	Other intangible assets	Total 31.12.2023
Historical costs									
Balance as of 1 January 2023	3,231	11,938	102,947	22,129	140,245	138,492	56,009	—	194,501
Additions	102	74	3,569	2,134	5,879	17,503	7,124	1,600	26,227
Disposals	(63)	—	(1,462)	(7)	(1,532)	—	—	—	—
Reclassifications	—	—	—	—	—	—	—	—	—
Remeasurements	—	—	2,596	—	2,596	—	—	—	—
Translation adjustments	(61)	(159)	(1,112)	(46)	(1,378)	—	(8)	—	(8)
Balance as of 31 December 2023	3,209	11,853	106,537	24,210	145,809	155,995	63,125	1,600	220,720
Accumulated depreciation costs									
Balance as of 1 January 2023	2,903	8,595	63,198	15,538	90,234	99,818	40,102	—	139,920
Depreciation	128	1,404	9,677	2,354	13,563	15,226	6,513	—	21,739
Disposals	(63)	—	(1,462)	(7)	(1,532)	—	—	—	—
Reclassifications	—	—	—	—	—	—	—	—	—
Remeasurements	—	—	(415)	—	(415)	—	—	—	—
Translation adjustments	(47)	(85)	(682)	(38)	(852)	—	(7)	—	(7)
Balance as of 31 December 2023	2,921	9,914	70,316	17,847	100,998	115,044	46,608	—	161,652
Net book value as of 31 December 2023	288	1,939	36,222	6,363	44,812	40,951	16,517	1,600	59,068

Leonteq's IT platform consists of different components: Leonteq developed proprietary front-end tools for product construction, product set-up and product documentation. The position and risk management system is based on off-the-shelf software. Leonteq enhanced the software through the addition of specific functionalities such as in-built model libraries developed by Leonteq. The back-office tools used by Leonteq comprise standard software.

CHF thousand

	Tangible assets					Intangible assets			
	Furniture / equipment	Leasehold improvement	Right-of-use asset	IT equipment	Total 31.12.2022	Internally developed software	Purchased software	Other intangible assets	Total 31.12.2022
Historical costs									
Balance as of 1 January 2022	3,761	11,629	99,695	19,499	134,584	123,053	49,762	—	172,815
Additions	164	399	2,682	2,715	5,960	16,431	6,245	—	22,676
Disposals	(704)	—	(1,196)	(70)	(1,970)	(992)	—	—	(992)
Reclassifications	—	—	—	—	—	—	—	—	—
Remeasurements	—	—	2,231	—	2,231	—	—	—	—
Translation adjustments	10	(90)	(465)	(15)	(560)	—	2	—	2
Balance as of 31 December 2022	3,231	11,938	102,947	22,129	140,245	138,492	56,009	—	194,501
Accumulated depreciation costs									
Balance as of 1 January 2022	3,464	7,091	55,506	12,759	78,820	87,027	34,071	—	121,098
Depreciation	103	1,547	9,239	2,794	13,683	13,783	6,030	—	19,813
Disposals	(678)	—	(1,196)	(4)	(1,878)	(992)	—	—	(992)
Reclassifications	—	—	—	—	—	—	—	—	—
Remeasurements	—	—	(14)	—	(14)	—	—	—	—
Translation adjustments	14	(43)	(337)	(11)	(377)	—	1	—	1
Balance as of 31 December 2022	2,903	8,595	63,198	15,538	90,234	99,818	40,102	—	139,920
Net book value as of 31 December 2022	328	3,343	39,749	6,591	50,011	38,674	15,907	—	54,581

In 2022, a partial disposal of fixed assets occurred in connection with the refurbishment of certain offices.

Leases

The Group's leasing activities mainly relate to office space, data centre and equipment. The lease liability reflects the present value of future lease payments, excluding any reinstatement cost provision, which is accounted for in accordance with IAS 37 and presented as a provision (Note 37). In contrast, expected reinstatement costs are included in the right-of-use asset. The right-of-use asset is presented in the line item "tangible assets" and the lease liability in "other liabilities". The right-of-use asset is amortised on a straight-line basis over the lease term, unless it is determined to be subject to impairment according to IAS 36. Lease payments are deducted from the lease liability. The lease liability is measured at the present value of remaining lease payments, discounted at the interest rate determined at the commencement date or at the transition of the lease.

When the Group enters into new lease agreements, it exercises judgement regarding the effective lease term in cases where the lease agreements include one or more early termination or extension options. Extension options (or periods after termination options) are only included if the lease is reasonably certain to be extended or not terminated. In most cases, the extension options are included, given that the Group currently has no intention to vacate its various office locations in the near future. In cases where the original lease will only mature several years in the future (e.g. after more than five years), the respective extension options are not yet considered given the inherent uncertainty about office space required at that point in time. The applicability of the lease terms and termination or extension options is reassessed in the event of a material occurrence or change in circumstances that may affect the previous assessment, where this is within the Group's control. As of 31 December 2023, the effect of revising lease terms to reflect the effect of exercising extension and termination options would result in an increase in right-of-use assets and lease liabilities of approximately CHF 24.5 million (31 December 2022: CHF 26.0 million).

Lease payments associated with short-term leases and low-value leases are recognised over the lease term as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value leases comprise IT and other small items of office equipment.

The carrying amounts of right-of-use assets and lease liabilities and changes in these values, are shown in the following table:

CHF thousand	31.12.2023	31.12.2022
Right-of-use asset		
Balance as of 1 January	39,749	44,189
Additions	3,569	2,682
Disposals	(0)	—
Effect of contract modifications	3,011	2,245
Amortisations	(9,677)	(9,239)
Currency translation adjustments	(429)	(127)
Balance as of 31 December	36,222	39,749
Lease liability		
Balance as of 1 January	40,217	44,760
Additions	3,537	2,682
Disposals	—	—
Effect of contract modifications	2,998	2,106
Interest expenses	481	476
Payments ¹	(9,749)	(9,620)
Currency translation adjustments	(588)	(188)
Balance as of 31 December	36,897	40,217
Contractual liabilities (excluding short-term or low-value assets) as of 31 December	39,609	44,773
of which due within 1 year	10,605	10,058
of which due within 2 and 5 years	28,400	32,329
of which due after 5 years	604	2,386

¹ Payments lead to a cash outflow for the group.

The carrying amount of right-of-use asset as of 31 December 2023 comprises CHF 35.3 million for office space and CHF 0.9 million for data centre (31 December 2022: CHF 38.8 million for office space and CHF 0.9 million for data centre).

In 2023, the amount of CHF 23 thousand (2022: CHF 30 thousand) relating to short-term and low-value leases are accounted for as other operating expenses.

Commitments arising from operational leases

CHF thousand	31.12.2023	31.12.2022
Due within one year	27	12
Due between two and five years	13	2
Commitments for minimum payments under operational leases	40	14

Future rental income arising from sublet office space

CHF thousand	31.12.2023	31.12.2022
Due within one year	2,496	2,432
Due between two and five years	1,501	3,894
Future rental income arising from sublet office space	3,997	6,326

In 2023 and 2022, the Group sublet office space that it does not expect to use in the coming years. Subleases are classified as operational leases since the terms of the headleases are substantially longer than the terms of the subleases.

For detailed information on rental income generated through the sub-leasing of office space, refer to Note 12.

32 Interest in a joint venture

The Group has a 50% interest in Bench Services AG, a joint venture involved in the management and administration of a pillar 3a foundation in Switzerland. Bench Services AG was established on 17 November 2023 with a capital contribution of both joint venture partners in the amount of CHF 958 thousand.

The interest is accounted for using the equity method in the consolidated financial statements. The interest in Bench Services AG is considered to be immaterial for the Group.

33 Offsetting financial assets and financial liabilities

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements. The net amount shown reflects the net credit exposure for each asset class.

CHF thousand	Gross amounts of recognised financial assets ¹	Gross amounts of recognised financial liabilities offset in the balance sheet	Net amount of financial assets as reported in IFRS balance sheet	Effect of master netting agreements	Effect of collateral received	Net amount
Cash and balances at central banks	142,697	—	142,697	—	—	142,697
Amounts due from banks ³	462,923	—	462,923	(1,311)	(289,908)	171,704
Amounts due from securities borrowing transactions	20,667	—	20,667	—	(20,667)	—
Amounts due from customers	291,654	—	291,654	(6,682)	—	284,972
Positive replacement values of derivative instruments	2,398,656	—	2,398,656	(1,796,955)	(349,664)	252,037
Other financial assets designated at fair value through profit or loss	180,821	—	180,821	—	—	180,821
Total as of 31 December 2023	3,497,418	—	3,497,418	(1,804,948)	(660,239)	1,032,231

CHF thousand	Gross amounts of recognised financial assets ¹	Gross amounts of recognised financial liabilities offset in the balance sheet	Net amount of financial assets as reported in IFRS balance sheet	Effect of master netting agreements	Effect of collateral received	Net amount
Cash and balances at central banks	288,412	—	288,412	—	—	288,412
Amounts due from banks ³	934,959	—	934,959	—	(643,553)	291,406
Amounts due from securities borrowing transactions	1,845	—	1,845	—	(1,845)	—
Amounts due from customers	389,660	—	389,660	(18,609)	—	371,051
Positive replacement values of derivative instruments	4,144,449	—	4,144,449	(2,589,887)	(1,135,668)	418,894
Other financial assets designated at fair value through profit or loss ²	217,228	—	217,228	—	—	217,228
Total as of 31 December 2022	5,976,553	—	5,976,553	(2,608,496)	(1,781,066)	1,586,991

¹ Represents the maximum exposure to credit risk.

² Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

³ For the year ending 2023, exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior year were adjusted accordingly, resulting in a reduction of CHF 27.1 million on the balance sheet line items "Amounts due from/to banks" for the year 2022.

In addition to the above amounts, the exposure to credit risk from trading financial assets is reduced via credit protection through structured products issued. The effect of this credit protection is a reduction in the credit risk exposure of trading assets presented in the statement of financial position of CHF 202.2 million for the year ended 31 December 2023 (31 December 2022: CHF 106.5 million).

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements. The net amount shown reflects the net credit exposure per asset class.

CHF thousand	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the balance sheet	Net amount of financial liabilities as reported in IFRS balance sheet	Effect of master netting agreements	Effect of collateral paid	Net amount
Amounts due to banks ²	252,242	—	252,242	(1,311)	(149,627)	101,304
Liabilities from securities financing transactions	805,197	—	805,197	—	(794,699)	10,498
Amounts due to customers	483,992	—	483,992	(6,682)	(119,739)	357,571
Negative replacement values of derivative instruments	1,999,595	—	1,999,595	(1,796,955)	(87,105)	115,535
Other financial liabilities designated at fair value through profit or loss	4,666,965	—	4,666,965	—	(398,332)	4,268,633
Total as of 31 December 2023	8,207,991	—	8,207,991	(1,804,948)	(1,549,502)	4,853,541

CHF thousand	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the balance sheet	Net amount of financial liabilities as reported in IFRS balance sheet	Effect of master netting agreements	Effect of collateral paid	Net amount
Amounts due to banks ²	514,914	—	514,914	—	(270,634)	244,280
Liabilities from securities financing transactions	1,822,877	—	1,822,877	—	(1,517,590)	305,287
Amounts due to customers	1,057,946	—	1,057,946	(18,609)	(68,446)	970,891
Negative replacement values of derivative instruments	2,907,543	—	2,907,543	(2,589,887)	(211,524)	106,132
Other financial liabilities designated at fair value through profit or loss ¹	4,674,305	—	4,674,305	—	(1,340,735)	3,333,570
Total as of 31 December 2022	10,977,585	—	10,977,585	(2,608,496)	(3,408,929)	4,960,160

¹ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

² For the year ending 2023, exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior year were adjusted accordingly, resulting in a reduction of CHF 27.1 million on the balance sheet line items "Amounts due from/to banks" for the year 2022.

For the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial asset and financial liability when both parties elect to settle on a net basis. If this is not the case, financial assets and financial liabilities are settled on a gross basis. However, each party to the master netting arrangement or similar agreement will have the option to settle all such amounts on a net basis in the event of a default by the other party.

The principal types of acceptable collateral include cash and high quality liquid bonds.

34 Maturity of assets and liabilities

The following tables show the amount expected to be recovered or settled after more than twelve months for each asset and liability.

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2023
Assets					
Financial assets					
Cash and balances at central banks	142,697	—	—	—	142,697
Amounts due from banks	462,923	—	—	—	462,923
Amounts due from securities financing transactions	20,667	—	—	—	20,667
Amounts due from customers	291,654	—	—	—	291,654
Trading financial assets	2,725,961	—	—	—	2,725,961
Positive replacement values of derivative financial instruments	2,398,656	—	—	—	2,398,656
Other financial assets designated at fair value through profit or loss	180,821	—	—	—	180,821
Financial investments measured at fair value through other comprehensive income	2,608,286	—	—	900	2,609,186
Other financial assets	160	364	19,883	—	20,407
Total financial assets	8,831,825	364	19,883	900	8,852,972
Non-Financial assets					
Trading inventories	287,072	—	—	—	287,072
Current tax assets	—	—	279	—	279
Deferred tax assets	—	—	—	2,415	2,415
Interests in joint ventures	—	—	—	958	958
Tangible assets ¹	—	—	—	44,812	44,812
Intangible assets ¹	—	—	—	59,068	59,068
Other non-financial assets	—	6,552	1,921	—	8,473
Total non-financial assets	287,072	6,552	2,200	107,253	403,077
Total assets	9,118,897	6,916	22,083	108,153	9,256,049

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2023
Liabilities					
Financial liabilities					
Amounts due to banks	252,242	—	—	—	252,242
Liabilities from securities financing transactions	805,197	—	—	—	805,197
Amounts due to customers	483,992	—	—	—	483,992
Trading financial liabilities	54,019	—	—	—	54,019
Negative replacement values of derivative financial instruments	1,999,595	—	—	—	1,999,595
Other financial liabilities designated at fair value through profit or loss	4,666,965	—	—	—	4,666,965
Other financial liabilities ²	1,998	23,791	10,490	27,019	63,298
Total financial liabilities	8,264,008	23,791	10,490	27,019	8,325,308
Non-Financial liabilities					
Current tax liabilities ³	—	—	1,184	12,000	13,184
Deferred tax liabilities	—	—	—	544	544
Other non-financial liabilities ⁴	—	43,077	17,947	52,308	113,332
Provisions	—	—	5,316	18,232	23,548
Total non-financial liabilities	—	43,077	36,447	71,084	150,608
Total liabilities	8,264,008	66,868	46,937	98,103	8,475,916

¹ Immobilised

² Other financial liabilities with a long-term maturity mainly comprises lease liabilities (see Note 31).

³ Current tax liabilities with a long-term maturity comprises uncertain tax positions (see Note 15).

⁴ Other non-financial liabilities with a long-term maturity mainly comprises deferred income (see Note 9).

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2022
Assets					
Financial assets					
Cash and balances at central banks	288,412	—	—	—	288,412
Amounts due from banks ⁶	934,959	—	—	—	934,959
Amounts due from securities financing transactions	1,845	—	—	—	1,845
Amounts due from customers	389,660	—	—	—	389,660
Trading financial assets ⁵	3,447,123	—	—	—	3,447,123
Positive replacement values of derivative financial instruments	4,144,449	—	—	—	4,144,449
Other financial assets designated at fair value through profit or loss ⁵	217,228	—	—	—	217,228
Financial investments measured at fair value through other comprehensive income ⁵	2,605,106	—	—	—	2,605,106
Other financial assets ⁵	541	356	30,767	—	31,664
Total financial assets	12,029,323	356	30,767	—	12,060,446
Non-Financial assets					
Trading inventories	148,162	—	—	—	148,162
Current tax assets	—	—	1,010	—	1,010
Deferred tax assets	—	—	—	1,798	1,798
Tangible assets ¹	—	—	—	50,011	50,011
Intangible assets ¹	—	—	—	54,581	54,581
Other non-financial assets	—	7,513	2,145	—	9,658
Total non-financial assets	148,162	7,513	3,155	106,390	265,220
Total assets	12,177,485	7,869	33,922	106,390	12,325,666

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2022
Liabilities					
Financial liabilities					
Amounts due to banks ⁶	514,914	—	—	—	514,914
Liabilities from securities financing transactions	1,822,877	—	—	—	1,822,877
Amounts due to customers	1,057,946	—	—	—	1,057,946
Trading financial liabilities	201,543	—	—	—	201,543
Negative replacement values of derivative financial instruments	2,907,543	—	—	—	2,907,543
Other financial liabilities designated at fair value through profit or loss ⁵	4,674,305	—	—	—	4,674,305
Other financial liabilities ^{2, 5}	8,621	27,309	9,253	31,183	76,366
Total financial liabilities	11,187,750	27,309	9,253	31,183	11,255,495
Non-Financial liabilities					
Current tax liabilities ³	—	—	32,593	12,000	44,593
Deferred tax liabilities	—	—	—	390	390
Other non-financial liabilities ⁴	—	59,343	19,030	55,196	133,569
Provisions	—	—	3,776	17,809	21,585
Total non-financial liabilities	—	59,343	55,399	85,394	200,136
Total liabilities	11,187,750	86,652	64,652	116,577	11,455,631

¹ Immobilised

² Other financial liabilities with a long-term maturity mainly comprises lease liabilities (see Note 31).

³ Current tax liabilities with a long-term maturity comprises uncertain tax positions (see Note 15).

⁴ Other non-financial liabilities with a long-term maturity mainly comprises deferred income (see Note 9).

⁵ Previously, interest for certain products were disclosed under accrued income or accrued expenses, respectively. Since 2023, all accrued interest on financial instruments is reallocated to the respective line item of the financial statements. The figures for the prior period were adjusted accordingly. For further information refer to the respective notes.

⁶ For the year ending 2023, exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior year were adjusted accordingly, resulting in a reduction of CHF 27.1 million on the balance sheet line items "Amounts due from/to banks" for the year 2022.

35 Retirement benefit obligations

The Group operates a defined benefit plan and defined contribution plans. On behalf of employees domiciled outside Switzerland, the Group contributes to pension schemes that qualify as defined contribution plans. The Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions totalling CHF 4.0 million and CHF 2.5 million for the years ended 31 December 2023 and 31 December 2022, respectively, related to defined contribution plans, were recognised in personnel expenses.

In Switzerland, the Group operates a defined benefit plan in accordance with Swiss law and provides cover against retirement, death and disability for all staff employed in Switzerland. The pension plan is maintained by a collective foundation, managed by AXA Leben AG. The foundation is governed by a Board of Trustees and is supervised by the BVG und Stiftungsaufsicht (BVS) of the Canton of Zurich. In addition, the pension scheme includes the Leonteq Pension Committee, which has three employee and three employer representatives.

The foundation covers all actuarial and investment risks and has elected to fully insure death and disability insurance risks within the Swiss pension plan with a third-party insurance company. The insurance contract is renewable on an annual basis. In addition to the aforementioned risks, the pension plan is exposed to other risks such as asset volatility, changes in bond yields and changes in life expectancy. These risks have a significant impact on the pension plan: Asset volatility could increase or reduce the plan assets. Bond yields are the basis for the discount rate. Low yields (or discount rates) and a higher life expectancy lead to a higher plan obligation. The managers of the pension plan address these risks as part of their efforts to ensure the consistency and sustainability of the pension plan's assets and liabilities based on a diversified investment strategy that is aligned with the volatility and maturity of the pension obligation.

The Group's obligations arising from its Swiss pension scheme are to pay defined contributions. However, in accordance with the Swiss "BVG/LPP" law, the pension scheme incorporates certain guarantees, such as minimum interest accumulation at defined rates, conversion of capital at defined rates upon transfer of vested benefits, and potential life-long pension annuities. The pension scheme has therefore been reported as a defined benefit pension plan in accordance with IFRS.

In the case of defined benefit plans, the pension obligations and expenses are determined annually by actuarial appraisals prepared by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. The net amount recognised in the statement of financial position corresponds to the funding surplus or funding deficit of the defined benefit pension plans, taking account of any possible restrictions on the amount of a surplus that can be recognised as an asset (asset ceiling). The net interest based on the net liability or net asset of the defined benefit pension plans, the current and past service costs (due to plan amendments or plan curtailments), the administration costs (excluding asset management costs) and the gains and losses arising from plan settlements are recorded in personnel expenses. Actuarial gains and losses on pension liabilities as well as the return on plan assets and changes due to the asset ceiling are recognised in the statement of other comprehensive income.

The below table outlines where the Group's post-employment amounts related to the Swiss pension scheme are included in the financial statements.

CHF thousand	31.12.2023	31.12.2022
Reconciliation of the amount recognised in the statement of financial position		
Defined benefit obligation (DBO)	76,139	65,150
Fair value of plan assets	(66,469)	(58,934)
Net defined benefit liability/(asset)	9,670	6,216
of which recognised as separate liability	9,670	6,216

CHF thousand	2023	2022
Components of defined benefit cost in profit or loss		
Current service cost (employer)	3,807	4,552
Past service cost	(1,372)	—
Interest expenses on defined benefit obligation	1,447	235
Interest (income) on plan assets	(1,349)	(218)
Administration cost (excluding cost for managing plan assets)	75	75
Net expenses recognised in the income statement	2,608	4,644
of which service and administration cost	2,510	4,627
of which net interest on the net defined benefit liability/(asset)	98	17

With effect from 1 January 2025, a single, comprehensive conversion rate model will be implemented. The transition to the new conversion rate model results in an income of CHF 1.4 million for the current period.

CHF thousand	2023	2022
Components of defined benefit cost in OCI		
Actuarial (gain)/loss on defined benefit obligation	5,775	(7,953)
(Gain)/loss on plan assets (excluding interest income)	(1,387)	6,326
Defined benefit cost/(income) recognised in OCI	4,388	(1,627)

CHF thousand	2023	2022
Reconciliation in net defined benefit liability/(asset)		
Net defined benefit liability/(asset) as of 1 January	6,216	6,663
Defined benefit cost recognised in profit or loss	2,608	4,644
Defined benefit cost/(income) recognised in OCI	4,388	(1,627)
Contributions by the employer	(3,542)	(3,464)
Net defined benefit liability/(asset) as of 31 December	9,670	6,216

CHF thousand	2023	2022
Reconciliation of defined benefit obligation		
Defined benefit obligation as of 1 January	65,150	66,214
Interest expense on defined benefit obligation	1,447	235
Current service cost employer	3,882	4,627
Contributions by plan participants	2,578	2,488
Benefits (paid)/deposited	(1,321)	(461)
Past service cost and plan settlement	(1,372)	—
Actuarial (gain)/loss on defined benefit obligation	5,775	(7,953)
Defined benefit obligation as of 31 December	76,139	65,150

CHF thousand	2023	2022
Components of actuarial (gain)/loss on defined benefit obligation		
Actuarial (gain)/loss arising from changes in financial assumptions	4,358	(9,536)
Actuarial (gain)/loss arising from changes in demographical assumptions	—	30
Actuarial (gain)/loss arising from experience adjustments	1,417	1,553
Actuarial (gain)/loss on defined benefit obligation	5,775	(7,953)

Demographic assumptions (e.g. probability of death, disability or termination) are based on the Swiss BVG / LLP 2020 actuarial tables, which draw on observations of large insurance portfolios in Switzerland over a period of several years.

CHF thousand

2023

2022

Reconciliation of fair value of plan assets

Fair value of plan assets as of 1 January	58,934	59,551
Interest income on plan assets	1,349	218
Contributions by employer	3,542	3,464
Contributions by plan participants	2,578	2,488
Benefits (paid)/deposited	(1,321)	(461)
Gain/(loss) on plan assets (excl. interest income)	1,387	(6,326)
Fair value of plan assets as of 31 December	66,469	58,934

31.12.2023

31.12.2022

Maturity profile of defined benefit obligation

Weighted average duration of defined benefit obligation in years	15.1	14.4

The significant actuarial assumptions were as follows:

CHF thousand

31.12.2023

31.12.2022

Significant actuarial assumptions

Discount rate	1.50%	2.20%
Pension growth rate	0.00%	0.00%

The discount rate is used to determine the present value of pension obligations and is based on the yields on high-quality corporate bonds in Swiss francs.

Change in
assumption

DBO after
increase in
assumption
(CHF
thousand)

DBO after
decrease in
assumption
(CHF
thousand)

Sensitivity analysis

Discount rate	0.25%	73,386	79,083
Pension growth rate	0.25%	77,173	75,155

The above sensitivity analyses are based on a change in one assumption, while all other assumptions remain constant. In practice, this is unlikely to occur and changes in some assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated using the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

CHF thousand

Quoted

Unquoted

31.12.2023

31.12.2022

Composition of plan assets

Cash and cash equivalents	1,483	—	1,483	1,474
Equity instruments	22,361	—	22,361	20,084
Debt instruments	19,884	2,690	22,574	19,283
Real estate	—	16,989	16,989	15,998
Other	—	3,062	3,062	2,095
Total plan assets	43,728	22,741	66,469	58,934

CHF thousand

31.12.2023

31.12.2022

Estimated contributions in the following year

Contributions by employer	3,600	3,550
Contributions by plan participants	2,500	2,450

36 Expected credit loss

In accordance with IFRS 9, the Group applies the expected credit loss methodology to calculate and recognise an impairment provision for financial assets measured at amortised cost or at fair value measured through other comprehensive income. These assets comprise the balance sheet items, “cash and balances at central banks”, “amounts due from banks”, “amounts due from securities financing transactions”, “amounts due from customers” and “financial investments measured at fair value through other comprehensive income”.

Impairment of financial assets

For all debt financial assets measured at amortised cost and/or measured at fair value through other comprehensive income, the Group applies the expected credit loss methodology:

- Stage 1, performing assets: At initial recognition, the 12-months expected credit loss is recognised for all assets. The Group applies the low credit risk exemption for its bond portfolio measured at fair value through other comprehensive income.
- Stage 2, under-performing assets: If credit risk has increased significantly since initial recognition, the 12-months expected credit loss is increased to the life-time expected credit loss. In case of a significant decrease in credit risk, the life-time expected credit loss is reduced to a 12-month expected credit loss and the assets are reclassified to stage 1.
- Stage 3, non-performing assets: If there are significant indicators of impairment, the asset is transferred to stage 3.

The increase or decrease in the expected credit loss is recognised in the income statement in “credit loss (expense) / recovery”.

Credit risk management

Assets measured at amortised cost mainly consist of cash balances or cash collateral in connection with the Group’s business operations. The Group holds cash collateral in connection with its trading activities relating to derivatives instruments and/or securities financing transactions. Assets measured at fair value through other comprehensive income consists of bonds.

The credit quality of Leonteq’s counterparties is monitored continuously: The Risk Committee of the Executive Committee approves the counterparties and allocates individual counterparty limits to them. Risk Control monitors adherence to these limits on an ongoing basis. If signs of the deterioration of a counterparty credit risk are identified, business activities are reduced accordingly.

The Group’s assets usually have a short duration. Consequently, all credit exposure is of a short-term nature or could be reduced with risk-mitigating actions such as the unwinding of trades and removal of excess cash.

Expected credit loss calculation

The expected credit loss takes into account the exposure at default, probability of default, and loss given default. The Group considers a financial instrument defaulted for ECL calculations in all cases when the counterparty becomes 30 days past due on its contractual payments.

The starting point for the expected credit loss calculation is the determination of the input factors that are based on market observable inputs whenever possible. Exposure at default is based on exposures to different counterparties, taking into account the time value of money and risk-mitigating measures. The probability of default and loss given default are based on industry standard values, observable market inputs such as credit default swaps, and the extrapolation of observable market inputs. The calculation of the expected credit loss provision is performed at portfolio level.

Development of expected credit loss allowance

CHF thousand	31.12.2023	31.12.2022
Balance at the beginning of the period	8,074	2,954
Change in 12-month expected credit loss	(1,712)	3,312
Change in lifetime expected credit loss		
for non-credit impaired financial assets with significantly increased credit risk	—	—
for credit impaired financial assets ¹	(225)	1,815
for trade receivables, contract assets or lease receivables	—	—
Purchased or originated credit impaired assets	—	—
Currency translation adjustment	(30)	(7)
Balance at the end of the period	6,107	8,074

¹ In 2022, a lifetime expected credit loss provision in the amount of CHF 1.8 million for the outstanding return of collateral was recognised and deducted from the balance sheet item "Amounts due from banks". In 2023, the provision was subsequently reduced to CHF 1.6 million due to foreign exchange effects.

As per 31 December 2023, a 12-month expected credit loss in the total amount of CHF 0.1 million (31 December 2022: CHF 0.2 million) is recognised for balance sheet items measured at amortised cost. In addition, a lifetime expected credit losses in the total amount of CHF 1.6 million (31 December 2022: CHF 1.8 million) is recognised in the balance sheet item "Amounts due from banks". The expected credit losses were directly deducted from the respective balance sheet items. For financial investment measured at fair value through other comprehensive income a 12-month expected credit loss in the total amount of CHF 4.4 million (2022: CHF 6.0 million) is recognised in equity.

Due to the short duration of financial assets measured at amortised cost or at fair value through other comprehensive income, no discounting of the expected credit loss provision is needed.

The expected credit loss allowance in connection with financial assets measured at fair value through other comprehensive income is recognised in other comprehensive income (equity).

37 Provisions

The Group recognises a provision if, as a result of a past event, the Group has a present obligation at the balance sheet date that will probably lead to an outflow of resources embodying economic benefits (which can include legal fees), the level of which can be reliably estimated. The recognition and release of provisions are shown in the line item "changes to provisions and other value adjustments, and losses". If it is not probable that a present obligation exists or the liability cannot be reliably estimated, an entity discloses a contingent liability (see Note 41). A contingent liability is also shown if, as a result of a past event, there is a possible liability at the balance sheet date whose existence depends on future developments that are not fully within the Group's control. If the possibility of an outflow of resources embodying economic benefits is remote, neither a provision nor a contingent liability is reported.

CHF thousand			2023	2022
	Reinstatement obligations	Litigation, regulatory and similar matters	Total provisions	Total provisions
Balance at the beginning of the period	3,414	18,172	21,585	21,454
Utilisation in conformity with designated purpose	—	(5,283)	(5,283)	(16,623)
Increase in provisions recognised in the income statement	38	7,734	7,772	28,008
Release of provisions recognised in the income statement	—	(353)	(353)	(11,307)
Increase in provisions not recognised in the income statement	31	—	31	252
Translation differences	(41)	(165)	(205)	(198)
Balance at the end of the period	3,443	20,105	23,548	21,585
of which due within 1 year	—	5,316	5,316	3,776
of which due within 2 and 5 years	3,349	14,789	18,138	14,828
of which due after 5 years	94	—	94	2,982

Litigation, regulatory and similar matters

The Group operates in a legal and regulatory environment that exposes it to litigation, compliance, tax, reputational and other risks arising from disputes or regulatory or other proceedings.

Non-compliance with regulatory or other mandatory requirements may also result in competent authorities taking enforcement action or initiating proceedings against the Group and its employees. From time to time, the Group may also be confronted with information and clarification requests and procedures from authorities and other third parties. As a matter of principle, the Group cooperates with competent authorities within the confines of the applicable laws while safeguarding its own interests.

The risks described below may not be the only risks to which the Group is exposed. These and additional risks not presently known may impair the Group's future business, results of operations, financial condition and prospects. The realisation of one or more of these risks may individually or together with other circumstances, have a material adverse impact on the Group's business, results of operations, financial condition and prospects. The impact on the financial position or profitability of the Group – depending on the status of related proceedings – is difficult to assess.

Certain allegations were made through the media during the reporting period as well as the prior reporting year concerning products distributed by third parties, including by a company based in the BVI, referring to potential tax evasion or money laundering offences attributed to third parties and separately referring to potential fraud or criminal misconduct attributed to third parties.

Leonteq instructed that the above allegations be investigated independently at different points in time. These reviews, conducted in 2022 and 2023, revealed no evidence that Leonteq entities or employees intentionally participated in any potential tax fraud, money laundering or other criminal misconduct related to the transactions mentioned in the media articles. It is important to note that Leonteq's distribution partners are third-party financial intermediaries who must themselves comply with laws and regulations applicable to their business, as well as distribution agreements with the respective Leonteq entities. If Leonteq detects a breach thereof, it takes immediate and appropriate action.

As a result, Leonteq experienced ongoing regulatory scrutiny in the reporting period as authorities in some countries continue to investigate matters revolving around the allegations raised in the media articles and the Group continues to maintain an active dialogue.

During the reporting period, the Group increased the provision in the amount of CHF 7.8 million for legal costs mainly in connection with ongoing legal and regulatory cases.

Reinstatement obligations

Provisions for reinstatement obligations are calculated based on estimates of future anticipated costs to restore the lease asset to the condition required according to the terms and conditions of the lease. The present obligation associated with reinstatement obligations is recognised and measured in accordance with IAS 37. While the point in time when these costs are expected to be incurred is aligned with the estimated duration of the underlying lease contract, the amount is determined based on inputs received from experts (e.g. architects) or derived from costs incurred when moving office locations in the past.

38 Shareholders' equity

Share capital

	31.12.2023			31.12.2022		
	Total par value (CHF)	Number of shares	Capital eligible for dividends	Total par value (CHF)	Number of shares	Capital eligible for dividends
Share capital	18,934,097	18,934,097	18,934,097	18,934,097	18,934,097	18,934,097
of which fully paid in	18,934,097	18,934,097	—	18,934,097	18,934,097	—
Total share capital	18,934,097	18,934,097	18,934,097	18,934,097	18,934,097	18,934,097
Authorised capital	—	—	N/A	4,000,000	4,000,000	N/A
of which capital increase completed	—	—	N/A	—	—	N/A
Conditional share capital	1,000,000	1,000,000	N/A	1,000,000	1,000,000	N/A
of which capital increase completed	—	—	N/A	—	—	N/A

Authorised capital

The authorisation to increase share capital by a maximum of CHF 4,000,000 expired on 31 March 2023.

Conditional share capital

Share capital may be increased by a maximum of CHF 1,000,000 by issuing 1,000,000 fully paid-in registered shares with a nominal value of CHF 1.00 each to cover potential exposures arising from restricted stock units (RSUs) granted to certain Group employees.

Own shares

The Leonteq AG shares held by the Group are deducted from shareholders' equity as "own shares" in the statement of equity at average cost paid. The Group does not recognise changes in the fair value of own shares. If a gain or loss is realised on disposal of own shares, it is recognised through equity. The Group purchases its own shares primarily in connection with its employee share-based benefit, RSU and PSU programmes as well as with its share buyback programme launched on 3 April 2023.

In the context of the share buyback programme, 439,855 shares were repurchased, corresponding to 2.32% of the company's share capital. As communicated on 30 March 2023, the Board of Directors of Leonteq intends to propose at a future General Meeting that a capital reduction be carried out through the cancellation of the repurchased shares.

	31.12.2023			31.12.2022		
	Number of shares	Total purchase value (CHF thousand)	Average price (CHF)	Number of shares	Total purchase value (CHF thousand)	Average price (CHF)
Balance at the beginning of the period	806,443	42,027	52	537,125	22,568	42
Purchases for employee participation schemes and BoD share compensation	340,335	16,408	48	458,280	28,753	63
Used for employee participation schemes and BoD share compensation	(208,377)	(11,130)	53	(188,962)	(9,294)	49
Share buyback programme	439,855	18,000	41	—	—	—
Disposals	—	—	—	—	—	—
Balance at the end of the period	1,378,256	65,305	47	806,443	42,027	52

Profit and capital distribution

The Board of Directors plans to propose to the Annual General Meeting of Leonteq AG on 28 March 2024 that a distribution totalling CHF 18.9 million (CHF 1.00 per share) will be paid in equal amounts out of retained earnings (dividend) and out of reserves from capital contributions (share premium) for the financial year 2023, and that the remaining retained earnings as well as accumulated reserves from capital contributions be carried forward.

39 Significant shareholders

	31.12.2023		31.12.2022	
	Number of shares held	Voting rights in %	Number of shares held	Voting rights in %
Raiffeisen Switzerland Cooperative	5,494,996	29.02%	5,494,996	29.02%
Lukas T. Ruffin ¹	1,608,121	8.49%	1,570,314	8.29%
Sandro Dorigo	300,000	1.58%	400,000	2.11%
Subtotal shareholders' agreement	7,403,117	39.10%	7,465,310	39.43%
Rainer-Marc Frey ²	924,314	4.88%	1,346,713	7.11%
Swisscanto Fondsleitung AG ³	941,404	4.97%	941,404	4.97%
Directors and executives ⁴	185,391	0.98%	209,060	1.10%
Total significant shareholders	9,454,226	49.93%	9,962,487	52.62%

¹ Lukas T. Ruffin holds 462,325 call options issued by Raiffeisen subject to the following conditions: Strike price CHF 210 (adjusted by cumulative dividends per share and effects of corporate actions from 2015 to 2025); subscription ratio 1:1; maturity 19 October 2025; European style.

² 31.12.2022: H21 Macro Limited, Cayman Islands, is the direct shareholder of part of these shares.

³ Creation of obligation to notify: 15 November 2022.

⁴ Excluding shareholdings of Lukas T. Ruffin.

40 Related-party transactions

The Group entered into various transactions and agreements with related parties that are not part of the Group. Significant transactions and agreements can be categorised as financial and platform partner agreements with Raiffeisen Switzerland Cooperative and its affiliated companies.

	Amounts due from 31.12.2023	Amounts due from 31.12.2022	Amounts due to 31.12.2023	Amounts due to 31.12.2022	Income from 2023	Income from 2022	Expenses to 2023	Expenses to 2022
CHF thousand								
Significant shareholders								
Raiffeisen Switzerland Cooperative								
Amounts due from banks	2,247	4,306	—	—	—	—	—	—
Amounts due from securities financing transactions	3,000	1,700	—	—	—	—	—	—
Positive replacement values of derivative instruments	44,016	93,914	—	—	—	—	—	—
Amounts due to banks	—	—	16,905	67,046	—	—	—	—
of which credit facility	—	—	—	—	—	—	—	—
Negative replacement values of derivative instruments	—	—	30,228	28,788	—	—	—	—
Accrued expenses and deferred income	—	1	—	42	—	—	—	—
Platform partner service fee income	—	—	—	—	939	1,201	—	—
Other fee income	—	—	—	—	407	—	—	—
Other fee expenses	—	—	—	—	—	—	—	356
Interest income	—	—	—	—	33	168	—	—
Interest expenses	—	—	—	—	—	—	366	162
Affiliated companies								
Raiffeisen Switzerland B.V. Amsterdam								
Amounts due from customers	1,707	14,292	—	—	—	—	—	—
Positive replacement values of derivative instruments	62,099	152,002	—	—	—	—	—	—
Accrued income and prepaid expenses	122	13	—	—	—	—	—	—
Amounts due to customers	—	—	50,135	142,444	—	—	—	—
Negative replacement values of derivative instruments	—	—	17,873	18,603	—	—	—	—
Platform partner service fee income	—	—	—	—	6,637	6,809	—	—
Other fee income	—	—	—	—	—	—	—	—
Other fee expenses	—	—	—	—	—	—	—	—
Interest income	—	—	—	—	1	327	—	—
Interest expenses	—	—	—	—	—	—	1,867	1,361

On 6 April 2018, Leonteq entered into a cooperation agreement with Raiffeisen ("the Raiffeisen Agreement"). Under the terms of the Raiffeisen Agreement, Leonteq and Raiffeisen agreed to cooperate in the structuring, issuance, hedging, distribution, market making and lifecycle management of structured products and the provision of related services. The Raiffeisen Agreement (originally due to expire on 31 March 2026) was extended in January 2022 to 31 March 2030 subject to the successful implementation of a technological connection between a new Raiffeisen platform and the Leonteq service and technology platform. On 31 May 2023, Leonteq communicated that the completion of the technological connection between the two platforms is expected in the next months. At the end of the reporting period, this process was ongoing.

Key management personnel compensation

The Group's key management personnel comprises the members of the Board of Directors and the Executive Committee. As of 31 December 2023, the Board of Directors consisted of eight members, all of whom are non-executive directors. The Executive Committee consisted of six members only as of 31 December 2023, whereas the designated new Chief Financial Officer joined the Group as per 1 January 2024.

Compensation awarded to the Board of Directors and the Executive Committee is determined by the Group's Nomination and Remuneration Committee and is reviewed annually. The Nomination and Remuneration Committee provides the Board of Directors with recommendations on the remuneration of members of the Board of Directors and the Executive Committee and defines the basic principles for the establishment, amendment and implementation of incentive plans. When reaching its decision regarding remuneration, the Board of Directors takes into account the maximum amounts approved prospectively by the Annual General Meeting (AGM) for members of the Board of Directors (maximum total compensation) and the members of the Executive Committee (fixed compensation and variable compensation for the long-term incentive plan). The total amount of variable compensation for the short-term incentive plan of members of the Executive Committee is approved by the AGM following the financial year with retrospective vote.

Total compensation for the Board of Directors and the Executive Committee of the Group (collectively defined as key management personnel) for the year ending 31 December 2023 is listed in the tables below. Additional information can be found in the [Compensation Report on page 166].

Compensation for members of the Board of Directors

CHF thousand	Salaries and other short-term employee benefits	Share-based payments ⁽¹⁾	Total compensation 2023	Total compensation 2022
Christopher M. Chambers (Chairman since EGM 2017)	187	207	394	395
Philippe Weber (Vice-Chairman since AGM 2020)	128	86	214	214
Sylvie Davidson (Member since AGM 2021)	76	84	160	160
Susana Gomez Smith (Chairwoman ARC since AGM 2021)	122	81	203	203
Richard A. Laxer (Chairman NRC since AGM 2019)	75	137	212	215
Philippe Le Baquer (Member since AGM 2021)	80	80	160	160
Thomas R. Meier (Member since EGM 2017)	80	80	160	160
Dominik Schärer (Member since EGM 2019)	80	80	160	160
Total	828	835	1,663	1,667

¹ These share-based payment amounts reflect the fair value of the shares at time of grant including employer's social security contribution.

Compensation for members of the Executive Committee

CHF thousand	2023	2022
Short-term employee benefits	4,972	5,858
Post-employment benefits	315	317
Other long-term employee benefits	521	1,292
Share-based payments ¹	368	3,159
Total compensation for members of the Executive Committee	6,176	10,626

¹ These share-based payments amounts reflect the estimated value at the end of the period of PSUs granted with performance period 2023 - 2025 reflecting the fair value of the performance share units at time of grant including estimated employer's social security contribution.

The Group has not granted any loans or guarantee commitments to members of the Board of Directors or members of the Executive Committee.

41 Off-balance

CHF thousand	31.12.2023	31.12.2022
Off-balance sheet transactions		
Contingent liabilities	54,253	69,575
Irrevocable commitments	—	72

Contingent liabilities arise mainly from deferred payments in relation to employee variable compensation plans. For further information refer to Note 13.

On 10 August 2015, Leonteq AG signed a deed of guarantee with Teighmore Ltd. relating to the lease of the former office premises of the London branch of Leonteq Securities (Europe) GmbH. In October 2017, the lease was assigned to a third party. In connection with the transfer, it was agreed that this deed of guarantee will remain with Leonteq AG. As of 31 December 2023, the total commitment relating to future rental payments under the original lease contract was GBP 2.5 million (CHF 2.6 million) (31 December 2022: GBP 3.9 million or CHF 4.4 million, respectively), excluding taxes.

On 11 December 2017, Leonteq AG provided a guarantee relating to the lease of the office premises of its subsidiary Leonteq Securities (Japan) Ltd. On 23 August 2022, the guarantee was extended by 5 years. As of 31 December 2023, the total commitment relating to future rental payments under this lease was JPY 132.9 million (CHF 0.8 million) (31 December 2022: JPY 156.3 million or CHF 1.1 million, respectively), excluding taxes.

Irrevocable commitments related to Swiss Deposit Insurance. Since 1 January 2023, non-account holding security firms authorised by FINMA are no longer part of the Swiss deposit insurance scheme.

42 Group information

Subsidiaries

The Group's subsidiaries as of 31 December 2023 are listed below:

Name	Line of business	Country of incorporation	Currency	Share capital	Share of votes and capital in %
Leonteq Securities AG ^[1]	Securities firm	Switzerland	CHF	15,000,000	100
Leonteq Securities (Monaco) SAM	Financial services provider	Monaco	EUR	500,000	99.9
Leonteq Securities (Hong Kong) Ltd.	Financial services provider	Hong Kong	HKD	10,000,000	100
Leonteq Securities (Europe) GmbH ^[2]	Financial services provider	Germany	EUR	200,000	100
Leonteq Securities (Singapore) PTE Ltd.	Financial services provider	Singapore	SGD	1,000,000	100
Leonteq Securities (Japan) Ltd.	Financial services provider	Japan	JPY	312,500,000	100
Leonteq (Middle East) Ltd.	Financial services provider	United Arab Emirates	USD	3,000,000	100

¹ Leonteq Securities AG has branches in Amsterdam and Guernsey.

² Leonteq Securities (Europe) GmbH has branches in Lisbon, London, Milan and Paris.

In 2023, there were no changes to the scope of consolidation or share of votes and capital.

Joint arrangement in which the Group is a joint venturer

The Group has a 50% interest in Bench Services AG with a fully paid-in share capital of CHF 100 thousand (31 December 2022: 0%). For more information refer to Note 32.

43 Unconsolidated structured entities

A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements. A structured entity often has restricted activities and/or a narrow and well defined objective.

Structured entities are consolidated if the substance of the relationship between the Group and the structured entities indicate that the structured entities are controlled by the Group, as discussed in Note 4.

The Group is engaged in two business models with an involvement of structured entities which are designed to achieve the following specific business purpose:

Sponsor model – Offering standardised issuance model for private, commercial and retail banks allowing them to easily transform from an intermediary to a producer of structured investment products. The structured products, guaranteed by the sponsor bank, issued by a standalone securitization undertaking in Luxembourg. Leonteq Group is acting as arranger and may also act as hedger and other services provider (e.g. accounting) for the structured entity.

Shari'a compliant offering - Offering of Shari'a compliant trust certificates under a Shari'a Compliant Trust Certificate Issuance and Offering Programme. The trust certificates are issued by a standalone structured entity and are designed to produce financial returns analogous to those of traditional structured investment products. Leonteq Group is acting as lead manager and may also act as hedger and offers other administrative services to the issuance entity.

These entities are not consolidated because the Group does not control them through voting rights, contract, funding agreements, or other means.

Interest in and maximum exposure to unconsolidated structured entities

The Group's interests in unconsolidated structured entities refer to contractual and non-contractual involvement that exposes the Group to variable returns from the structured entities. Interests in unconsolidated structured entities mainly include service fees which commensurate with the level of effort and are negotiated at arm's-length based on terms, conditions and amounts that are customarily present for such services. Hedging transactions (e.g. derivatives) are not regarded as interest in unconsolidated structured entities as these transactions introduce variability of returns into the structured entities.

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entity. The maximum exposure for issued certificates and derivatives, as interpreted by the Group, is reflected by the fair value of the instruments. The fair value of the issued certificates is taken into account when the Group derives its interests through certificates it holds. The fair value of the derivatives serves as a measure when the Group's interests are in the form of derivatives. Such amounts or their development do not reflect the economic risks faced by the Group because they do not take into account the effects of collateral or hedges nor the probability of such losses being incurred.

In 2023, these structured entities were in the start-up phase and therefore, the Group had only immaterial interests in these structured entities. On 31 December 2023, the net exposure in relation to positive and negative replacement values of derivatives is CHF 9.1 million (31 December 2022: CHF 0.1 million).

Size of unconsolidated structured entities

The Group considers the fair value of the issued certificates and derivatives as per the balance sheet date as appropriate indicators for evaluation of the size of the structured entities.

On 31 December 2023, based on the above definition, the total size of structured entities is CHF 20.9 million (31 December 2022: CHF 12.4 million).

During the year Leonteq has not provided any non-contractual financial or other support to these entities and has no current intention of providing any financial or other support.

44 Post-balance sheet events

No events occurred after the balance sheet date that would materially affect the financial statements.

45 Statutory banking regulations

The Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). FINMA stipulates that banks or securities firms domiciled in Switzerland that report their financial statements according to US GAAP or IFRS must explain any material differences between Swiss accounting regulations for banks (Banking Ordinance, FINMA Accounting Ordinance and FINMA Circular 2020/1) and the reporting standard used. The most significant differences between IFRS and Swiss accounting regulations for banks that are of relevance to the Group are as follows:

Extraordinary profit

Under IFRS, all items of income and expense are allocated to ordinary operating activities. In accordance with Swiss accounting regulations for banks, income and expenses are classified as extraordinary if they are not recurring or not related to operating activities.

Pensions and post-retirement benefits

Under IFRS, the pension liability and related pension expenses are determined based on the projected unit credit actuarial calculation of the benefit obligation. Under the Swiss accounting regulation for banks, the pension liability and related pension expense are determined primarily on the basis of the pension plan valuation. A pension asset is recognised if a statutory overfunding of a pension plan leads to a future economic benefit, and a pension liability is recognised if a statutory underfunding of a pension plan leads to a future economic obligation. Pension expenses include the required contributions defined by the Swiss accounting regulation for banks, any additional contribution required by the pension fund trustees, and any change in the value of the pension asset or liability between two measurement dates, as determined on the basis of the annual year-end pension plan valuation.

Share based payments

Swiss accounting regulations for banks allow the same accounting treatment for share-based payments as IFRS with the following exceptions: the expenses for share-based payments are recognised in the income statement with a corresponding entry in accrued expenses and deferred income.

Lease accounting

IFRS 16 requires the Group to recognise a lease liability reflecting the present value of future lease payments and a corresponding right-of-use asset on the balance sheet. The right-of-use asset is recognised in the line item "tangible assets" and the lease liability in "other liabilities". The right of use asset is amortised over the period of the lease on a straight-line-basis. Lease payments are deducted from the lease liability after applying the interest charge for the period. Swiss accounting regulations for banks do not accept IFRS 16. Instead, lease payments made during the period are recognised as operating expense.

Crypto assets

Since crypto assets do not meet the criteria to qualify as financial instrument under IFRS, the respective balance is presented as trading inventories. Under the Swiss accounting regulations crypto assets held must be presented as trading financial assets.

Fair value through other comprehensive income

Swiss accounting regulations for banks do not allow financial instruments to be accounted for at fair value through other comprehensive income. Instruments held under this IFRS category are classified as other financial instruments at fair value under Swiss accounting regulations for banks. The full mark-to-market effect is reflected in the income statement, instead. The corresponding adjustments to the expected credit loss provision are also eliminated.

Expected credit loss

IFRS 9 requires entities to recognise credit losses on financial assets measured at amortised cost or at fair value through other comprehensive income using an expected credit loss (ECL) approach. Expected credit losses are measured through a loss allowance at an amount equal to 12-month expected credit losses or lifetime expected credit losses if the credit risk has increased significantly since initial recognition. The Swiss accounting regulations for banks allow the application of the IFRS 9 impairment model but the requirements regarding provisioning for counterparty default risks depend on the FINMA category of the banks. Leonteq Securities AG applies the IFRS 9 impairment model also in its statutory financial statements.

Hedge Accounting

Under IFRS, fair value movements of hedging instruments of cash flow hedges are recognised in comprehensive income. Swiss accounting regulations for banks do not allow for the recognition of expenses or income in comprehensive income. The fair value movements of hedging instruments of cash flow hedges are recognised in the compensation account instead. The effect was CHF 0 thousand for 2023 and CHF 0 for 2022 respectively.

Deferred taxes

Swiss accounting regulations for banks generally do not recognise deferred tax assets. Deferred tax liabilities are recognised as provisions. Leonteq Securities AG does not recognise any deferred taxes for its standalone financial statement in accordance with Swiss accounting regulations for banks.

Current taxes

Swiss accounting regulations for banks recognise current tax assets (liabilities) for income taxes under accrued income and prepaid expenses (accrued expenses and deferred income).

Changes in own credit

Under IFRS 9, changes in fair value related to own credit risk for financial liabilities designated at fair value through profit or loss are recognised in other comprehensive income. The changes to other comprehensive income in own credit risk are subsequently transferred within equity to retained earnings reserves over the same period as the sales fee income is deemed to be earned. Any fair value impact not related to changes in own credit risk is recognised in the income statement.

Under Swiss accounting regulations for banks, changes in own credit risk are recognised through the compensation account and amortised through the income statement over the same period as the sales fee income is deemed to be earned. Any fair value impact not related to changes in own credit risk is also recognised in the income statement.



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Report of the Statutory Auditor

To the General Meeting of
Leonteq AG, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Leonteq AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including principal accounting policies.

In our opinion, the consolidated financial statements (pages 221 to 289) for the year ended 31 December 2023 give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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, together with 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.



Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: - Valuation of level 2 and level 3 financial instruments - Revenue recognition (fee income)
Materiality	CHF 7.35 million
Scoping	Based on our understanding of Group operations, we conducted full-scope audits for the two reporting units in Zurich, Switzerland: - Leonteq AG - Leonteq Securities AG (including Guernsey and Amsterdam branches) In aggregate, these two scoped-in reporting units represent scope coverage of 86% in terms of profit before taxes. All other reporting units were subject to analytical review procedures for the purpose of the Group audit.

Key Audit Matters

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

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Valuation of level 2 and level 3 financial instruments

» Similar level of risk as in previous year

Key audit matter

Financial instruments are classified as level 1 (unadjusted quoted prices in active markets), level 2 (input parameters can be observed directly or indirectly in the market) or level 3 (significant input parameters cannot be observed in the market) in accordance with IFRS 13 (Fair value measurement).

As at 31 December 2023, the Group reports total financial assets at fair value of CHF 7.9 billion (2022: 10.4 billion) of which CHF 1.5 billion (2022: 2.4 billion) are level 2 financial instruments, and financial liabilities at fair value of CHF 6.7 billion (2022: 7.8 billion) of which CHF 5.5 billion (2022: 5.9 billion) are level 2 and CHF 8 million (2022: 4 million) level 3 financial instruments. Financial liabilities mainly consist of issued structured products and derivative instruments.

As presented in notes 4 and 18 to the consolidated financial statements, determination of the fair value of complex or illiquid financial instruments, involves significant judgement (using complex valuation models and determination of input factors such as volatility and valuation adjustments). The extent of judgment applied by the Group in valuing the financial instruments varies with the nature of assets or liabilities, the markets in which they are traded, and the valuation methodology applied.

Audit response

Our procedures included:

- Gaining an understanding of the key controls in place;
- evaluating operating effectiveness testing of key controls (including data feeds and input to models) conducted by a third party;
- assessing the independent price verification (IPV) performed.

We utilised our valuation specialists in our audit of the valuation and we performed the following procedures:

- Calculated a range of comparable values for a sample of financial instruments using an independent valuation model and considered reasonable alternative key assumptions based on comparable securities and compared results.

We further utilised financial modelling specialists in our audit and we performed the following procedures:

- Inspected the model documentation and the related processes to assess logic and method of determination, and reasonableness and completeness of model documentation and processes for a sample of models including the underlying model for the level 3 financial instruments.

We assessed as well the adequacy of disclosures and sensitivity analysis.

Overall, in our view sufficient audit evidence was obtained to address the risk of valuation and we are satisfied that the valuation of level 2 and level 3 financial instruments is reasonable and in accordance with IFRS 13.

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Revenue recognition (fee income)

» Similar level of risk as in previous year

Key audit matter

As presented in notes 4, 9 and 29 to the consolidated financial statements, management exercises judgment in allocating fees earned to the Group's performance obligations and in determining the timing of when performance obligations are satisfied.

For the year 2023 the Group reports net fee income of CHF 213.3 million (2022: 221.6 million) and deferred fee income of CHF 57.7 million (2022: 62.7 million) and given the extent of judgement involved in recognising fee income for such services, we considered this to be a key audit matter.

Fees from these services include, among others the initial margin earned upon the issuance of structured investment products (Investment Solutions business).

Audit response

Our procedures included:

- assessing the design and implementation of certain controls relating to the complete and accurate recognition of fee income, including the accuracy of data and inputs for fee calculations;
- evaluating operating effectiveness testing of key controls conducted by a third party;
- for issued structured products, reconciling fee income according to the Group's front office system with the amounts according to the accounting system;
- assessing the assumptions in connection with fee deferral and reperformed deferred revenue calculation on a sample basis.
- reconciling on a sample basis the fee income received with cash receipts.

We assessed the adequacy of disclosures and consider these to be appropriate.

Overall, in our view sufficient audit evidence was obtained to address the risk of revenue recognition (fee income) and we consider judgments applied by management to be reasonable.

Materiality

We define materiality as the magnitude of misstatement in the consolidated financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Materiality	CHF 7.35 million
Basis for determining materiality	7% of two-year average of the result from operating activities
Rationale for the applied benchmark	We selected the result from operating activities as the basis for determining our materiality because, in our view, this measure represents the performance of the Group, it is one of the indicators against which it is commonly assessed, and it is a generally accepted benchmark.

We agreed with the Audit & Risk Committee that we would report to the Board of Directors all audit differences in excess of CHF 367,500, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the consolidated financial statements.

Overview of the Scope of our Audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit work on the audit of Leonteq AG and Leonteq Securities AG (including Guernsey and Amsterdam branches).

In aggregate, the level of coverage of the result from operating activities through full-scope audit is 86%. All other reporting unites were subject to analytical review procedures for the purpose of the Group audit.

Annual statutory audits are conducted by Deloitte at the majority of the Group’s affiliates, although these are predominantly completed subsequent to our audit report on the consolidated financial statements.

At the parent entity level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

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Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the statutory financial statements, the risk and control report and the audited sections of the compensation report 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 Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Deloitte.**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 at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm 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.

Deloitte AG


Sandro Schönenberger
Licensed Audit Expert
Auditor in Charge



Christian Weber
Licensed Audit Expert

Zurich, 6 February 2024

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Leonteq AG

Income statement for the years ended 31 December 2023 and 2022

CHF thousand	Note	2023	2022
Operating income			
Dividend income from subsidiaries		76,096	—
Interest income from Leonteq Securities AG	5	12	93
Interest expenses to Leonteq Securities AG	5	(23)	(5)
Interest income other	5	1	—
Interest expenses other	5	—	(73)
Total operating income		76,086	15
Operating expenses			
Personnel expenses	6	1,696	1,770
Other operating expenses	7	4,528	4,374
Total operating expenses		6,224	6,144
Result from operating activities		69,862	(6,129)
Extraordinary income		—	219
Profit/(loss) before taxes		69,862	(5,910)
Taxes	8	3	(56)
Net profit/(loss)		69,865	(5,966)

Leonteq AG

Balance sheet as of 31 December 2023 and 2022

Assets

CHF thousand	Note	31.12.2023	31.12.2022
Current assets			
Due from banks	1	459	432
Due from subsidiaries	2	505	18,893
Due from other customers		—	—
Accrued income and prepaid expenses	3	616	401
Total current assets		1,580	19,726
Non-current assets			
Financial investments		900	—
Investments in subsidiaries & joint ventures	4	299,045	298,088
Intangible assets		1,600	—
Total non-current assets		301,545	298,088
Total assets		303,125	317,814

Liabilities and shareholders' equity

CHF thousand	Note	31.12.2023	31.12.2022
Current liabilities			
Due to subsidiaries	2	11,931	361
Other liabilities		302	2
Accrued expenses	3	615	1,611
Provisions		400	—
Total current liabilities		13,248	1,974
Total liabilities		13,248	1,974
Shareholders' equity			
Share capital	12	18,934	18,934
Legal reserves		232,082	268,285
of which general legal reserves		3,189	3,189
of which reserves from capital contributions		228,893	265,096
Retained earnings		34,301	76,614
Net profit/(loss)		69,865	(5,966)
Own shares	12	(65,305)	(42,027)
Total shareholders' equity		289,877	315,840
Total liabilities and shareholders' equity		303,125	317,814

Proposal to the Annual General Meeting

The Board of Directors plans to propose to the Annual General Meeting of Leonteq AG on 28 March 2024 that a distribution totalling CHF 18.9 million (CHF 1.00 per share) will be paid in equal amounts out of retained earnings (dividend) and out of reserves from capital contributions (share premium) for the financial year 2023, and that the remaining retained earnings as well as accumulated reserves from capital contributions be carried forward.

Proposed appropriation of retained earnings

The Board of Directors plans to propose the following allocation of retained earnings.

CHF thousand	2023
Net profit/(loss)	69,865
Retained earnings	34,301
Retained earnings at the disposal of the Annual General Meeting	104,166
Distribution of profit	
Dividend distribution ¹	(9,467)
Allocation to general legal reserves	—
Allocation to other reserves	—
Retained earnings to be carried forward	94,699

¹ Depends on the number of dividend-entitled shares, max. 18'934'097 shares, as of 31 December 2023. The own shares held by Leonteq AG are not entitled to the distribution of dividends.

Proposed appropriation of reserves from capital contribution

The Board of Directors plans to propose the following allocation of reserves from capital contributions.

CHF thousand	2023
Reserves from capital contributions	
Balance carried forward 1 January	265,096
Distribution of reserves from capital contributions in 2023 ¹	(36,202)
Balance per 31 December	228,894
of which confirmed by the tax authorities	210,719
Proposed distribution of reserves from capital contributions in 2024 ¹	(9,467)
Balance to be carried forward	219,427

¹ The own shares held by Leonteq AG are not entitled to the distribution out of reserves from capital contributions.

Notes to the statutory financial statements

Accounting policies and valuation principles

The financial statements of Leonteq AG, Zurich (Leonteq or “the Company”), have been prepared in accordance with the Swiss Code of Obligations. The most significant accounting policies are summarised below:

Recognition of transactions

All transactions are accounted for at the time of their contractual initiation. Spot and forward transactions are recorded as off-balance sheet items until their value date becomes effective.

Foreign currency transactions and translation

	Spot rate 31.12.2023	Spot rate 31.12.2022	Average rate 2023	Average rate 2022
EUR / CHF	0.9290	0.9899	0.9716	1.0050
USD / CHF	0.8415	0.9246	0.8985	0.9548
GBP / CHF	1.0723	1.1186	1.1171	1.1794
JPY / CHF	0.0060	0.0071	0.0064	0.0073
HKD / CHF	0.1078	0.1184	0.1148	0.1219
SGD / CHF	0.6370	0.6903	0.6692	0.6925

1 Due from banks

CHF thousand	31.12.2023	31.12.2022
Due from banks	459	432
Total due from banks	459	432

2 Due from/to subsidiaries

CHF thousand	31.12.2023	31.12.2022
Due from subsidiaries		
Leonteq Securities AG – other receivables	505	194
Leonteq (Middle East) Ltd. – other receivables	—	1
Leonteq Securities AG – loan receivables	—	18,698
Total due from subsidiaries - current	505	18,893
Due to subsidiaries		
Leonteq Securities AG - other payables	214	348
Leonteq Securities AG - loan payables	11,700	—
Leonteq Securities (Europe) GmbH, London branch	17	13
Total due to subsidiaries - current	11,931	361

3 Accrued income and prepaid expenses/ accrued expenses and deferred income

CHF thousand	31.12.2023	31.12.2022
Accrued income and prepaid expenses		
Accrued interest income from Leonteq Securities AG	—	4
Prepaid expenses	616	397
Total accrued income and prepaid expenses	616	401
Accrued expenses and deferred income		
Accrued operating expenses	484	1,371
Accrued taxes	126	240
Total accrued expenses and deferred income	615	1,611

4 Investments in subsidiaries and joint ventures

Name	Domicile	Business activity	Share of votes and capital in %	Share capital (CHF thousand)	
				31.12.2023	31.12.2022
Subsidiaries					
Leonteq Securities AG ¹	Switzerland	Securities dealer	100%	15,000	15,000
Leonteq Securities (Monaco) SAM	Monaco	Financial services provider	99.90%	759	759
Leonteq Securities (Europe) GmbH ²	Germany	Financial services provider	100%	256	256
Leonteq Securities (Hong Kong) Ltd.	Hong Kong	Financial services provider	100%	1,224	1,224
Leonteq Securities (Singapore) PTE Ltd.	Singapore	Financial services provider	100%	741	741
Leonteq Securities (Japan) Ltd.	Japan	Financial services provider	100%	2,763	2,763
Leonteq (Middle East) Ltd.	United Arab Emirates	Financial services provider	100%	2,751	2,751
Joint Ventures					
Bench Services AG ³	Switzerland	Management and administration of pension funds	50%	100	—

¹ Leonteq Securities AG has branches in Amsterdam and Guernsey.

² Leonteq Securities (Europe) GmbH has branches in London, Lisbon, Milan and Paris.

³ Bench Services AG was founded on 17 November 2023.

5 Interest income and expense

CHF thousand	2023	2022
Other interest income from Leonteq Securities AG	12	93
Other interest income	1	—
Total interest income	13	93
Other interest expense to Leonteq Securities AG	23	5
Other interest expense	—	73
Total interest expense	23	78

6 Personnel expenses

CHF thousand	2023	2022
Board remuneration	1,663	1,667
Recruitment costs	33	103
Total personnel expenses	1,696	1,770

7 Other operating expenses

CHF thousand	2023	2022
Intercompany service recharges	520	834
Marketing expenses	230	185
Banking fees	46	61
Consulting fees	1,955	1,865
Insurances	1,723	1,289
Indirect taxes	(111)	4
T&E expenses	74	26
Other	91	110
Total other operating expenses	4,528	4,374

8 Taxes

CHF thousand	2023	2022
Income taxes	(60)	—
Capital taxes	57	56
Total taxes	(3)	56

9 Headcount

Leonteq AG did not have any employees in the financial years 2023 and 2022. All members of the Executive Committee are employed and paid by Leonteq Securities AG.

10 Guarantees and commitments

On 10 August 2015, Leonteq AG signed a deed of guarantee with Teighmore Ltd. relating to the lease of the former office premises of the London branch of Leonteq Securities (Europe) GmbH. In October 2017 the lease has been assigned to a third party. In connection with the transfer it was agreed that this deed of guarantee will remain with Leonteq AG. As of 31 December 2023, the total commitment relating to future rental payments under the original lease contract was GBP 2.5 million (CHF 2.6 million) (2022: GBP 3.9 million or CHF 4.4 million, respectively), excluding taxes.

On 11 December 2017, Leonteq AG provided a guarantee relating to the lease of the office premises of its subsidiary Leonteq Securities (Japan) Ltd. On 23 August 2022, the guarantee was extended by 5 years. As of 31 December 2023, the total commitment relating to future rental payments under this lease was JPY 132.9 million (CHF 0.8 million) (31 December 2022: JPY 156.3 million or CHF 1.1 million, respectively), excluding taxes.

11 Significant shareholders

	31.12.2023		31.12.2022	
	Number of shares held	Voting rights in %	Number of shares held	Voting rights in %
Raiffeisen Switzerland Cooperative	5,494,996	29.02%	5,494,996	29.02%
Lukas T. Rufin ¹	1,608,121	8.49%	1,570,314	8.29%
Sandro Dorigo	300,000	1.58%	400,000	2.11%
Subtotal shareholders' agreement	7,403,117	39.10%	7,465,310	39.43%
Rainer-Marc Frey ²	924,314	4.88%	1,346,713	7.11%
Swisscanto Fondsleitung AG ³	941,404	4.97%	941,404	4.97%
Directors and executives ⁴	185,391	0.98%	209,060	1.10%
Total significant shareholders	9,454,226	49.93%	9,962,487	52.62%

¹ Lukas T. Rufin holds 462,325 call options issued by Raiffeisen subject to the following conditions: Strike price CHF 210 (adjusted by cumulative dividends per share and effects of corporate actions from 2015 to 2025); subscription ratio 1:1; maturity 19 October 2025; European style.

² 31.12.2022: H21 Macro Limited, Cayman Islands, is the direct shareholder of part of these shares.

³ Creation of obligation to notify: 15 November 2022.

⁴ Excluding shareholdings of Lukas T. Rufin.

12 Share capital

The Company's share capital consisted of 18,934,097 registered shares with a nominal value of CHF 1.00 each and 18,934,097 registered shares with a nominal value of CHF 1.00 each as of 31 December 2023 and 31 December 2022, respectively.

Authorised capital

The authorisation to increase share capital by a maximum of CHF 4,000,000 expired on 31 March 2023.

Conditional share capital

On 27 March 2019, the Annual General Meeting approved an increase in share capital of a maximum of CHF 1 million through the issuance of up to 1 million fully paid-in registered shares with a nominal value of CHF 1.00 each to cover potential exposures arising from restricted stock units granted to certain Group employees.

Own shares

The Company held 1,378,256 and 806,443 own shares for potential future share deliveries as of 31 December 2023 and 31 December 2022, respectively. In the context of the share buyback programme launched on 3 April 2023, 439,855 shares were repurchased, corresponding to 2.32% of the company's share capital. The Board of Directors of Leonteq intends to propose to the next general meeting a capital reduction through the cancellation of these shares.

For further information, refer to Note 38 in the consolidated financial statements.

13 Ownership of shares and options by members of the Board of Directors and Executive Committee

For information pursuant to Art. 663c of the Swiss Code of Obligations on participations held by members of the Board of Directors and Executive Committee and on participation rights from the Group's compensation and incentive plans, refer to the Compensation Report on pages 166 to 190, as well as Note 13 of the consolidated financial statements.

Members of the Board of Directors did not hold any options to acquire shares as of 31 December 2023 and 31 December 2022, respectively. Except of one member of the Executive Committee, all other members did not hold any options to acquire shares as of 31 December 2023 and 31 December 2022, respectively. For further information refer to the Compensation Report on pages 166 to 190.

The Group has not granted any loans or guarantee commitments to members of the Board of Directors or members of the Executive Committee.

14 Auditor's remuneration

Audit fees

The Group paid Deloitte AG audit fees of CHF 1.1 million for 2023 and CHF 0.7 million for 2022.

Additional fees

Additional fees of CHF 27 thousand were paid to Deloitte AG in 2023 and CHF 32 thousand in 2022.

15 Collateralised assets

As of the balance sheet date, Leonteq AG has no transactions outstanding in relation to collateralisation or securitisation.

16 Events after the balance sheet date

No events occurred after the balance sheet date that would materially affect the financial statements.

17 Waiver due to publication of consolidated financial statements

In accordance with Swiss Code of Obligations, Art. 961d, we refer to the consolidated financial statements of the Group for the financial and operational review and the statement of cash flows.



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Report of the Statutory Auditor

To the General Meeting of
Leonteq AG, Zurich

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements (pages 294 to 303) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss 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, together with 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.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: Valuation of investments in subsidiaries
Materiality	CHF 4.5 million



Key Audit Matters

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

Valuation of investments in subsidiaries

» Similar level of risk as in previous year

Key audit matter

As presented in note 4 to the financial statements, the Company holds investments in Leonteq Group companies with a net carrying value representing 99% of total assets as at 31 December 2023 (2022: 94%).

Investments in subsidiaries are held at historical cost less impairments.

The Company identifies impairment by comparing the carrying value of the investment with the recoverable amount, which is calculated based on the net asset value.

The impairment test performed by management is subject to judgment around the valuation method, key assumptions used and the susceptibility to the expected future market developments that could affect the profitability and positive cash flows of these subsidiaries.

Accordingly, for the purposes of our audit, we identified judgments and estimates applied by management on the valuation of these investments as representing a key audit matter.

Audit response

We evaluated management's implementation of accounting policies regarding the valuation of investments in Group companies.

We obtained an understanding of internal controls around the valuation of investments in Group companies to determine whether appropriate controls are in place.

We examined the identification of impairment indicators performed by the Company.

We tested the valuations of investments in Group companies by critically assessing the methodology applied and the reasonableness of the underlying assumptions and judgments.

We validated the appropriateness and completeness of the related disclosures in the referenced note to the financial statements.

Overall, in our view and in the context of the inherent degree of judgement required, sufficient audit evidence was obtained to address the risk of valuation of investments in subsidiaries and we consider judgments and estimates applied by management on the valuation of investments in Group companies to be reasonable.

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Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	CHF 4.5 million
Basis for determining materiality	1.5% of total assets
Rationale for the applied benchmark	We selected total assets as the basis for determining our materiality, because, in our view, this measure best reflects the operations of a holding company.

We agreed with the Audit & Risk Committee that we would report to the Board of Directors all audit differences in excess of CHF 225,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the statutory financial statements, the risk and control report and the audited sections of the compensation 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.

Deloitte.

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 incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the 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 at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms an integral part of our report."

Deloitte.**Report on Other Legal and Regulatory Requirements**

In accordance with article 728a para. 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.

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

Deloitte AG

Schoenenberger Sandro
Licensed Audit Expert
Auditor in Charge



Christian Weber
Licensed Audit Expert

Zurich, 6 February 2024

Leonteq's Annual Report 2023 and the latest Sustainability Report can be accessed at

www.leonteq.com/annual-report-2023

Legal disclaimer

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