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Leonteq Securities AG

Annual Report 2024

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MANAGEMENT REPORT

Business review

Leonteq Securities AG (Leonteq or 'the Company') is the main operating subsidiary of Leonteq AG (together with its subsidiaries referred to hereinafter as 'the Group') and as a result, its financial performance is substantially comparable to the performance of the Group. Leonteq Securities AG is wholly owned by Leonteq AG.

Income statement

CHF million	FY 2024	FY 2023	Change y-o-y
Net fee income	157.9	149.7	5%
of which fee income from securities trading and investment activities	214.4	213.1	1%
of which fee expense	(57.3)	(63.9)	(10%)
Net trading result	21.7	36.9	(41%)
Net interest result	(1.5)	6.3	N/A
Other operating income	3.0	3.6	(18%)
Total operating income	181.1	196.6	(8%)
Personnel expenses	(80.7)	(88.9)	(9%)
Other operating expenses	(47.4)	(48.1)	(1%)
Depreciation	(32.9)	(32.5)	1%
Changes to provisions	(9.1)	(6.0)	52%
Total operating expenses	(170.1)	(175.4)	(3%)
Profit / (loss) before taxes	11.0	21.2	(48%)
Taxes	(0.9)	2.2	N/A
Net profit / (loss)	10.1	23.5	(57%)

Total operating income

Fee income from securities trading and investment activities grew by 1%, or CHF 1.3 million to CHF 214.4 million (2023: 213.1 million). Leonteq registered a decrease in large ticket transaction totalling to CHF 13.9 million, or 6% of the Company's net fee income in 2024, compared to CHF 22.5 million, or 11% in 2023. At the same time, fee expenses declined by 10% to CHF 57.3 million in 2024, compared to CHF 63.9 million, on the back of reduced transfer pricing charges between the Company and the Group's subsidiaries. As a result, **net fee income** rose by 5% to CHF 157.9 million, compared to CHF 149.7 million in 2023.

Positive contributions from hedging activities were recorded on the back of the short-term increase in market volatility in August, while negative hedging contributions resulted from an operational risk event in October as well as a continued reduction in market volatility in November and December 2024 following the US elections. As a result, the **net trading result** decreased to CHF 21.7 million compared to CHF 36.9 million in the prior year.

In preparation for the new regulatory regime, Leonteq extended available credit facilities. This negatively impacted the **net interest result** totalling CHF -1.5 million, compared to CHF 6.3 million in 2023.

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 2024, other operating income decreased by 18% to CHF 3.0 million from CHF 3.6 million in 2023, mainly due to the absence of non-recurring income from platform partners for onboarding services.

Total operating income decreased by 8% to CHF 181.1 million in 2024, compared to CHF 196.6 million in 2023, mainly driven by a lower net trading result and a decrease in the Company's net interest result.

Total operating expenses

Personnel expenses decreased to CHF 80.7 million in 2024, compared to CHF 88.9 million in 2023, mainly driven by a reduction of 9% in salaries and bonuses. The Company's staff base was reduced to 346 FTEs, compared to 357 in the prior year.

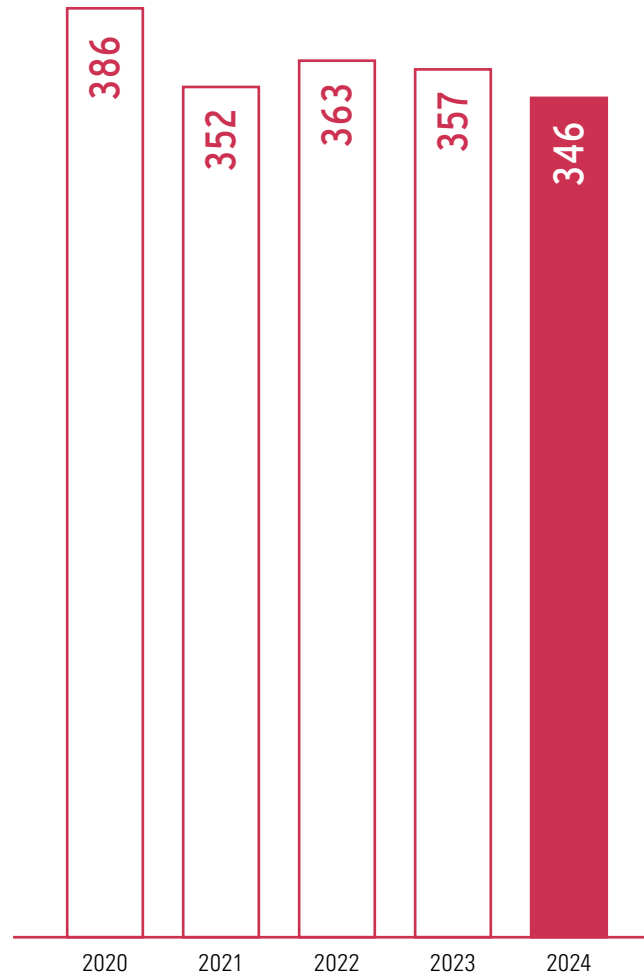
Other operating expenses decreased by 1% to CHF 47.4 million in 2024, compared to CHF 48.1 million in the prior year. The decrease was driven by lower IT-related expenses for network, data centre and market data services, partially offset by higher expenses for professional services primarily related to the new regulatory regime.

Depreciation of tangible and intangible assets rose by 1% to CHF 32.9 million, compared to CHF 32.5 million in 2023. These expenses are largely driven by Leonteq's investments in information technology equipment, as well as internally developed software and purchased software. Capital expenditures for these items amounted to CHF 26.3 million (2023: CHF 26.7 million), reflecting investments in Leonteq's major strategic initiatives, such as the retail flow business, LYNQS, and AMC Gateway. In addition, Leonteq continued to invest in its IT infrastructure.

During the reporting period, the Company increased net **provisions** to CHF 9.1 million in connection with the conclusion of regulatory matters. (2023: CHF 6.0 million).

As a result, total operating expenses decreased by 3% to CHF 170.1 million in 2024 compared to CHF 175.4 million in 2023.

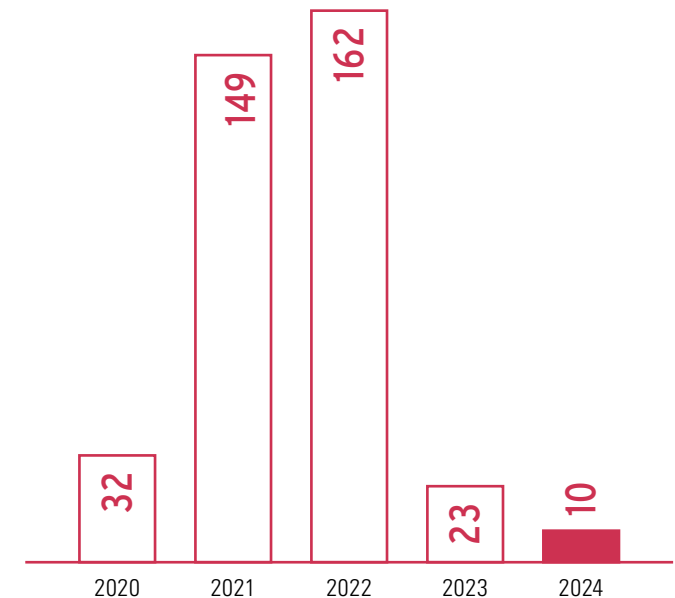
Number of full-time equivalents (FTEs)



Profitability

Leonteq reported profit before taxes of CHF 11.0 million in 2024, compared to CHF 21.2 million in 2023. Income tax expenses in 2024 amounted to CHF -0.9 million, whereas in 2023, income taxes were positive at CHF 2.2 million, mainly reflecting prior-year tax adjustments. Net profit amounted to CHF 10.1 million in 2024, compared to CHF 23.5 million in 2023. Shareholders' equity remained strong at CHF 761.0 million as of 31 December 2024, 1% higher than in the prior year (31 December 2023: CHF 750.0 million).

Net profit
(CHF million)



Balance sheet

Leonteq's total assets increased by CHF 1,400.6 million, or 15%, to CHF 10,607.1 million as of 31 December 2024, compared to CHF 9,206.4 million as of 31 December 2023. Cash and receivables increased by CHF 155.2 million, or 18%, mainly due to higher transaction volumes compared to end-2023. Trading financial assets increased by CHF 1,048.2 million, or 35%, mainly due to an increase in outstanding platform assets with platform partners and growth in Leonteq's fund derivatives business. The increase in outstanding volumes with partners also resulted in an increase in positive replacement values. Financial assets / investments reflect Leonteq's investment portfolio, which remained relatively stable at CHF 2,621.5 million as of 31 December 2024 (31 December 2023: CHF 2,789.1 million).

Total liabilities increased by CHF 1,389.6 million, or 16%, to CHF 9,846.1 million, driven mainly by the increase in securities financing transactions and higher volumes of derivatives with negative replacement values, in line with the increase in client activity and outstanding volumes with partners and Leonteq's own issuance.

Shareholders' equity totalled CHF 761.0 million as of 31 December 2024, up 1% from CHF 750.0 million as of 31 December 2023. This increase was predominantly due to unrealised income related to debt instruments measured at fair value through other comprehensive income and currency translation adjustments for structural US dollar positions.

Balance sheet

CHF million	31.12.2024	31.12.2023	Change from YE 2023	Change from YE 2023
Cash and receivables	1,039.6	884.4	18%	155.2
Trading financial assets ¹	4,061.3	3,013.0	35%	1,048.2
PRV ² of derivative financial instruments	2,765.5	2,398.7	15%	366.8
Financial assets / investments ³	2,621.5	2,789.1	(6%)	(167.7)
Other assets	119.3	121.2	(2%)	(1.9)
Total assets	10,607.1	9,206.4	15%	1,400.6
Short-term credit and liabilities	1,939.2	1,548.6	25%	390.7
Trading financial liabilities	137.2	54.0	154%	83.1
NRV ⁴ of derivative financial instruments	2,421.3	1,999.6	21%	421.7
Own structured investment products ⁵	5,185.6	4,667.0	11%	518.7
Other liabilities	162.8	187.3	(13%)	(24.6)
Total liabilities	9,846.1	8,456.5	16%	1,389.6
Shareholders' equity	761.0	750.0	1%	11.0
Total liabilities and shareholder's equity	10,607.1	9,206.4	15%	1,400.6

¹ Also includes trading inventories.

² Positive replacement values.

³ Includes other financial assets designated at fair value through profit or loss and financial investments measured at FVOCI.

⁴ Negative replacement values.

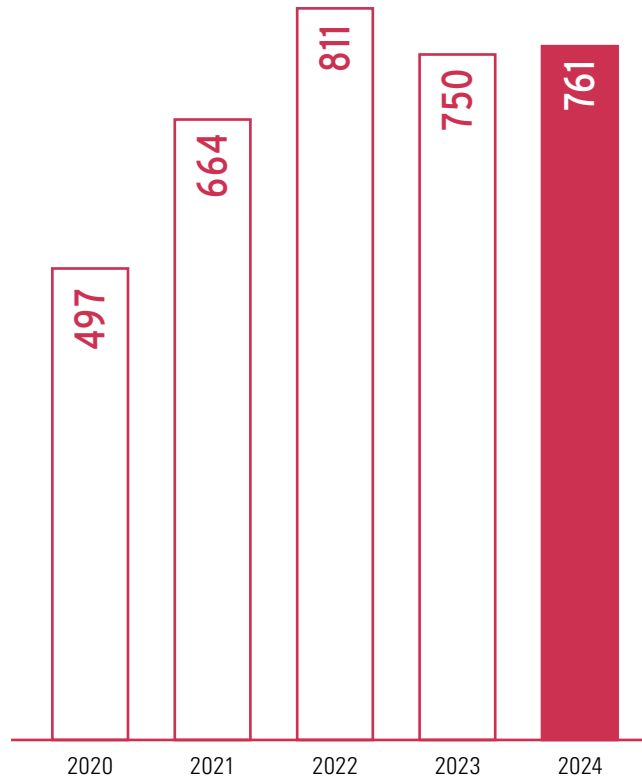
⁵ Other financial liabilities designated at fair value through profit or loss.

Regulatory framework and capital management

As of 31 December 2024, Leonteq was 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 calculated its eligible capital on the basis of the Company's shareholders' equity less intangible assets and less expected upcoming dividend payments. As of 31 December 2024, Leonteq reported eligible capital of CHF 753.4 million (31 December 2023: CHF 703.5 million).

Shareholders' equity
(CHF million)



New enhanced regulatory regime

Effective 1 January 2025, Leonteq is subject to enhanced capital and large exposure requirements. This regulatory regime takes into account Leonteq's growth in size and evolution of its business model and will be fully phased-in by mid-2026. The Company fully meets the current capital and large exposure requirements thanks to its strong capital position it built up over the last years. FINMA will additionally define final details of enhanced liquidity requirements in the coming months. Leonteq welcomes this regime as it provides a widely understood regulatory framework and further strengthens Leonteq's risk profile for its clients, white-labelling partners and hedging counterparties.

As a Swiss category 5 non-account holding securities firm, Leonteq was required to hold capital of CHF 20 million until 31 December 2024. Nonetheless, the Company consistently chose in recent years to operate with significantly higher capital levels (shareholders' equity of CHF 761 million and eligible capital of CHF 753 million as of 31 December 2024), in alignment with its prudent internal capital framework.

Under the enhanced framework applicable to Leonteq since 1 January 2025, Leonteq is subject to capital and large exposure requirements as defined by the Swiss Capital Adequacy Ordinance. The Swiss Financial Market Supervisory Authority (FINMA) will additionally define final details of an enhanced liquidity regime in the coming months. Leonteq will also be allowed to issue and account for hybrid capital and, once the liquidity regime has been finalised and subject to regulatory approval, banking counterparties will be allowed to risk-weight exposures to Leonteq as if it were a bank or account-holding securities firm counterparty (versus a corporate counterparty which carries higher risk weighting charges).

This enhanced regulatory regime reflects Leonteq's growth in size and the evolution of its business model since its foundation in 2007. In particular, it takes into account the significance that Leonteq has gained for the Swiss financial system, having processed more than 275,000 client transactions and generated turnover in investment products of approx. CHF 28 billion in 2024. Through its proprietary technology and service platform, Leonteq also acts as an important outsourcing partner for structured investment products to numerous large and mid-sized banks in Switzerland and abroad, which includes the offering of hedging services for products issued by its white-labelling partners. These hedging services create exposure for Leonteq towards its white-labelling partners and require Leonteq to provide liquidity for hedges.

In response to the current regulatory requirements and in order to achieve an appropriate return on risk weighted assets, Leonteq will reduce business activities on own product offerings which carry higher risk weightings. Where required, it will also introduce minimum margin requirements. From a liquidity and large exposure regulation perspective, Leonteq will introduce hedging exposure limits per white-labelling partner.

Leonteq will continue to service all its existing partners and expects to further diversify its ecosystem through the addition of new partners.

Leonteq fully meets the newly applicable capital and large exposure requirements thanks to its strong capital position it built up over the last few years. Leonteq is currently implementing the transition to capital calculations according to the fundamental review of the trading book (FRTB) standardised approach. This implementation will take time and Leonteq expects to publish its capital ratios and related disclosures with its half-year 2025 results. Leonteq will also consider in due course the issuance of a hybrid capital bond to optimise its capital structure.

The enhanced regulatory framework will further strengthen Leonteq's standing as a counterparty, product issuer and service provider while enhancing its risk, credit and liquidity profile. At the same time, the adjustment to business activities in the context of the new regime is expected to reduce platform turnover with existing white-labelling partners over time. To address these impacts, Leonteq plans to increase its balance sheet-light business with its existing white-labelling partners (which will reduce market risk exposure from its hedging activities) and will focus on increasing turnover from its own issued products as well as turnover generated with products issued by new white-labelling partners.

The enhanced regulatory framework is expected to support Leonteq's strategic ambitions to further increase recurring revenue streams and to intensify its activity addressing self-directed investors in the mid-term. Leonteq will become a more focused and profitable business with a further diversified client and revenue base as the company capitalises on new opportunities.

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categories and
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Capital
management

RISK MANAGEMENT & CONTROL

Audited information

These risk management and control disclosures form part of the financial statements 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 Company 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 risk management and control guiding principles were defined by the Board of Directors:

- The Company'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 Company's capital base and risk exposures must be continuously managed to ensure that it remains adequately capitalised in severe stress scenarios;
- The Company's liquidity must be continuously managed to ensure that it 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 Company 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 security risk
 - Cybersecurity risk
 - Other operational risks

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
- Risk and compliance policy framework
- Incentive system and internal management communication
- Internal rating by Leonteq
- External rating by major rating agencies

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.

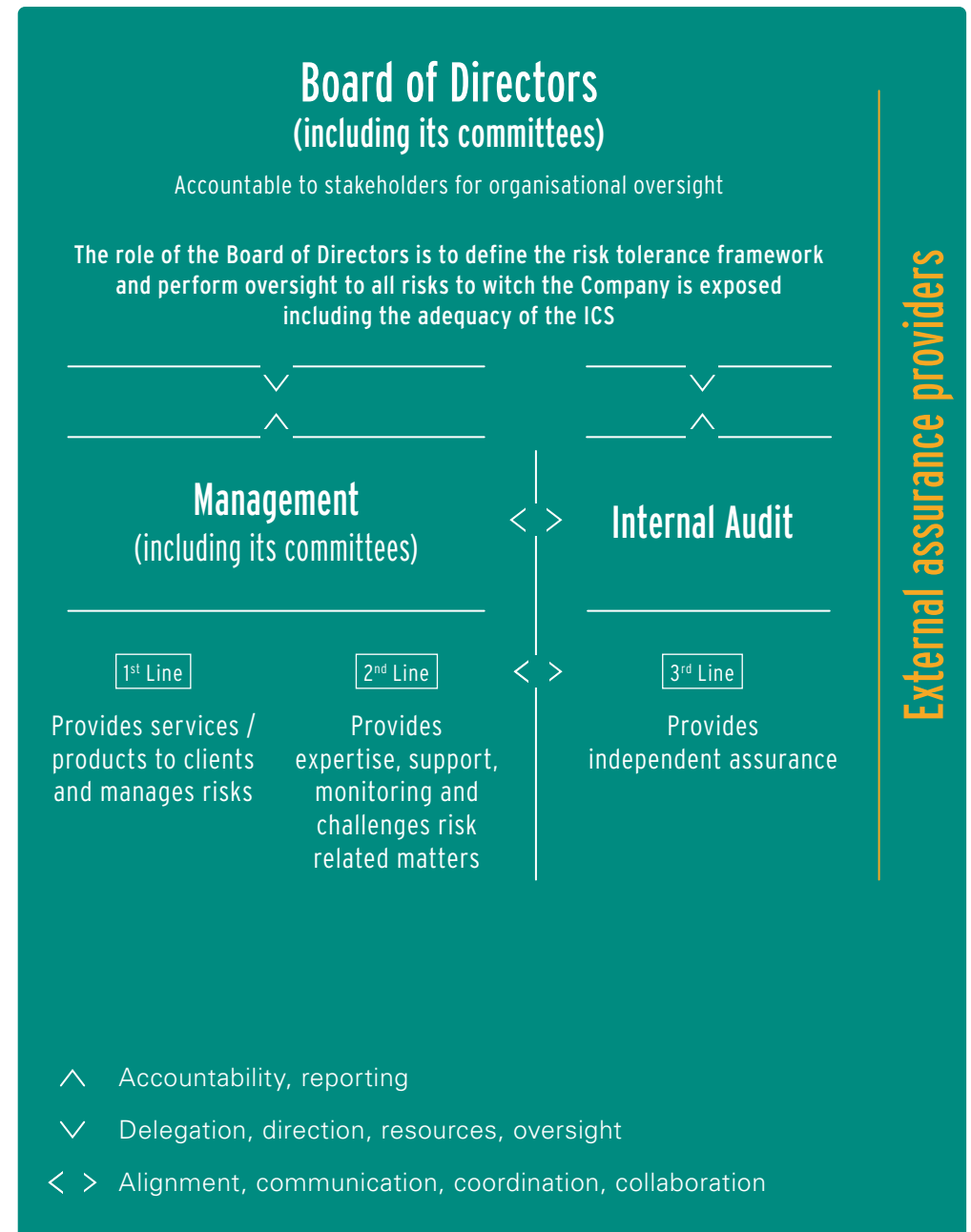
Overall responsibility for the Company-wide Internal Control System lies with the Board of Directors and its committee. The Board of Directors defines the overall guidelines and performs an assessment of the internal control system on a regular basis. It delegates the implementation and maintenance of 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 expertise and support to the first line. It performs independent controls and monitors 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 Company'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 Board of Directors is responsible for defining the risk tolerance framework, for overseeing the activities of the management are performed within such tolerance, and for overseeing risks to which the Company is exposed and the internal control framework. 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 Company.

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 Company'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 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 primarily responsible for the implementation of Leonteq's sustainability strategy and environmental, social and governance (ESG) measures with the goal of improving the integration of ESG best practice across Leonteq's business.

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.

The 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 and country 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

The overall risk tolerance level is set by the Board

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 Company'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 Company'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

Operational resilience refers to an organisation's ability to maintain its critical functions in the face of disruptive events and changes in its external environment. This ability allows Leonteq to identify and protect itself against potential threats and failures, to respond and adapt to severe but plausible events, and recover and learn from them.

In recent years, the emphasis on operational resilience has grown significantly within the industry, driven not only by regulatory requirements, but also a growing dependence on technical infrastructure and heightened exposure to information and cybersecurity risk. Recognising that a range of potential hazards cannot be entirely prevented, Leonteq has developed an approach to operational resilience that is aimed at mitigating potentially severe adverse impacts.

While business continuity management (BCM) often addresses short-term disruptions, operational resilience covers a longer period by emphasising Leonteq's adaptability and its ability to rapidly restore critical functions. It involves building a robust foundation that supports ongoing resilience rather than focusing on the recovery from specific incidents. It also requires the testing of severe but plausible scenarios that goes beyond the impact on a single asset and also examines their combined effects. Additionally, operational resilience involves proactive identification of vulnerabilities, robust risk management, and continuous improvement based on lessons learned.

The goal of operational resilience is to ensure the viability (survival) of the organisation, whereby Leonteq can still deliver its critical functions during severe but plausible disruption scenarios – a state in which Leonteq can still deliver its critical functions. Operational resilience is also key to avoid any disruption to the functioning of financial markets.

Leonteq established its operational resilience framework in 2023 with the aim of enhancing risk management, ensuring compliance with regulatory requirements, and providing assurance to clients and partners regarding the organisation's resilience. In January 2024, this framework was introduced in alignment with the FINMA Circular 2023/01 "Operational risks and resilience", exceeding the requirements that currently apply to Leonteq. Furthermore, a multi-year testing plan was developed, employing a risk-based testing approach. The initial scenario tests were conducted and reported in accordance with the established framework.

The key pillars of the operational resilience framework include:

- Definition of governance, including an operational resilience lifecycle and relevant responsibilities across all three lines;
- Definition of critical functions and related disruption tolerances, i.e. the maximum level of disruption that Leonteq is willing to tolerate;
- Mapping end-to-end value chains for critical functions, including process steps and essential resources such as IT applications, infrastructure, data, buildings, employees, and third parties;
- Identification and documentation of relevant operational risks and key controls;
- Scenario testing of performance and mitigating actions to ensure Leonteq's operational resilience; and
- Monitoring and reporting on operational resilience activities.

Recovery and resolution framework

Over the course of the last three years, and initially on its own initiative, Leonteq has implemented a recovery and resolution framework, ensuring its readiness in times of crisis.

Recovery plan

Leonteq's recovery plan is designed to identify options to improve its financial strength and viability in case Leonteq was 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 triggers 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 resolution plan 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. The measures vary in terms of their complexity and potential challenges during their implementation, as well as time to impact.

Risk infrastructure

The Company'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 Company'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.

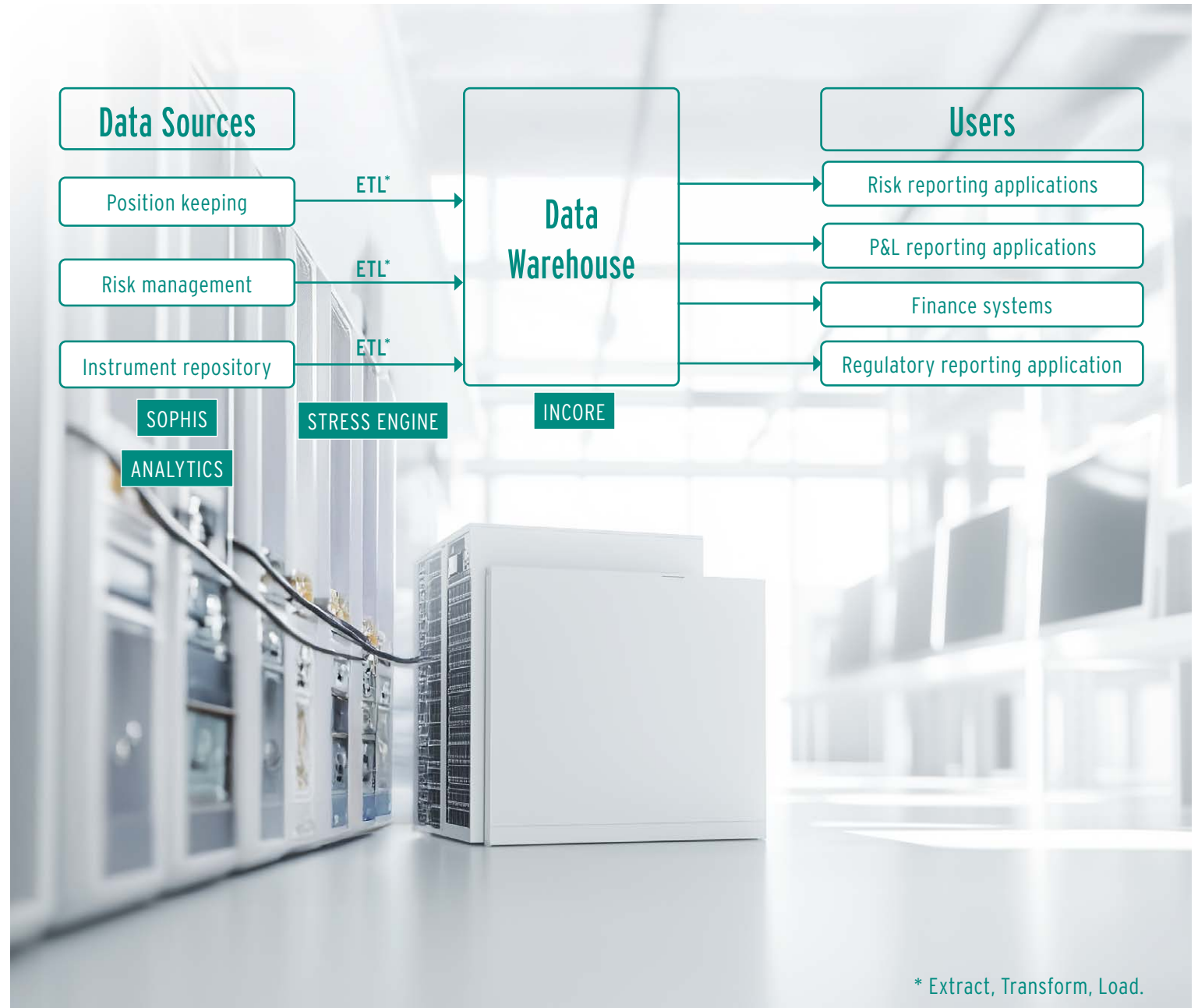
Sophis RISQUE is the Company's risk management, trading and position keeping system. Leonteq deploys Sophis RISQUE for all products across all asset classes in all its business lines, including for straight-through processing, covering a large part of the value chain from trading to the mid- and back-office areas.

The Company 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 Company uses a stress testing engine developed in-house, reducing its dependency on third-party providers and allowing the Company 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 Company's market data. The resulting volatility surfaces allow both exotic and vanilla options to be priced on a continuous basis. This methodology enables the Company'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.



* Extract, Transform, Load.

Risk categories and measurement

The Company'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 Company seeks to hedge efficiently), changes in the operating environment (markets or regulation) or the launch of new activities (new products).

Risk measures

The Company 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, 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. risk limits, alert levels and/or thresholds) are applied to both financial and non-financial risk measures.

Stress testing

The Company conducts several hundred daily stress tests on its portfolios to monitor and manage exposures to various risks, ensuring they remain within defined risk tolerance levels. Additionally, tailored stress scenarios are designed to account for changes in key risk factors, including asset prices, volatilities, correlations, dividends, commodities, precious metals, crypto assets, foreign exchange rates, interest rates, and credit spreads.

Sensitivity analysis

The Company performs daily calculations of the sensitivity of individual positions and entire portfolios to changes in underlying risk factors.

Risk concentrations

Management considers that a risk concentration exists when an individual or Company 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 Company 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, 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; and
- 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 2024, the Company had the following exposures relating to its financial assets and liabilities.

Impact on the income statement

CHF thousand	31.12.2024	31.12.2023
Risk measure		
Commodity delta risk	22	(16)
Commodity vega risk	(89)	153
Crypto delta risk	(2)	—
Equity delta risk	(887)	(406)
Equity vega risk	7,252	7,502
Equity correlation risk	(3,171)	(2,895)
Equity dividend risk	(4,127)	(3,396)
Foreign exchange delta risk – G10	54	24
Foreign exchange delta risk – EM	(9)	(7)
Foreign exchange vega risk	(738)	380
Interest rate risk – G10	(425)	(60)
Interest rate risk – EM	32	4
Interest rate vega risk	12	36
Precious metal delta risk	88	21
Precious metal vega risk	225	212
Credit spread risk – Credit linked products	28	10
Credit spread risk – Government and agencies	(1)	(4)
Credit spread risk – Corporates and banks	(53)	(262)

Impact on shareholders' equity

CHF thousand	31.12.2024	31.12.2023
Risk measure		
Foreign exchange delta – G10	3,175	2,945
Credit spread risk – Government and agencies	(1,979)	(2,210)
Credit spread risk – Corporates and banks	(5,528)	(6,080)

Financial markets had to navigate a dynamic environment in 2024 that was influenced by geopolitical tensions and evolving monetary policies. Central banks implemented rate cuts mainly during the second half of the year while equity markets displayed resilience. The risk characteristics of products issued by Leonteq and its partners remained stable. Equity vega decreased, while dividend and correlation risks increased slightly compared to 31 December 2023. The credit quality of Leonteq's investment portfolio as of 31 December 2024 further improved as a result of a more conservative investment approach.

The Company 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 2024, 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 Company's equity are shown in the above table.

The Company 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 Company 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 2024 and 31 December 2023.

Structured investment products

31 December 2024

CHF thousand	Spot -10%	Spot -5%	Spot -2%	Spot 0%	Spot +2%	Spot +5%	Spot +10%
Vol. -5%	(78,046)	(55,533)	(41,308)	(36,461)	(33,224)	(26,135)	(15,832)
Vol. -2%	(34,883)	(20,740)	(15,208)	(14,377)	(15,444)	(14,404)	(9,702)
Vol. 0%	(8,698)	345	1,092	0	(2,360)	(4,563)	(3,725)
Vol. +2%	14,827	19,530	17,501	14,650	11,127	6,826	4,051
Vol. +5%	44,974	46,134	41,783	37,468	32,445	25,780	19,136
Vol. +10%	84,553	85,196	80,406	75,301	69,316	60,908	50,176

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

Long-term savings and retirement products

31 December 2024

CHF thousand	Spot -50bp	Spot -25bp	Spot 0bp	Spot +25bp	Spot +50bp
Vol. -20bp	(1,622)	(1,580)	114	1,695	1,646
Vol. -10bp	557	(570)	(24)	589	78
Vol. 0bp	2,226	274	0	(59)	(883)
Vol. +10bp	3,803	1,240	313	(292)	(1,387)
Vol. +20bp	5,338	2,300	832	(228)	(1,568)

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

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 Company 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 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 Company'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	31.12.2024 Exposure	31.12.2023 Exposure
OTC	25.3	34.6
SLB	93.8	42.6
Total	119.1	77.2

Investment portfolio

The Company 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". The credit ratings used are based on the lower of Moody's and S&P.

In view of the new regulatory regime, Leonteq increased the share of high quality assets in its investment portfolio, which resulted in a shift towards a larger amount of high rated government bonds.

	Maturity						Total	Total in %
	0-12 months	12-24 months	24-36 months	36-48 months	48-60 months	>60 months		
31 December 2024								
CHF million								
Governments and agencies¹	95.6	209.7	140.3	276.3	33.4	36.7	792.2	32.0%
of which Aaa	50.1	75.2	62.0	135.1	26.0	19.4	367.9	14.9%
of which Aa1-Aa3	40.1	134.6	59.3	141.2	—	17.3	392.5	15.9%
of which A1-A3	5.4	—	19.0	—	7.4	—	31.7	1.3%
Corporates	56.6	187.2	147.3	205.3	146.0	434.7	1,177.2	47.6%
of which Aaa	—	33.1	—	—	—	26.3	59.4	2.4%
of which Aa1-Aa3	19.8	16.6	15.7	78.4	81.9	300.3	512.7	20.7%
of which A1-A3	26.0	134.8	105.0	124.3	64.1	108.1	562.3	22.7%
of which Baa1-Baa3	10.8	2.7	26.6	2.6	—	—	42.7	1.7%
Banks	30.4	167.2	116.6	146.0	24.2	19.4	503.8	20.4%
of which Aaa	—	22.7	19.4	49.4	19.6	—	111.2	4.5%
of which Aa1-Aa3	12.4	6.8	9.9	9.4	4.5	19.4	62.4	2.5%
of which A1-A3	18.0	137.6	73.7	87.2	—	—	316.6	12.8%
of which Baa1-Baa3	—	—	13.6	—	—	—	13.6	0.5%
Total	182.6	564.1	404.3	627.6	203.6	490.9	2,473.1	100.0%

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

31 December 2023	Maturity						Total	Total in %
	0–12 months	12–24 months	24–36 months	36–48 months	48–60 months	>60 months		
CHF million								
Governments and agencies¹	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 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 Company 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 Company 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; and
- 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; and
- 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 Company being impacted. Funding consumption occurs mainly within Leonteq Securities AG, Zurich, and Leonteq Securities AG, Amsterdam Branch.

The Company is exposed to funding liquidity and refinancing risk primarily due to the issuance of structured products for the Company as well as its platform partners for whom the Company provides derivative hedges. In addition, Leonteq is required to post collateral with SIX to secure obligations relating to collateralised 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 Company-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 Company'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 31.12.2024
Assets					
Financial assets					
Cash and balances at central banks	136,867	—	—	—	136,867
Amounts due from banks	465,519	—	—	—	465,519
Amounts due from securities financing transactions	43,307	—	—	—	43,307
Amounts due from customers	393,881	—	—	—	393,881
Trading financial assets	3,653,840	—	—	—	3,653,840
Positive replacement values of derivative financial instruments	2,765,464	—	—	—	2,765,464
Other financial assets designated at fair value through profit or loss	148,368	—	—	—	148,368
Financial investments measured at fair value through other comprehensive income	2,473,083	—	—	—	2,473,083
Other financial assets	206	179	22,918	—	23,303
Total financial assets	10,080,535	179	22,918	—	10,103,632
Non-Financial assets					
Trading inventories	407,411	—	—	—	407,411
Deferred tax assets	—	—	—	1,588	1,588
Tangible assets ¹	—	—	—	29,719	29,719
Intangible assets ¹	—	—	—	57,816	57,816
Other non-financial assets	—	6,114	805	—	6,919
Total non-financial assets	407,411	6,114	805	89,123	503,453
Total assets	10,487,946	6,293	23,723	89,123	10,607,085
Liabilities					

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2024
Financial liabilities					
Amounts due to banks	320,795	—	—	—	320,795
Liabilities from securities financing transactions	1,136,406	—	—	—	1,136,406
Amounts due to customers	482,025	—	—	—	482,025
Trading financial liabilities	137,167	—	—	—	137,167
Negative replacement values of derivative financial instruments	2,421,330	—	—	—	2,421,330
Other financial liabilities designated at fair value through profit or loss	5,185,627	—	—	—	5,185,627
Other financial liabilities ²	11,773	20,916	7,540	14,882	55,111
Total financial liabilities	9,695,123	20,916	7,540	14,882	9,738,461
Non-Financial liabilities					
Current tax liabilities ³	—	—	970	12,000	12,970
Deferred tax liabilities	—	—	—	—	—
Other non-financial liabilities ⁴	—	18,651	18,987	42,262	79,900
Provisions	—	—	1,710	13,061	14,771
Total non-financial liabilities	—	18,651	21,667	67,323	107,641
Total liabilities	9,695,123	39,567	29,207	82,205	9,846,102

¹ Immobilized

² Other financial liabilities with a long-term maturity mainly comprises lease liabilities (see Note 30).

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 31.12.2023
Assets					
Financial assets					
Cash and balances at central banks	142,697	—	—	—	142,697
Amounts due from banks	417,526	—	—	—	417,526
Amounts due from securities financing transactions	20,667	—	—	—	20,667
Amounts due from customers	303,512	—	—	—	303,512
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	—	—	—	2,608,286
Other financial assets	196	309	19,229	—	19,734
Total financial assets	8,798,322	309	19,229	—	8,817,860
Non-Financial assets					
Trading inventories	287,072	—	—	—	287,072
Deferred tax assets	—	—	—	2,064	2,064
Tangible assets ¹	—	—	—	35,322	35,322
Intangible assets ¹	—	—	—	57,468	57,468
Other non-financial assets	—	5,779	874	—	6,653
Total non-financial assets	287,072	5,779	874	94,854	388,579
Total assets	9,085,394	6,088	20,103	94,854	9,206,439
Liabilities					

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2023
Financial liabilities					
Amounts due to banks	252,208	—	—	—	252,208
Liabilities from securities financing transactions	805,197	—	—	—	805,197
Amounts due to customers	491,171	—	—	—	491,171
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	2,590	20,080	7,902	21,080	51,652
Total financial liabilities	8,271,745	20,080	7,902	21,080	8,320,807
Non-Financial liabilities					
Current tax liabilities ³	—	—	1,430	12,000	13,430
Deferred tax liabilities	—	—	—	544	544
Other non-financial liabilities ⁴	—	28,949	18,486	52,308	99,743
Provisions	—	—	4,172	17,781	21,953
Total non-financial liabilities	—	28,949	24,088	82,633	135,670
Total liabilities	8,271,745	49,029	31,990	103,713	8,456,477

¹ Immobilized

² Other financial liabilities with a long-term maturity mainly comprises lease liabilities (see Note 30).

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).

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 Company 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 Company's available capital, and do not affect the income statement.

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. Model risk management framework has been under review in 2024 to further strengthen model calibration and model monitoring aspects.

Non-financial risks

The Company 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 Company 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 Company, 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.

Sustainability risk

Sustainability risk is defined as the risk of any negative financial or non-financial (e.g. reputational) impact on Leonteq stemming from the current or prospective impacts of ESG (environmental, social, and governance) factors on Leonteq, its business activities, and/or Leonteq's stakeholders. More details can be found in Leonteq's Sustainability report.

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 Company'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: Business and product risk, business disruption risk, change and project management risk, compliance risk, cybersecurity risk, data management and model risk, fraud risk, governance and supervision risk, information security risk, legal risk, people risk, physical safety risk, reporting, risk framework risk, settlement risk, tax risk, technology risk, third party risk, and transaction processing 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. Particular focus is placed on the key risk indicators within the Company's core risk management system. In 2024, the key risk framework was further enhanced to strengthen proactive risk management, facilitate the early identification of emerging risks and provide a comprehensive view of Leonteq's operational risk landscape. 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 Company 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 Company-wide inventory. Operational Risk Control independently reviews the assessments produced by management and collates the Company'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 Company, 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 Company, 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.

Legal and compliance risks including conduct risk, are inherent in all of Leonteq's businesses activities. They 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 Company.

Information security risk

Information security risk is defined as the risk of potential loss, damage, or harm due to threats adversely affecting confidentiality, integrity, or the availability of Leonteq's data or information systems regardless of the medium (digital, physical, or human). Information security risk is broad in scope, encompassing both physical and digital information as well as processes, people, and technology. It typically includes human errors, malicious internal or external acts, and physical breaches. Examples include the loss of physical documents, data leaks by parties within the organisation, or system outages and data loss due to physical damage.

The information security framework at Leonteq is designed to protect the confidentiality, integrity, and availability of the information Leonteq uses to conduct its business activities. Leonteq mitigates its information security risk by adopting stringent information security practices and by deploying a range of security tools to monitor its environment and to issue alerts if any risk indicators emerge. These measures focus on ensuring the overall security of information assets, including physical, procedural, and digital safeguards. 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 information safeguards are in place.

Information security management and risk mitigation efforts include aspects such as risk assessments, data classification, access controls, a clear desk policy, and policies governing remote working and the acceptable use of electronic communications, operations security, supplier management, as well as physical security measures.

Cybersecurity risk

Cybersecurity risk is defined as the risk of potential loss, damage, or harm to Leonteq or its employees if the security of information systems or digital assets is compromised through cyber threats. Cybersecurity is narrower in scope than information security, and it focuses on protecting digital systems, networks, and electronic data. A cyber threat is any circumstance or event with the potential to adversely impact the confidentiality, integrity, or availability of Leonteq's information systems or digital assets. Similarly, a cybersecurity incident refers to any adverse event or incident that compromises the confidentiality, integrity, or availability of Leonteq's digital systems, networks, and electronic data formation. This includes, but is not limited to, unauthorised access, use, disclosure, disruption, modification, or destruction of information systems or digital assets, hackers, malware infections, phishing, ransomware, denial-of-service (DoS) or distributed denial-of-service (DDoS) attacks, insider threats, and security policy violations.

Leonteq mitigates cybersecurity risk by adopting robust cybersecurity practices and it uses a range of cybersecurity tools to monitor its environment in real time and to issue alerts if any risk indicators emerge. These measures focus on ensuring the overall security of information systems and digital assets, including procedural and digital safeguards (e.g. firewalls, encryption, intrusion detection systems, threat monitoring, and software updates). For third-party services and service providers, Leonteq performs a data protection impact analysis prior to initiation of the contract. It also assesses cloud-service providers based on internal policies to ensure appropriate digital safeguards are in place.

Technical defences alone are not sufficient to ensure the safety of digital assets in a commercial environment. To enable the Company to meet stringent regulatory and security practices, technical defences are also backed by strong and regular governance routines including:

- Internal and external audits of cyber defences and routines to ensure compliance with the Company's requirements and foster good practices;
- Regular penetration tests, which are carried out in the Company's general environment on a routine basis and also when the Company launches a new digital service;
- Internal checks and reviews that have been established to verify that the Company'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 Company, understand the corporate values and culture, together with strategies to work within a safe environment.

While information security risk encompasses all risks to information, regardless of their format, cybersecurity risk is a subset of information security risk that specifically addresses risks to digital systems and electronic data. Both risk types often overlap, although their scope and specific threats differ.

Recent developments and emerging risks

Conclusion of FINMA proceedings: On 12 December 2024, the Swiss Financial Market Supervisory Authority (FINMA) announced the completion of proceedings against Leonteq and has ordered a range of organisational measures to remediate shortcomings identified at Leonteq in the distribution of its financial products through a few distributors abroad. Among others, Leonteq will in future only conduct business with distributors that are subject to regulation and has discontinued distribution relationships with a few unregulated distributors. FINMA also decreed a profit disgorgement of CHF 9.3 million in relation to transactions with two former distributors in the period from January 2018 to June 2022.

FINMA's probe was triggered by a disclosure by the Group as well as allegations raised by the media and third parties. Various of these allegations have turned out to be unfounded and in particular there remains no indication that Leonteq intentionally participated in any potential money laundering or tax fraud.

Leonteq undertook a comprehensive programme over the last few years to strengthen its global compliance and risk management framework. Leonteq made new appointments to key leadership and expert positions and reduced the number of target markets. This programme addressed many of the weaknesses identified by FINMA. Leonteq enhanced its internal control system by introducing new policies, adding additional controls and widening the scope of its monitoring activities. The effectiveness of the internal control functions have been significantly improved through substantial investments in staff – with headcount in compliance and risk control more than doubled in recent years – as well as in processes, technology and data analysis. In addition, significant investments have been and continue to be made in enhancing transaction monitoring and monitoring of Leonteq's distribution chain. Leonteq notes that FINMA has expressly acknowledged these measures in its assessment. Further measures ordered by FINMA are being implemented with high priority in the course of 2025. Following notification by Leonteq that it has completed all measures,

FINMA will appoint an audit mandatory who will audit the correct implementation of these measures.

Further to the proceedings by FINMA, Leonteq experiences ongoing regulatory scrutiny in some countries with respect to allegations raised in media articles and the Group continues to maintain an active dialogue with the respective authorities.

Capital management

Until 31 December 2024, Leonteq was classified as a Swiss category 5 non-account holding securities firm according to the Swiss Financial Institutions Act (FinIA) and the Financial Institutions Ordinance (FinIO). 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. Under this regulatory framework, Leonteq calculated its eligible capital on the basis of the Company's shareholders' equity less intangible assets and less expected upcoming dividend payments. As of 31 December 2024, Leonteq reported eligible capital totalling CHF 753.4 million (31 December 2023: CHF 703.5 million).

Leonteq also has a robust capital adequacy and planning process in place to ensure that the Company's own funds are sufficient to cover potential losses in the event of severe adverse market shocks or other events.

Effective 1 January 2025, Leonteq is subject to enhanced capital and large exposure requirements as defined by the Swiss Capital Adequacy Ordinance. The Swiss Financial Market Supervisory Authority (FINMA) will additionally define final details of an enhanced liquidity regime in the coming months. Leonteq will also be allowed to issue and account for hybrid capital and, once the liquidity regime has been finalised and subject to regulatory approval, banking counterparties will

be allowed to risk-weight exposures to Leonteq as if it were a bank or account-holding securities firm counterparty (versus a corporate counterparty which carries higher risk weighting charges).

Leonteq fully meets the current capital and large exposure requirements thanks to its strong capital position it built up over the last few years. Leonteq is currently implementing the transition to capital calculations according to the fundamental review of the trading book (FRTB) standardised approach. This implementation will take time and Leonteq expects to publish its capital ratios and related disclosures with its half-year 2025 results. Leonteq will also consider in due course the issuance of a hybrid capital bond to optimise its capital structure.

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FINANCIAL REPORT

Financial Statements

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Leonteq Securities AG

Income statement for the years ended 31 December 2024 and 2023

CHF thousand	Note	2024	2023
Fee income from securities trading and investment activities		214,368	213,090
Fee income from other services		847	535
Fee expenses		(57,332)	(63,888)
Net fee income	9	157,883	149,737
Result from trading activities and the fair value option	10	21,740	36,920
of which interest revenue on FVOCI and amortised cost instruments related to trading activities		56,433	48,894
of which interest expense on amortised cost instruments related to trading activities		(16,217)	(18,837)
Interest income from financial assets measured at amortised cost		6,155	14,900
Interest expense from financial liabilities measured at amortised cost		(8,101)	(10,506)
Credit loss (expense) / recovery	34	475	1,932
Net result from interest operations	11	(1,471)	6,326
Other operating income	12	2,985	3,632
Total operating income		181,137	196,615
Personnel expenses	13	(80,739)	(88,852)
Other operating expenses	14	(47,418)	(48,098)
Depreciation and amortisation of tangible & intangible assets	30	(32,888)	(32,473)
Changes to provisions, other value adjustments and losses	35	(9,095)	(5,984)
Total operating expenses		(170,140)	(175,407)
Result from operating activities		10,997	21,208
Income Taxes	15	(916)	2,247
Net profit		10,081	23,455
of which allocated to shareholders of Leonteq Securities AG		10,081	23,455

Statement of other comprehensive income for the years ended 31 December 2024 and 2023

CHF thousand	Note	2024	2023
Net profit		10,081	23,455
Other comprehensive income/(loss) that will not be reclassified to the income statement (net of tax)			
Remeasurement of defined benefit plan	16, 33	2,186	(3,524)
Changes in own credit spread	16, 17	2,457	111
Total other comprehensive income/(loss) that will not be reclassified to the income statement		4,644	(3,413)
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, 27	6,288	18,149
Expected credit loss changes on debt instruments measured at fair value through other comprehensive income	16, 34	(588)	(1,605)
Currency translation adjustments		24,957	(30,881)
Total other comprehensive income/(loss) that may be reclassified to the income statement		30,657	(14,338)
Total other comprehensive income/(loss)		35,300	(17,751)
Total comprehensive income		45,382	5,704
of which allocated to shareholders of Leonteq Securities AG		45,382	5,704

The notes on pages 42 to 101 are an integral part of these financial statements.

Leonteq Securities AG

Statement of financial position as of 31 December 2024 and 2023

CHF thousand	Note	31.12.2024	31.12.2023
Assets			
Cash and balances at central banks	19	136,867	142,697
Amounts due from banks	20	465,519	417,526
Amounts due from securities financing transactions	22	43,307	20,667
Amounts due from customers	21	393,881	303,512
Trading financial assets	23	3,653,840	2,725,961
of which assets lent as collateral with the right to sell or repledge		544,793	434,350
Trading inventories	24	407,411	287,072
Positive replacement values of derivative financial instruments	25	2,765,464	2,398,656
Other financial assets designated at fair value through profit or loss	26	148,368	180,821
Financial investments at fair value through other comprehensive income	27	2,473,083	2,608,286
of which assets lent as collateral with the right to sell or repledge		554,322	387,512
Accrued income and prepaid expenses	28	6,298	5,795
Other assets	29	23,924	20,592
Deferred tax assets	15	1,588	2,064
Tangible assets	30	29,719	35,322
Intangible assets	30	57,816	57,468
Total assets		10,607,085	9,206,439

CHF thousand	Note	31.12.2024	31.12.2023
Liabilities			
Amounts due to banks	20	320,795	252,208
Liabilities from securities financing transactions	22	1,136,406	805,197
Amounts due to customers	21	482,025	491,171
Trading financial liabilities	23	137,167	54,019
Negative replacement values of derivative financial instruments	25	2,421,330	1,999,595
Other financial liabilities designated at fair value through profit or loss	26	5,185,627	4,666,965
Accrued expenses and deferred income	28	88,059	109,973
Current tax liabilities	15	12,970	13,430
Deferred tax liabilities	15	—	544
Other liabilities	29	46,952	41,422
Provisions	35	14,771	21,953
Total liabilities		9,846,102	8,456,477
Equity			
Share capital	36	15,000	15,000
Share premium		269,306	269,306
Retained earnings ¹		504,763	526,760
Accumulated other comprehensive income/(loss)		(28,086)	(61,104)
Total shareholders' equity		760,983	749,962
Total liabilities and equity		10,607,085	9,206,439

¹ Retained earnings comprise cumulated earnings, including net profit for the years ended 31 December 2024 and 31 December 2023, respectively.

The notes on pages 42 to 101 are an integral part of these financial statements.

Leonteq Securities AG

Statement of changes in equity for the years ended 31 December 2024 and 2023

CHF thousand

	Accumulated other comprehensive income/(loss)									
	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	Total shareholders' equity
Balance as of 1 January 2023	15,000	269,306	570,224	3,756	—	(27,098)	5,971	(25,698)	—	811,462
Equity-settled share-based payments	—	—	3,297	—	—	—	—	—	—	3,297
Dividends and other distributions	—	—	(70,500)	—	—	—	—	—	—	(70,500)
Other allocations to/(transfers from) other comprehensive income	—	—	—	(3,524)	111	18,149	(1,605)	(30,881)	—	(17,751)
Transfers within equity ¹	—	—	285	—	(285)	—	—	—	—	—
Net profit	—	—	23,455	—	—	—	—	—	—	23,455
Balance as of 31 December 2023	15,000	269,306	526,760	233	(174)	(8,949)	4,366	(56,579)	—	749,962

CHF thousand

	Accumulated other comprehensive income/(loss)									
	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	Total shareholders' equity
Balance as of 1 January 2024	15,000	269,306	526,760	233	(174)	(8,949)	4,366	(56,579)	—	749,962
Equity-settled share-based payments	—	—	(4,361)	—	—	—	—	—	—	(4,361)
Dividends and other distributions	—	—	(30,000)	—	—	—	—	—	—	(30,000)
Other allocations to/(transfers from) other comprehensive income	—	—	—	2,186	2,457	6,288	(588)	24,957	—	35,300
Transfers within equity ¹	—	—	2,283	—	(2,283)	—	—	—	—	—
Net profit	—	—	10,081	—	—	—	—	—	—	10,081
Balance as of 31 December 2024	15,000	269,306	504,763	2,419	0	(2,662)	3,778	(31,622)	—	760,983

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 17.

Leonteq Securities AG

Statement of cash flows for the years ended 31 December 2024 and 2023

CHF thousand	Note	2024	2023
Cash flow from operating activities			
Net profit		10,081	23,455
Adjustments for non-cash items in net profit			
Depreciation and amortisation expense	30	32,888	32,473
Increase/(Decrease) in deferred taxes	15	(68)	(513)
Change in expected credit loss provision	34	(459)	(1,967)
Change in general provision	35	9,095	5,946
Expenses from employee participation schemes	13	6,091	10,502
Other non-cash income and expenses		1,234	(2,624)
Net (increase)/decrease in assets related to operating activities			
Amounts due from banks	20	(106,639)	110,878
Amounts due from securities financing transactions	22	(22,640)	(18,822)
Amounts due from customers	21	(36,439)	44,858
Trading financial assets	23	(990,659)	668,021
Trading inventories		(120,339)	(138,910)
Positive replacement values of derivative financial instruments	25	(366,808)	1,745,793
Other financial assets designated at fair value through profit or loss	26	32,453	36,407
Net (investment)/disposal of financial investments measured at fair value through other comprehensive income	27	141,491	14,968
Accrued income and prepaid expenses	28	(503)	1,724
Other assets	29	(3,332)	11,546
Net increase/(decrease) in liabilities related to operating activities			
Amounts due to banks	20	12,209	(215,968)
Liabilities from securities financing transactions	22	331,209	(1,017,680)
Amounts due to customers	21	(12,931)	(591,300)
Trading financial liabilities	23	83,148	(147,524)
Negative replacement values of derivative financial instruments	25	421,735	(907,948)
Other financial liabilities designated at fair value through profit or loss	26	518,662	(7,340)
Accrued expenses and deferred income	28	(21,914)	(28,995)
Current tax liabilities	15	1,936	(2,088)

CHF thousand	Note	2024	2023
Cash flow from operating activities			
Other liabilities	29	15,420	3,081
Utilisation of general provision	35	(16,301)	(4,157)
Dividends received		62,780	53,141
Interest received		6,155	14,901
Interest paid		(7,810)	(10,163)
Current income taxes paid		(2,396)	(27,836)
Cash flow from operating activities		(22,650)	(346,142)
Cash flow from investing activities			
Purchases of tangible assets	30	(3,255)	(2,126)
Proceeds from sale of tangible assets	30	—	—
Purchases of intangible assets	30	(23,095)	(24,627)
Proceeds from sale of intangible assets	30	—	—
Cash flow from investing activities		(26,350)	(26,753)
Cash flow from financing activities			
Lease payments (excluding short-term/low-value leases)	30	(7,729)	(7,533)
Distribution of capital contribution reserves		(30,000)	(70,500)
Cash flow from financing activities		(37,729)	(78,033)
Exchange rate differences		24,947	(31,015)
Net (decrease)/increase in cash and cash equivalents		(61,781)	(481,943)
Cash and cash equivalents, beginning of the year		344,102	826,045
Cash and cash equivalents at the balance sheet date		282,321	344,102
Cash and cash equivalents			
Cash and balances at central banks		136,867	142,697
Due from banks on demand ¹		132,030	192,202
Due to banks on demand ¹		(60,518)	(4,141)
Due from financial market infrastructure entities ²		77,748	13,365
Due to financial market infrastructure entities ²		(3,806)	(21)
Net cash and cash equivalents at the balance sheet date		282,321	344,102

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".

Notes to the financial statements

1 General information

Leonteq Securities AG (Leonteq or 'the Company') is the main operating subsidiary of Leonteq AG (together with its subsidiaries referred to hereinafter as 'the Group'). The Company 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 Company provides some of these core services to platform partners under the terms of cooperation agreements. The Company 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 and branches in Amsterdam and Guernsey.

These financial statements were approved for publication by the Board of Directors on 25 February 2025.

2 Basis of presentation

The Company prepares its 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.

Foreign currency translation

The Company's presentation currency is the Swiss franc (CHF). The Company uses the following main foreign exchange rates:

	Spot rate 31.12.2024	Spot rate 31.12.2023	Average rate 2024	Average rate 2023
EUR / CHF	0.9399	0.9290	0.9526	0.9716
USD / CHF	0.9073	0.8415	0.8806	0.8985
GBP / CHF	1.1355	1.0723	1.1252	1.1171
JPY / CHF	0.0058	0.0060	0.0058	0.0064
HKD / CHF	0.1168	0.1078	0.1129	0.1148
SGD / CHF	0.6644	0.6370	0.6589	0.6692

The Company and its branches prepare their financial statements in their respective functional currencies. Transactions in a currency other than the functional currency are recognised at the 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 branches that are denominated in a different functional currency to the Company 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 Company uses trade date accounting to recognise financial transactions. The Company recognised 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 Company 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 Company 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 Company 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 Company 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 financial statements requires the Company'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 Company's management exercises judgement in applying the Company's accounting policies include the following:

Revenue recognition and determination of deferral period applied to fee income

In defining the Company's revenue recognition policy, the Company's management exercises judgement in allocating the fees earned to the Company'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 Company defines the useful economic lives and residual values of intangible assets on the basis of the anticipated period over which the Company 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 30.

Determining the terms of leases

When determining the terms of leases, the Company'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 30.

Income taxes

Judgement and interpretations about the application of tax 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.

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 Company's management. The Company 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 Company to ensure that all available market information is reflected. Further information is disclosed in Note 17.

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 Company's 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 Company 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 17.

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 Company's retirement benefit obligations to changes in significant actuarial assumptions is provided in Note 33.

5 Changes to critical accounting estimates

No changes in critical accounting estimates were applied compared to year ended 31 December 2023.

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 2024 and did not have any significant impact on the Company when applied for the first time or were not relevant for the Company:

- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

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 IAS 21 – Lack of Exchangeability – effective 1 January 2025
- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments – effective 1 January 2026
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 – Annual improvements to IFRS Accounting Standards Volume 11 – effective 1 January 2026
- IFRS 18 Presentation and Disclosure in Financial Statements – effective 1 January 2027
- IFRS 19 Subsidiaries without Public Accountability: Disclosures – effective 1 January 2027

The Company 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 Company's net profit, comprehensive income and shareholders' equity or to be relevant to the Company.

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 9 to 35) 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 Company 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. The Leonteq Group has a strong presence in its home market of Switzerland and in Europe, as well as an established footprint in Asia.

The Company's Executive Committee, which is the chief operating decision maker, is implementing the strategy and overseeing the operational management of the Company as a whole. The Executive Committee uses the Company's 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 Company 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 Company does not disclose separate segment information.

Entity-wide disclosures

The Company is a subsidiary wholly owned by Leonteq AG which as a 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 Company's operating income is undertaken based on the location of the distributing group entity, servicing primarily banks, insurance companies and asset managers/financial intermediaries.

Net fee income in Switzerland grew by 8% to CHF 100.6 million in 2024 (2023: CHF 92.9 million). In Europe, net fee income totalled CHF 54.3 million (2023: CHF 56.7 million). In the Asia region (including the Middle East), net fee income was CHF 3.1 million (2023: CHF 0.2 million). In 2024, no single client accounted for more than 10% of the Company's net fee income (2023: one client in the Europe for approx. 11%).

The Company saw its result from trading activities and the fair value option continue to normalise with limited but positive contributions of CHF 16.2 million from Switzerland (2023: CHF 20.3 million) and CHF 4.7 million from Europe (2023: CHF 30.0 million), while operations in Asia saw the result from trading activities and the fair value option recover to CHF 0.9 million in 2024 (2023: CHF -13.4 million).

The net result from interest operations decreased to CHF -1.5 million in 2024 compared to CHF 6.3 million in the prior year. 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 3.0 million compared to CHF 3.6 million in 2023. As a result of these combined factors, total operating income decreased to CHF 181.1 million in 2024, compared to CHF 196.6 million in the prior year.

Information by geographic location

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total 2024
Net fee income	100,554	54,273	3,056	157,883
Result from trading activities and the fair value option	16,196	4,693	851	21,740
Net result from interest operations	358	(1,529)	(300)	(1,471)
Other operating income	2,985	—	—	2,985
Total operating income	120,093	57,437	3,607	181,137

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total 31.12.2024
Trading financial assets	2,139,099	1,514,741	—	3,653,840
Positive replacement values of derivatives	1,524,944	1,240,520	—	2,765,464
Other financial assets designated at fair value through profit or loss	115,845	32,523	—	148,368
Financial investments measured at fair value through OCI	511,139	1,961,944	—	2,473,083
Total financial assets measured at fair value	4,291,027	4,749,728	—	9,040,755
Non-current assets	86,711	824	—	87,535
Trading financial liabilities	100,173	36,994	—	137,167
Negative replacement values of derivatives	1,285,678	1,135,652	—	2,421,330
Other financial liabilities designated at fair value through profit or loss	923,709	4,261,918	—	5,185,627
Total financial liabilities measured at fair value	2,309,560	5,434,564	—	7,744,124

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total 2023
Net fee income	92,896	56,662	179	149,737
Result from trading activities and the fair value option	20,327	29,960	(13,367)	36,920
Net result from interest operations	3,160	2,566	600	6,326
Other operating income	3,632	—	—	3,632
Total operating income	120,015	89,188	(12,588)	196,615

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 derivatives	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	59,706	2,548,580	—	2,608,286
Total financial assets measured at fair value	3,718,298	4,195,426	—	7,913,724
Non-current assets	91,728	1,062	—	92,790
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

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 2023: 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 exercising 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 Company 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	2024	2023
Fee income of structured investment products	192,500	191,917
of which recognised at a point-in-time	167,085	168,621
of which recognised over time	25,415	23,296
Fee income of long-term savings and retirement products	21,869	21,173
of which recognised at a point-in-time	6,566	8,419
of which recognised over time	15,303	12,754
Total fee income from securities trading and investment activities	214,369	213,090
Fee income from other services	847	535
Total fee income from other services	847	535
Fee expenses	(57,333)	(63,888)
Total fee expenses	(57,333)	(63,888)
Net fee income	157,883	149,737

Fee income from securities trading and investment activities grew by 1%, or CHF 1.3 million to CHF 214.4 million (2023: CHF 213.1 million). Leonteq registered a decrease in large ticket transaction totalling to CHF 13.9 million, or 6% of the Company's net fee income in 2024, compared to CHF 22.5 million, or 11% in 2023. At the same time, fee expenses declined by 10% to CHF 57.3 million in 2024, compared to CHF 63.9 million, on the back of reduced transfer pricing charges between the Company and the Group's subsidiaries. As a result, net fee income rose by 5% to CHF 157.9 million, compared to CHF 149.7 million in 2023.

The following table provides a reconciliation of the balance of deferred fees:

CHF thousand	2024	2023
Balance of deferred fees as of 1 January	57,772	62,723
Deferred fees of structured investment products		
Recognition of deferred fees in the income statement	(25,415)	(23,296)
Deferral of fees collected	26,101	22,428
Deferred fees of long-term savings and retirement products		
Recognition of deferred fees in the income statement	(15,303)	(12,754)
Deferral of fees collected	5,800	8,671
Balance of deferred fees as of 31 December	48,955	57,772
of which recognised within the next 12 months	14,204	15,133
of which recognised after 12 months	34,751	42,639

Deferred fees are included in the statement of financial position in line item "accrued expenses and deferred income" in the statement of financial position. The balance of deferred fees is recognised as fee income when the respective service 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 2024 (31 December 2023: 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 2023: 48 years). CHF 17.7 million are expected to be recognised as fee income between 2 and 5 years, CHF 12.4 million between 6 and 20 years, and CHF 4.6 million after 20 years.

10 Result from trading activities and the fair value option

CHF thousand	2024	2023
Debt securities (including funds)	27,021	22,949
Equity securities (including funds)	2,090	3,836
Forex	3,096	2,651
Precious metals / commodities / crypto assets	(20,818)	(1,511)
Multi Asset Class	10,351	8,995
Result from trading activities and the fair value option	21,740	36,920
of which result due to financial assets designated at fair value	8,050	12,047
of which result due to financial liabilities designated at fair value	(335,665)	(395,659)
of which effective interest income from debt instruments at FVOCI	47,404	44,060
of which effective interest income from financial instruments at amortised cost	9,029	4,834
of which effective interest expense from financial instruments at amortised cost	(16,217)	18,837

Positive contributions from hedging activities were recorded on the back of the short-term increase in market volatility in August, while negative hedging contributions resulted from an operational risk event in October as well as a continued reduction in market volatility in November and December 2024 following the US elections. As a result, the income from trading activities and the fair value option decreased to CHF 21.7 million in 2024, compared to CHF 36.9 million in 2023.

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 currencies) is reflected in the line item "precious metals / commodities / crypto currencies". 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).

11 Net result from interest operations

CHF thousand	2024	2023
Interest income from financial assets measured at amortised cost	6,155	14,900
Total interest income	6,155	14,900
Interest expense from financial liabilities measured at amortised cost	(8,101)	(10,506)
Total interest expenses	(8,101)	(10,506)
Gross result from interest operations	(1,946)	4,394
Credit loss (expense) / recovery	475	1,932
Net result from interest operations	(1,471)	6,326

In view of the new regulatory regime, the company extended available credit facilities, which negatively impacted its 2024 net interest result total-ling CHF -1.5 million compared to CHF 6.3 million in 2023.

For further information on credit loss expense and recovery, refer to Note 34.

12 Other operating income

CHF thousand	2024	2023
Rental income	2,603	2,496
Other fee income from platform partners	—	646
Other	382	490
Total other operating income	2,985	3,632

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 2024, other operating income decreased to CHF 3.0 million, compared to CHF 3.6 million in the prior year, mainly due to the absence of non-recurring income from platform partners.

13 Personnel expenses

CHF thousand	2024	2023
Salaries and bonuses	70,758	77,574
of which share-based compensation	6,346	11,834
Social security contributions	4,206	5,355
Pension plan expenses	4,766	5,049
of which expenses for defined benefit plans	3,539	2,188
of which expenses for defined contribution plans	1,227	2,861
Other personnel expenses	1,009	874
Total personnel expenses	80,739	88,852

Personnel expenses decreased to CHF 80.7 million in 2024, compared to CHF 88.9 million in 2023, mainly driven by a reduction of 9%, or CHF 6.8 million in salaries and bonuses. The Company employed 355 employees as of 31 December 2024 (31 December 2023: 366 employees). It had 346 full-time equivalents as of 31 December 2024 (31 December 2023: 357 FTEs).

For information on retirement benefit obligations, refer to Note 33.

Variable compensation plans for employees

Personnel expenses include the impact of variable compensation plans which are operated by the Company 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 Company 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 Company 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 Company and are therefore aligned with the interests of shareholders.

Number of RSUs	Employees	Executive Committee	Total 2024
Unvested committed RSUs at the beginning of the year	359,735	5,184	364,919
Allotted RSUs in the year under review	92,558	19,464	112,022
Reclassification between categories	(3,727)	3,727	—
Transfers from / to Group companies	(1,096)	—	(1,096)
Forfeited RSUs in the year under review	(6,853)	(12,725)	(19,578)
Settlement of RSUs by Leonteq AG shares	(168,728)	(7,762)	(176,490)
Unvested committed RSUs at the balance sheet date	271,889	7,888	279,777

CHF

Average grant price of unvested committed RSUs (programmes 2021 to 2029)	47.39
--------------------------------------------------------------------------	-------

CHF thousand	Employees	Executive Committee	Total 2024
Personnel expenses to be recognised over the vesting period for RSUs	13,016	242	13,258
Market value of RSUs on the allocation date	13,016	242	13,258
Charged as personnel expenses in the year under review	6,031	232	6,263
Cumulative charges recognised as personnel expenses up to the balance sheet date	9,873	114	9,987
Estimated personnel expenses for the remaining vesting periods excluding future terminations	3,143	128	3,271

Number of RSUs	Employees	Executive Committee	Total 2023
Unvested committed RSUs at the beginning of the year	283,335	5,963	289,298
Allotted RSUs in the year under review	147,168	—	147,168
Forfeited RSUs in the year under review	(2,982)	—	(2,982)
Settlement of RSUs by Leonteq AG shares	(67,786)	(779)	(68,565)
Unvested committed RSUs at the balance sheet date	359,735	5,184	364,919

CHF

Average grant price of unvested committed RSUs (programmes 2021 to 2026)	55.27
--------------------------------------------------------------------------	-------

CHF thousand	Employees	Executive Committee	Total 2023
Personnel expenses to be recognised over the vesting period for RSUs	19,934	235	20,169
Market value of RSUs on the allocation date	19,934	235	20,169
Charged as personnel expenses in the year under review	8,728	72	8,800
Cumulative charges recognised as personnel expenses up to the balance sheet date	12,855	194	13,049
Estimated personnel expenses for the remaining vesting periods excluding future terminations	7,079	41	7,120

Variable compensation plans for members of the Executive Committee

The Company 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 Company'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.

	2024	2023
Maximum number of PSUs granted for the compensation year	106,101	97,290
Fair value of each PSU at the grant date (in CHF)	32.30	52.70
Anticipated expense recognition arising from PSUs granted over vesting period (in CHF thousand)	356	849
Estimated fair value of PSUs granted over vesting period (in CHF thousand)	28	229

As of 31 December 2024, estimated LTIP financial impacts amounted to CHF 0.4 million for the newly established plan in the year under review for the three-year performance period. The grant reference price of CHF 36.39 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 2023).

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 33.56%, corresponding CHF 356 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 PSUs granted are the anticipated achievement rates as of year-end 2024 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 19.74 for 2024). For further information on the LTIP, refer to the Compensation Report in the Leonteq AG Annual Report 2024 (pages 88 to 113).

14 Other operating expenses

CHF thousand	2024	2023
Occupancy costs	1,364	1,333
Information and communication technology	25,574	28,414
Office equipment expenses	31	89
Internal and external audit fees	614	910
Other administrative expenses	19,835	17,352
of which for professional services other than audits	8,653	6,112
Total other operating expenses	47,418	48,098

Other operating expenses decreased slightly to CHF 47.4 million in 2024 from CHF 48.1 million in 2023. This was mainly driven by lower expenses for information and communication technology, partially offset by higher expenses for professional services primarily related to the new regulatory regime.

15 Income Taxes

Income taxes comprise current and deferred income taxes. The Company 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. 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	2024	2023
Income tax expenses		
Current income tax expense/(benefit)	972	(2,442)
Deferred income tax expense/(benefit)	(56)	195
Total income tax expense/(income)	916	(2,247)
Profit before tax	10,997	21,208
Income tax expense calculated at the Swiss statutory tax rate	2,156	4,167
Explanations for higher/(lower) tax expenses		
Participation income tax relief	—	—
Tax rate differential	(12,193)	(8,817)
Impact due to IFRS 16 lease accounting	34	11
Addition/(utilisation) of unrecognised tax loss carry-forwards	11,117	3,104
Adjustments related to prior years	—	(3,090)
Revaluation pension fund	(110)	184
Impact from FX translation on equity	—	2,192
Other impacts	(89)	—
Total income tax expense/(income)	916	(2,247)
Capital tax expenses	313	301
Corporate tax expenses	1,229	(1,947)

The above table is based on an income tax rate of 19.61% (2023: 19.65%) which corresponds to the statutory tax rate in Zurich, Switzerland, where the Company is headquartered. The difference between the calculated statutory income tax expense and the actual corporate tax expense is mainly attributable to the Company's foreign operations, which are taxed at varying rates.

The Company applied the participation relief for Swiss income tax purposes in 2024, as well as in prior year, in 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. Upon an appeal of Leonteq Securities AG, the Zurich Cantonal Tax Appeal Court (1st instance) decided widely in favour of Leonteq Securities AG in March 2023. The Zurich Cantonal Tax Office appealed against the ruling of the Zurich Cantonal Tax Appeal Court to the Zurich Cantonal Administrative Court (2nd instance). The latter generally confirmed the Zurich Cantonal Tax Appeal Court's decision in February 2024 while it however concluded that (further) financial expenses attributable to the option component of capital-protected structured products are to be considered for the calculation of the participation relief. The Cantonal Administrative Court therefore sent the case back to the Zurich Cantonal Tax Office to further assess the relevant financial expenses. In April 2024, Leonteq Securities AG filed an appeal against the Zurich Cantonal Administrative Court's ruling to the Swiss Federal Supreme Court that however decided to not enter into the legal case. The Swiss Federal Supreme Court thereby confirmed that the inclusion of additional financing expenses does not constitute a final decision. The assessment of relevant financial expenses by the Zurich Cantonal Tax Office is pending at the time of this report being published.

Until its expiry at the end of the fiscal year 2018, the Company has applied a tax ruling regarding its international allocation of net issuance proceeds agreed with the Zurich Cantonal Tax Office. Since 2019, the Company applies, 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 Company 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 2024 did not lead to any financial impact in the reporting period.

Deferred taxes

CHF thousand	Assets 31.12.2024	Assets 31.12.2023	Liabilities 31.12.2024	Liabilities 31.12.2023
Composition of deferred taxes				
Pension liability	1,473	1,906	—	—
Tangible assets	116	158	—	—
Other	—	—	0	544
Total deferred taxes	1,588	2,064	0	544

CHF thousand	Assets 2024	Assets 2023	Liabilities 2024	Liabilities 2023
Changes in deferred taxes				
Balance at the beginning of the year	2,064	1,395	543	388
Changes affecting the income statement	56	(195)	—	—
Changes affecting the statement of other comprehensive income	(532)	864	543	155
Balance at the end of the year	1,588	2,064	—	543

16 Tax effects relating to components of other comprehensive income

CHF thousand	Amount before tax	Tax yield / Tax expense	Amount net of tax
2024			
Other comprehensive income/(loss) that will not be reclassified to the income statement			
Remeasurement of defined benefit plan	2,718	(532)	2,186
Changes in own credit spread	2,412	45	2,457
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	5,789	498	6,288
Expected credit loss changes on debt instruments measured at fair value through other comprehensive income	(588)	—	(588)
Currency translation adjustments	24,957	—	24,957
Total Other comprehensive income	35,288	12	35,300

CHF thousand	Amount before tax	Tax yield / Tax expense	Amount net of tax
2023			
Other comprehensive income/(loss) that will not be reclassified to the income statement			
Remeasurement of defined benefit plan	(4,388)	864	(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	(30,881)	—	(30,881)
Total Other comprehensive income	(18,460)	709	(17,751)

17 Fair values of financial instruments and trading inventories

The fair value of financial instruments and trading inventories contained in the Company'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 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 24). Changes in the fair values of these instruments 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 comparison with other observable current market transactions involving the same instrument (level 1 instrument) or 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 ending 31 December 2024.

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 Company'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 Company 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 value 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 Company'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 Company's level 3 instruments comprise positive or negative replacement values for longer-term derivative financial instruments. The Company uses generally recognised pricing models to determine the fair value of derivative financial instruments. 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 Company'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 Company uses input parameters observable in the market to determine the fair value of financial instruments. However, due to the longer-term nature of some instruments, significant input parameters are not always considered observable for those long-dated products and they are therefore classified as level 3 instruments. The Company 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 value of level 2 and level 3 instruments is 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 Company 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 Company 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 2024, the own credit spread was adjusted for callable products denominated in US dollars, euros and Swiss francs, with an impact of CHF 2.4 million on OCI (2023: CHF 111 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 Company had no positions with deferred day-1 result.

CHF thousand	Level 1	Level 2	Level 3	Total 31.12.2024
Financial assets				
Trading financial assets				
Debt securities (listed)	385,494	104,074	—	489,568
Equity securities	1,616,618	1,370	—	1,617,988
Funds	1,467,923	9,936	—	1,477,859
Other securities	—	68,425	—	68,425
of which hybrid financial instruments	—	68,425	—	68,425
Total trading financial assets	3,470,035	183,805	—	3,653,840
Positive replacement values of derivative instruments	1,728,742	1,036,722	—	2,765,464
Other financial assets designated at fair value through profit or loss	—	148,368	—	148,368
Financial investments measured at fair value through other comprehensive income	2,458,903	14,180	—	2,473,083
Total financial assets	7,657,680	1,383,075	—	9,040,755
Trading inventories	407,411	—	—	407,411
Total trading inventories	407,411	—	—	407,411

CHF thousand	Level 1	Level 2	Level 3	Total 31.12.2024
Financial liabilities				
Trading financial liabilities				
Debt securities (listed)	3,889	130	—	4,019
Equity securities	132,963	—	—	132,963
Funds	185	—	—	185
Other securities	—	—	—	—
of which hybrid financial instruments	—	—	—	—
Total trading financial liabilities	137,037	130	—	137,167
Negative replacement values of derivative instruments	1,466,954	945,429	8,947	2,421,330
Other financial liabilities designated at fair value through profit or loss				
Interest rate instruments	—	583,115	—	583,115
Equities	—	4,029,092	—	4,029,092
Foreign currency	—	6,326	—	6,326
Commodities (including precious metals and crypto assets)	—	567,094	—	567,094
Total other financial liabilities designated at fair value through profit or loss	—	5,185,627	—	5,185,627
Total financial liabilities	1,603,991	6,131,186	8,947	7,744,124

In 2024, 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 31.12.2023
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	—	2,608,286
Total financial assets	6,390,505	1,523,220	—	7,913,725
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)	—	384,839	—	384,839
Total other financial liabilities designated at fair value through profit or loss	—	4,666,965	—	4,666,965
Total financial liabilities	1,204,232	5,508,356	7,991	6,720,580

In 2023, there were no significant reclassifications of positions between level 1 and level 2 and vice versa.

Level 3 financial instruments

CHF thousand	31.12.2024	31.12.2023
Statement of financial position		
Balance at the beginning of the year	7,991	4,041
Additions	532	2,147
Disposals	(997)	(355)
Result recognised in the income statement	3,222	3,368
Result recognised in the statement of other comprehensive income	—	—
Reclassifications to level 3	—	—
Reclassifications from level 3	(1,801)	(1,209)
Total balance at the end of the year	8,947	7,991
Income in the period on holdings at balance sheet date		
Unrealised income/(loss) recognised in the trading income	(4,219)	(3,723)
Unrealised income/(loss) recognised in other income	—	—
Unrealised income/(loss) recognised in other comprehensive income	—	—

Financial instruments are reclassified into or out of level 2 and 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 1.8 million of level 3 financial instruments were reclassified to level 2 (2023: CHF 1.2 million). No level 2 financial instruments were reclassified to level 3 in 2024 and 2023, respectively.

The result recognised in the income statement relates to trading (gains)/ losses in connection with the decrease in long-term interest rates in 2024.

No day-1 gains or losses were recognised as a result of transactions involving level 3 instruments during the year (2023: NIL). In 2024, an unrealised loss of CHF 4.2 million (2023: loss of CHF 3.7 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 2024 totalled CHF 8.9 million (31 December 2023: CHF 8.0 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 technique 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 positions

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

	31.12.2024	31.12.2023
Negative replacement values of derivative financial instruments	8,947	7,991

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 based on 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

Valuation method	Significant unobservable input	31.12.2024		31.12.2023		Unit
		low	high	low	high	
Generic Replication Model ¹	Volatility of interest rates	45	69	65	79	basis points

Sensitivity of fair values of level 3 derivatives

The Company'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 un-observable input parameters used. These results show no material impact on the Company's net profit, comprehensive income or shareholders' equity.

CHF thousand	31.12.2024	31.12.2023
Impact of shifts in unobservable input parameters on fair values		
Increase of volatility of interest rates (+5 bps)	48	44
Decrease of volatility of interest rates (-5 bps)	(48)	(44)

Financial assets and liabilities at amortised costs

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	31.12.2024	31.12.2023
Financial assets at amortised cost		
Cash and balances at central banks	136,867	142,697
Amounts due from banks	465,519	417,526
Amounts due from securities financing transactions	43,307	20,667
Amounts due from customers	393,881	303,512
Other financial assets ¹	23,304	19,733
Total financial assets at amortised cost	1,062,878	904,135
Financial liabilities at amortised cost		
Amounts due to banks	320,795	252,208
Liabilities from securities financing transactions	1,136,406	805,197
Amounts due to customers	482,025	491,171
Other financial liabilities ²	45,818	51,652
Total financial liabilities at amortised cost	1,985,044	1,600,228

¹ Other financial assets mainly comprise withholding tax receivables.

² Other financial liabilities mainly includes lease liabilities.

18 Hedge accounting

In accordance with the risk management framework, the Company 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 Company 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	31.12.2024	31.12.2023
Hedging instruments		
Positive replacement values of hedging instruments	86,955	126,532
Notional amount of derivative financial instruments used as hedging instruments	2,308,973	2,572,604
Negative replacement value of hedging instruments	29,756	36,850
Notional amount of derivative financial instruments used as hedging instruments	1,196,827	1,281,716

CHF thousand	31.12.2024	31.12.2023
Hedged item		
Carrying amount of financial investments measured at FVOCI	2,463,077	2,439,032
of which accumulated amount of fair value hedge gain/(loss) included in the carrying amount	(106,261)	(143,939)

CHF thousand	2024	2023
Hedge effectiveness		
Change in the fair value of the hedging instruments used as the basis for recognising hedge ineffectiveness	22,353	90,296
Change in the fair value of the hedged item used as the basis for recognising hedge ineffectiveness	(22,682)	(89,081)
Amount of hedge ineffectiveness recognised in the income statement	(329)	1,215

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 2024 (31 December 2023: 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".

19 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.

20 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	31.12.2024	31.12.2023
Amounts due from banks		
Due from banks on demand (cash and cash equivalents)	132,030	192,202
Due from banks on demand (precious metals)	2,282	415
Security deposit with banks	6,285	6,276
Cash collateral paid to banks or regulated financial institutions	287,655	147,877
Settlement receivables from banks or regulated financial institutions	34,583	66,776
Settlement receivables with platform partners – banks or regulated financial institutions	2,684	3,980
Total amounts due from banks	465,519	417,526
Amounts due to banks		
Cash overdrafts (cash and cash equivalents)	60,518	4,142
Cash collateral received from banks or regulated financial institutions	240,134	218,181
Settlement liabilities with banks or regulated financial institutions	17,262	27,285
Settlement liabilities with platform partners – banks or regulated financial institutions	2,881	2,600
Total amounts due to banks	320,795	252,208

Amounts with related parties are disclosed in Note 38.

21 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	31.12.2024	31.12.2023
Amounts due from customers		
Amounts due from financial market infrastructure entities (cash and cash equivalents)	77,748	13,365
Cash collateral paid to non-banks	1,062	1,138
Settlement receivables with financial market infrastructure entities	240,224	219,126
Settlement receivables with platform partners – non-banks	62,410	7,847
Other loans receivable	2,300	11,700
Fees receivable from other Leonteq companies	1,903	1,211
Other amounts due from platform partners – non-banks	5,079	4,208
Settlement and other receivables due from customers	3,155	44,917
Total amounts due from customers	393,881	303,512
Amounts due to customers		
Amounts due to financial market infrastructure entities (cash and cash equivalents)	3,806	23
Cash collateral received from non-banks	210,325	193,332
Settlement payables to financial market infrastructure entities	256,145	255,531
Settlement and other payables to platform partners – non-banks	1,575	28,329
Fees payable to other Leonteq companies	6,417	7,179
Settlement and other payables to customers	3,757	6,777
Total amounts due to customers	482,025	491,171

Amounts with related parties are disclosed in Note 38.

22 Securities financing transactions (assets and liabilities)

The Company generally enters into securities lending and securities borrowing transactions on a collateralised basis. In the case of such transactions, the Company typically lends or borrows securities in exchange for securities or cash collateral. Additionally, the Company'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 Company's normal credit risk control processes. The Company 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 Company 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 Company's normal credit risk control processes. The Company 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 Company 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 Company has the right to resell or repledge them, with securities that the Company 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	43,307	—	—	43,307
Trading portfolio	3,653,840	1,136,406	(2,163,623)	2,626,623
Other financial instruments at fair value	148,368	—	—	148,368
Total as of 31 December 2024	3,845,515	1,136,406	(2,163,623)	2,818,298
With unrestricted right to resell or repledge	—	—	(544,793)	(544,793)

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	1,136,406	—	—	1,136,406
Trading portfolio	137,167	43,307	(96,447)	84,027
Liabilities from other financial instruments at fair value	5,185,627	—	—	5,185,627
Total as of 31 December 2024	6,459,200	43,307	(96,447)	6,406,060
of which repledged	—	—	—	—
of which resold	—	—	(96,447)	(96,447)

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 portfolio	2,725,961	805,197	(1,265,360)	2,265,798
Other financial instruments at fair value	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 portfolio	54,019	20,667	(15,846)	58,840
Liabilities from other financial instruments at fair value	4,666,965	—	—	4,666,965
Total as of 31 December 2023	5,526,181	20,667	(15,846)	5,531,002
of which repledged	—	—	—	—
of which resold	—	—	(15,846)	(15,846)

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).

23 Trading financial assets and liabilities

CHF thousand	31.12.2024	31.12.2023
Trading financial assets		
Debt securities (listed)	489,568	236,664
of which pledged as collateral	281,208	90,305
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	31,115	5,415
Equity securities	1,617,988	1,495,383
of which pledged as collateral	395,841	370,045
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	508,667	423,218
Funds	1,477,859	784,217
of which pledged as collateral	962,186	370,660
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	5,011	5,717
Other securities	68,425	209,697
of which hybrid financial instruments	68,425	209,697
Total trading financial assets	3,653,840	2,725,961
of which based on valuation-model (see Note 17)	183,805	253,172
of which repo-eligible securities	—	—
Trading financial liabilities		
Debt securities (listed)	4,019	—
Equity securities	132,963	53,141
Funds	185	878
Total trading financial liabilities	137,167	54,019
of which based on valuation-model (see Note 17)	130	—

Trading financial assets are purchased to offset the economic exposures arising from the non-host debt component of the Company's issued products or other financial liabilities.

24 Trading inventories

The Company issues certificates that replicate the performance of single crypto assets and thematic crypto baskets. The Company issues products on a universe of 37 crypto assets as underlyings. To hedge the exposure resulting from the issuance of these certificates, the Company purchases or sells the respective underlying.

The Company 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".

25 Replacement values of derivative instruments

The replacement values of all derivative instruments are recognised at fair value in the statement of financial position and are reported as positive replacement values or negative replacement values. As the Company 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 18.

CHF thousand	Trading instruments			Hedging instruments		
	Positive RV	Negative RV	Contract volume	Positive RV	Negative RV	Contract volume
Interest rate instruments						
Swaps	275,189	242,753	18,721,743	84,371	29,756	3,196,964
Futures	—	—	14,158,919	—	—	292,360
Options (OTC)	47,729	144,798	12,867,604	—	—	—
Foreign currencies/precious metals						
Forward contracts	10,576	42,764	2,110,957	2,584	—	16,476
Swaps	—	1	191	—	—	—
Futures	—	—	2,025	—	—	—
Options (OTC)	10,353	13,571	999,800	—	—	—
Precious metals						
Swaps	8	169	10,283	—	—	—
Futures	—	—	47,571	—	—	—
Options (OTC)	—	643	26,691	—	—	—
Equities/indices						
Swaps	449,956	189,698	7,567,927	—	—	—
Futures	—	—	939,193	—	—	—
Options (OTC)	64,249	188,752	6,804,797	—	—	—
Options (exchange traded)	1,748,928	1,544,905	28,329,053	—	—	—

CHF thousand	Trading instruments			Hedging instruments		
	Positive RV	Negative RV	Contract volume	Positive RV	Negative RV	Contract volume
Credit instruments						
Credit default swap	7,592	12,162	437,403	—	—	—
Total return swap	36,649	1,160	1,543,282	—	—	—
Other credit derivatives	22,134	2,527	722,231	—	—	—
Other						
Swaps	4,004	787	232,464	—	—	—
Futures	—	—	116,622	—	—	—
Options (OTC)	272	2,129	79,437	—	—	—
Options (exchange traded)	870	4,756	796,981	—	—	—
Total before deduction of netting agreements (including cash collaterals) as of 31 December 2024	2,678,508	2,391,574	96,515,174	86,955	29,756	3,505,800
of which based on valuation-model (see Note 17)	1,036,722	945,429	—	—	—	—
Total after deduction of netting agreements (including cash collaterals) as of 31 December 2024¹	294,990	104,271				
of which balances against central clearing institutions	288,757	3,775	—	—	—	—
of which balances against banks or securities dealers	5,868	53,023	—	—	—	—
of which balances against other customers	365	47,473	—	—	—	—

¹ Replacement value 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	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 17)	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 dealers	13,989	54,369	—	—	—	—
of which balances against other customers	15,084	61,165	—	—	—	—

¹ Replacement value of derivative instruments includes both Trading and Hedging instruments

26 Other financial assets and liabilities designated at fair value through profit or loss

CHF thousand	31.12.2024	31.12.2023
Other financial assets designated at fair value through profit or loss		
Debt securities (listed) ¹	—	—
of which pledged as collateral	—	—
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	—	—
Other securities	32,523	49,649
of which hybrid financial instruments	32,523	49,649
Receivables from counterparties in connection with long-term savings and retirement products	115,845	131,172
Total other financial assets designated at fair value through profit or loss	148,368	180,821
of which based on valuation-model (see Note 17)	148,368	180,821
of which repo-eligible securities	—	—
Other financial liabilities designated at fair value through profit or loss		
Interest rate instruments ¹	583,115	432,020
with own debt component	574,136	423,192
without own debt component	8,979	8,828
Equities ¹	4,029,092	3,843,704
with own debt component	3,925,481	3,775,008
without own debt component	103,611	68,696
Foreign currency	6,326	6,402
with own debt component	6,295	6,402
without own debt component	31	—
Commodities (including precious metals and crypto assets)	567,094	384,839
with own debt component	154,096	97,347
without own debt component	412,998	287,492
Total other financial liabilities designated at fair value through profit or loss	5,185,627	4,666,965
of which based on valuation-model (see Note 17)	5,185,627	4,666,965

¹ All issued structured products are recognised as financial liabilities designated at fair value through profit or loss.

Bonds are used to offset exposures to similar term components of the Company'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 Company by the respective counterparty.

CHF thousand	31.12.2024	31.12.2023
Classification in accordance with SVSP Swiss Derivative Map		
Capital protection	521,963	351,013
Yield enhancement	2,437,883	2,466,295
Participation	2,211,822	1,835,112
Leverage	13,959	14,545
Total other financial liabilities designated at fair value through profit or loss¹	5,185,627	4,666,965

27 Financial investments measured at fair value through other comprehensive income

The Company 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 18.

The following table provides an overview of financial investments measured at FVOCI:

CHF thousand	31.12.2024	31.12.2023
Government bonds	295,754	393,959
of which pledged as collateral	28,048	99,315
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	23,440	71,986
Supranational agency bonds	278,028	163,934
of which pledged as collateral	—	106,715
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	9,824	678
Corporate bonds	1,177,160	1,109,166
of which pledged as collateral	589,497	611,159
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	382,414	209,681
Financial institution bonds	722,141	941,227
of which pledged as collateral	426,496	455,999
of which lent as collateral in securities lending and borrowing transactions with the right to resell or repledge	138,644	105,167
Total debt financial instruments measured at FVOCI	2,473,083	2,608,286
of which listed	2,473,083	2,608,286

28 Accrued income and prepaid expenses/ Accrued expenses and deferred income

The Company recognises fee income from services rendered over a specific period of time on a pro rata basis for the deemed 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	31.12.2024	31.12.2023
Accrued income and prepaid expenses		
Prepaid operating expenses	5,911	5,290
Accrued interest	202	38
Other	185	467
Total accrued income and prepaid expenses	6,298	5,795
Accrued expenses and deferred income		
Accrued operating expenses	27,518	41,816
Deferred fee income	48,956	57,772
Accrued interest	210	592
Other	11,375	9,793
Total accrued expenses and deferred income	88,059	109,973

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 outstanding social security expenses as well as accrued distribution fees.

29 Other assets and other liabilities

CHF thousand	31.12.2024	31.12.2023
Other assets		
Withholding and other tax receivables	23,723	20,102
Other assets	201	490
Total other assets	23,923	20,592
Other liabilities		
Other tax liabilities	3,854	3,014
Pension liability	7,511	9,670
Lease liability	22,270	28,372
Other liabilities	13,317	366
Total other liabilities	46,952	41,422

The derivative component of structured products with Swiss underlyings may be hedged with the acquisition of Swiss shares. Withholding taxes on dividends from such Swiss shares are generally included in withholding tax receivables.

For further information on the change in net pension liability, refer to Note 33.

The CHF 6.1 million decrease in lease liability is mainly due to the regular lease payments and interest recognised in the income statement.

Other liabilities mainly comprise the unpaid FINMA profit disgorgement of CHF 9.3 million and supplier invoices which relate to 2024.

30 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

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 Company 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 Company assesses at the end of each reporting period whether there is objective evidence that a non-financial asset or a group of non-financial 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 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 31.12.2024	Internally developed software	Purchased software	Total 31.12.2024
Historical cost								
Balance as of 1 January 2024	2,486	9,870	92,033	23,692	128,081	155,995	63,034	219,029
Additions	—	46	23	3,209	3,278	15,443	7,652	23,095
Disposals	—	—	(20)	—	(20)	(606)	—	(606)
Remeasurements	—	—	1,219	—	1,219	—	—	—
Translation adjustments	—	—	65	—	65	—	—	—
Balance as of 31 December 2024	2,486	9,916	93,320	26,901	132,623	170,832	70,686	241,518
Accumulated depreciation cost								
Balance as of 1 January 2024	2,414	9,011	63,875	17,459	92,759	115,044	46,517	161,561
Depreciation	45	313	7,335	2,448	10,141	16,039	6,708	22,747
Disposals	—	—	(20)	—	(20)	(606)	—	(606)
Impairment losses	—	—	—	—	—	—	—	—
Remeasurements	—	—	(4)	—	(4)	—	—	—
Translation adjustments	—	—	28	—	28	—	—	—
Balance as of 31 December 2024	2,459	9,324	71,214	19,907	102,904	130,477	53,225	183,702
Net book value as of 31 December 2024	27	592	22,106	6,994	29,719	40,355	17,461	57,816

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 31.12.2023	Internally developed software	Purchased software	Total 31.12.2023
Historical cost								
Balance as of 1 January 2023	2,453	9,870	89,005	21,599	122,927	138,492	55,910	194,402
Additions	33	—	1,063	2,093	3,189	17,503	7,124	24,627
Disposals	—	—	(619)	—	(619)	—	—	—
Remeasurements	—	—	2,647	—	2,647	—	—	—
Translation adjustments	—	—	(63)	—	(63)	—	—	—
Balance as of 31 December 2023	2,486	9,870	92,033	23,692	128,081	155,995	63,034	219,029
Accumulated depreciation cost								
Balance as of 1 January 2023	2,354	7,827	57,452	15,151	82,784	99,818	40,016	139,834
Depreciation	60	1,184	7,194	2,308	10,746	15,226	6,501	21,727
Disposals	—	—	(619)	—	(619)	—	—	—
Impairment losses	—	—	—	—	—	—	—	—
Remeasurements	—	—	(88)	—	(88)	—	—	—
Translation adjustments	—	—	(64)	—	(64)	—	—	—
Balance as of 31 December 2023	2,414	9,011	63,875	17,459	92,759	115,044	46,517	161,561
Net book value as of 31 December 2023	72	859	28,158	6,233	35,322	40,951	16,517	57,468

Leases

The Company's leasing activities mainly relate to office, 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 35). 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 Company 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 Company 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 Company's control. As of 31 December 2024, the effect of revising lease terms to reflect the impact 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 2023: CHF 24.5 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	2024	2023
Right-of-use asset		
Balance as of 1 January	28,158	31,552
Additions	23	1,063
Disposals	—	—
Effect of contract modifications	1,223	2,735
Amortisation	(7,336)	(7,194)
Currency translation adjustment	37	1
Balance as of 31 December	22,106	28,158
Lease liability		
Balance as of 1 January	28,371	31,809
Additions	23	1,069
Disposals	—	—
Effect of contract modifications	1,278	2,695
Interest expense	291	344
Payments ¹	(7,729)	(7,533)
Currency translation adjustment	35	(13)
Balance as of 31 December	22,270	28,371
Contractual liability (excluding short-term or low-value leases) as of 31 December	23,080	29,572
of which due within 1 year	7,657	7,599
of which due within 2 and 5 years	15,423	21,885
of which due after 5 years	—	87

¹ Payments lead to a cash outflow for Leonteq Securities AG.

The carrying amount of right-of-use asset as of 31 December 2024 comprise CHF 21.2 million for office space and CHF 0.9 million for data centre (31 December 2022: CHF 27.2million for office space and CHF 0.9 million for the data centre).

In 2024, the amount of CHF 13 thousand (2023: CHF 12 thousand) relating to short-term and low-value leases are accounted for as other operating expenses.

Commitments arising from operational leases

CHF thousand	31.12.2024	31.12.2023
Due within one year	13	12
Due between two and five years	—	—
Due later than five years	—	—
Commitments for minimum payments under operational leases	13	12

Future rental income arising from sublet office space

CHF thousand	31.12.2024	31.12.2023
Due within one year	2,769	2,496
Due between two and five years	6,346	1,501
Due later than five years	—	—
Future rental income arising from sublet office space	9,114	3,997

In 2024 and 2023, the Company 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.

31 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	136,867	—	136,867	—	—	136,867
Amounts due from banks	465,519	—	465,519	(12,582)	(259,771)	193,166
Amounts due from securities borrowing transactions	43,307	—	43,307	—	(43,307)	—
Amounts due from customers	393,881	—	393,881	(61,755)	—	332,126
Positive replacement values of derivative instruments	2,765,464	—	2,765,464	(2,091,330)	(379,143)	294,991
Other financial assets designated at fair value through profit or loss	148,368	—	148,368	—	—	148,368
Total as of 31 December 2024	3,953,406	—	3,953,406	(2,165,667)	(682,221)	1,105,518

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	417,526	—	417,526	(1,311)	(289,908)	126,307
Amounts due from securities borrowing transactions	20,667	—	20,667	—	(20,667)	—
Amounts due from customers	303,512	—	303,512	(6,682)	—	296,830
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	3,463,879	—	3,463,879	(1,804,948)	(660,239)	998,692

¹ Represents the maximum exposure to credit risk.

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 2'626.4 million for the year ended 31 December 2024 (31 December 2023: CHF 1'902.0 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 assets	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
Amounts due to banks	320,795	—	320,795	(12,582)	(290,241)	17,972
Liabilities from securities financing transactions	1,136,406	—	1,136,406	—	(1,134,742)	1,664
Amounts due to customers	482,025	—	482,025	(61,755)	(127)	420,143
Negative replacement values of derivative instruments	2,421,330	—	2,421,330	(2,091,330)	(225,729)	104,271
Other financial liabilities designated at fair value through profit or loss	5,185,627	—	5,185,627	—	(1,735)	5,183,892
Total as of 31 December 2024	9,546,183	—	9,546,183	(2,165,667)	(1,652,574)	5,727,942

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	252,208	—	252,208	(1,311)	(149,627)	101,270
Liabilities from securities financing transactions	805,197	—	805,197	—	(794,699)	10,498
Amounts due from customers	491,171	—	491,171	(6,682)	(119,739)	364,750
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	8,215,136	—	8,215,136	(1,804,948)	(1,549,502)	4,860,686

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.

32 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 31.12.2024
Assets					
Financial assets					
Cash and balances at central banks	136,867	—	—	—	136,867
Amounts due from banks	465,519	—	—	—	465,519
Amounts due from securities financing transactions	43,307	—	—	—	43,307
Amounts due from customers	393,881	—	—	—	393,881
Trading financial assets	3,653,840	—	—	—	3,653,840
Positive replacement values of derivative financial instruments	2,765,464	—	—	—	2,765,464
Other financial assets designated at fair value through profit or loss	148,368	—	—	—	148,368
Financial investments measured at fair value through other comprehensive income	2,473,083	—	—	—	2,473,083
Other financial assets	206	179	22,918	—	23,303
Total financial assets	10,080,535	179	22,918	—	10,103,632
Non-Financial assets					
Trading inventories	407,411	—	—	—	407,411
Deferred tax assets	—	—	—	1,588	1,588
Tangible assets ¹	—	—	—	29,719	29,719
Intangible assets ¹	—	—	—	57,816	57,816
Other non-financial assets	—	6,114	805	—	6,919
Total non-financial assets	407,411	6,114	805	89,123	503,453
Total assets	10,487,946	6,293	23,723	89,123	10,607,085

CHF thousand	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2024
Liabilities					
Financial liabilities					
Amounts due to banks	320,795	—	—	—	320,795
Liabilities from securities financing transactions	1,136,406	—	—	—	1,136,406
Amounts due to customers	482,025	—	—	—	482,025
Trading financial liabilities	137,167	—	—	—	137,167
Negative replacement values of derivative financial instruments	2,421,330	—	—	—	2,421,330
Other financial liabilities designated at fair value through profit or loss	5,185,627	—	—	—	5,185,627
Other financial liabilities ²	11,773	20,916	7,540	14,882	55,111
Total financial liabilities	9,695,123	20,916	7,540	14,882	9,738,461
Non-Financial liabilities					
Current tax liabilities ³	—	—	970	12,000	12,970
Deferred tax liabilities	—	—	—	—	—
Other non-financial liabilities ⁴	—	18,651	18,987	42,262	79,900
Provisions	—	—	1,710	13,061	14,771
Total non-financial liabilities	—	18,651	21,667	67,323	107,641
Total liabilities	9,695,123	39,567	29,207	82,205	9,846,102

¹ Immobilized.

² Other financial liabilities with a long-term maturity mainly comprises lease liabilities (see Note 30).

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 31.12.2023
Assets					
Financial assets					
Cash and balances at central banks	142,697	—	—	—	142,697
Amounts due from banks	417,526	—	—	—	417,526
Amounts due from securities financing transactions	20,667	—	—	—	20,667
Amounts due from customers	303,512	—	—	—	303,512
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	—	—	—	2,608,286
Other financial assets	196	309	19,229	—	19,734
Total financial assets	8,798,322	309	19,229	—	8,817,860
Non-Financial assets					
Trading inventories	287,072	—	—	—	287,072
Deferred tax assets	—	—	—	2,064	2,064
Tangible assets ¹	—	—	—	35,322	35,322
Intangible assets ¹	—	—	—	57,468	57,468
Other non-financial assets	—	5,779	874	—	6,653
Total non-financial assets	287,072	5,779	874	94,854	388,579
Total assets	9,085,394	6,088	20,103	94,854	9,206,439

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	252,208	—	—	—	252,208
Liabilities from securities financing transactions	805,197	—	—	—	805,197
Amounts due to customers	491,171	—	—	—	491,171
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	2,590	20,080	7,902	21,080	51,652
Total financial liabilities	8,271,745	20,080	7,902	21,080	8,320,807
Non-Financial liabilities					
Current tax liabilities ³	—	—	1,430	12,000	13,430
Deferred tax liabilities	—	—	—	544	544
Other non-financial liabilities ⁴	—	28,949	18,486	52,308	99,743
Provisions	—	—	4,172	17,781	21,953
Total non-financial liabilities	—	28,949	24,088	82,633	135,670
Total liabilities	8,271,745	49,029	31,990	103,713	8,456,477

¹ Immobilized.

² Other financial liabilities with a long-term maturity mainly comprises lease liabilities (see Note 30).

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).

33 Retirement benefit obligations

The Company operates a defined benefit plan and defined contribution plans. On behalf of employees domiciled outside Switzerland, the Company contributes to pension schemes that qualify as defined contribution plans. The Company 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 employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as 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 1.2 million and CHF 2.9 million for the years ended 31 December 2024 and 31 December 2023, respectively, related to contribution plans, were recognised in personnel expenses.

In Switzerland, the Company 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 Company'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 Company's post-employment amounts related to the Swiss defined benefit plans are included in the financial statements.

CHF thousand	31.12.2024	31.12.2023
Reconciliation of the amount recognised in the statement of financial position		
Defined benefit obligation (DBO)	83,328	76,139
Fair value of plan assets	(75,817)	(66,469)
Net defined benefit liability/(asset)	7,511	9,670
of which recognised as separate liability	7,511	9,670
Components of defined benefit cost in profit or loss		
Current service cost (employer)	3,819	3,807
Past service cost	—	(1,372)
Interest expenses on defined benefit obligation	1,133	1,447
Interest (income) on plan assets	(1,014)	(1,349)
Administration cost (excluding cost for managing plan assets)	75	75
Net expenses recognised in the income statement	4,013	2,608
of which service and administration cost	3,894	2,510
of which net interest on the net defined benefit liability/(asset)	119	98
Components of defined benefit cost in OCI		
Actuarial (gain)/loss on defined benefit obligation	3,342	5,775
(Gain)/loss on plan assets (excluding interest income)	(6,060)	(1,387)
Defined benefit cost/(income) recognised in OCI	(2,718.0)	4,388

CHF thousand	2024	2023
Reconciliation in net defined benefit liability/(asset)		
Net defined benefit liability/(asset) as of 1 January	9,670	6,216
Defined benefit cost recognised in profit or loss	4,013	2,608
Defined benefit cost/(income) recognised in OCI	(2,718)	4,388
Contributions by the employer	(3,454)	(3,542)
Net defined benefit liability/(asset) as of 31 December	7,511	9,670

CHF thousand	31.12.2024	31.12.2023
Reconciliation of defined benefit obligation		
Defined benefit obligation as of 1 January	76,139	65,150
Interest expense on defined benefit obligation	1,133	1,447
Current service cost employer	3,894	3,882
Contributions by plan participants	2,540	2,578
Benefits (paid)/deposited	(3,720)	(1,321)
Past service cost and plan settlement	—	(1,372)
Actuarial (gain)/loss on defined benefit obligation	3,342	5,775
Defined benefit obligation as of 31 December	83,328	76,139

CHF thousand	2024	2023
Components of actuarial (gain)/loss on defined benefit obligation		
Actuarial (gain)/loss arising from changes in financial assumptions	4,239	4,358
Actuarial (gain)/loss arising from changes in demographical assumptions	—	—
Actuarial (gain)/loss arising from experience adjustments	(897)	1,417
Actuarial (gain)/loss on defined benefit obligation	3,342	5,775

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	31.12.2024	31.12.2023
Reconciliation of fair value of plan assets		
Fair value of plan assets as of 1 January	66,469	58,934
Interest income on plan assets	1,014	1,349
Contributions by employer	3,454	3,542
Contributions by plan participants	2,540	2,578
Benefits (paid)/deposited	(3,720)	(1,321)
Gain/(loss) on plan assets (excluding interest income)	6,060	1,387
Fair value of plan assets as of 31 December	75,817	66,469

CHF thousand	31.12.2024	31.12.2023
Maturity profile of defined benefit obligation		
Weighted average duration of defined benefit obligation in years	15.6	15.1

The significant actuarial assumptions were as follows:

	31.12.2024	31.12.2023
Significant actuarial assumptions		
Discount rate	0.95%	1.50%
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 (CHF thousand)	DBO after increase in assumption (CHF thousand)	DBO after decrease in assumption (CHF thousand)
Sensitivity analysis			
Discount rate	0.25%	80,197	86,682
Pension growth rate	0.25%	84,624	82,096

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	31.12.2024	31.12.2023
Composition of plan assets				
Cash and cash equivalents	1,222	—	1,222	1,483
Equity instruments	26,698	—	26,698	22,361
Debt instruments	22,327	3,152	25,479	22,574
Real estate	—	18,001	18,001	16,989
Other	—	4,417	4,417	3,062
Total plan assets	50,247	25,570	75,817	66,469

CHF thousand	31.12.2024	31.12.2023
Estimated contributions in the following year		
Contributions by employer	3,450	3,600
Contributions by plan participants	2,450	2,500

34 Expected credit loss

In accordance with IFRS 9, the Company 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 Company 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 Company 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-month expected credit loss is increased to the life-time expected credit loss. In the 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 costs mainly consist of cash balances or cash collateral in connection with the Company’s business operations. The Company 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 the Company’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 Company’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 Company 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	31.12.2024	31.12.2023
Balance at the beginning of the period	6,104	8,066
Change in 12-month expected credit loss	(588)	(1,707)
Change in lifetime expected credit loss		
for non-credit impaired financial assets with significantly increased credit risk	—	—
for credit impaired financial assets ¹	129	(225)
for trade receivables, contract assets or lease receivables	—	—
Purchased or originated credit impaired assets	—	—
Currency translation adjustment	—	(30)
Balance at the end of the period	5,646	6,104

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".

As per 31 December 2024, a 12-month expected credit loss in the total amount of CHF 0.1 million (31 December 2023: CHF 0.1 million) is recognised for balance sheet items measured at amortised cost. In addition, a lifetime expected credit losses in the total amount of CHF 1.8 million (31 December 2023: CHF 1.6 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 3.8 million (2023: CHF 4.4 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).

35 Provisions

The Company recognises a provision if, as a result of a past event, the Company 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. In cases where the disclosure of the amount of a provision would seriously prejudice the Company's position in respect of other parties involved in the matter, because it would reveal what the Company believes to be the probable and reliably estimable financial impact, the Company does not disclose that amount. The recognition and release of provisions are shown in the line item "changes to provisions, other value adjustments and losses" of the income statement. 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 39). 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 Company's control. If the possibility of an outflow of resources embodying economic benefits is remote, neither a provision nor a contingent liability is reported.

	2024		2023	
CHF thousand	Reinstatement obligations	Litigation, regulatory and similar matters	Total provisions	Total provisions
Balance at the beginning of the period	2,992	18,961	21,953	20,266
Utilisation in compliance with designated purpose	—	(16,301)	(16,301)	(4,157)
Increase in provisions recognised in the income statement	34	14,667	14,701	6,229
Release of provisions recognised in the income statement	—	(5,606)	(5,606)	(248)
Increase in provisions not recognized in the income statement	(2)	—	(2)	(6)
Translation differences	4	22	26	(131)
Balance at the end of the period	3,028	11,743	14,771	21,953
of which due within 1 year	—	1,710	1,710	4,172
of which due within 2 and 5 years	2,971	3,587	6,558	17,725
of which due after 5 years	57	6,446	6,503	56

Litigation, regulatory and similar matters

The Company 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 Company and its employees. From time to time, the Company may also be confronted with information and clarification requests and procedures from authorities and other third parties. As a matter of principle, the Company 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 Company is exposed. These and additional risks not presently known may impair the Company'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 Company's business, results of operations, financial condition and prospects. The impact on the financial position or profitability of the Company – depending on the status of related proceedings – is difficult to assess.

On 12 December 2024, FINMA announced the completion of proceedings against the Company which were opened due to a disclosure by the Company as well as allegations raised by the media and third parties. FINMA ordered a range of organisational measures for remediation and decreed a profit disgorgement of CHF 9.3 million. Leonteq decided to accept the order and to pay the profit disgorgement in accordance with the payment terms. Upon acceptance, the respective amount has been reclassified to the balance sheet item Other Liabilities.

In 2022, the Company recognised a provision for potential indirect tax qualification risks deriving from certain fee payments for the financial years 2013 to 2022 in the light of a VAT audit that was ongoing at that time covering financial years 2013 to 2021. The Swiss Federal Tax Administration concluded on the audit in June 2024 and issued respective assessment notices. The Company intends to appeal against certain elements of the assessment. In the light of this appeal, the provision was reassessed and an amount of CHF 5.4 million of such provision was released.

The Company recognised in 2022 a receivable from its insurance companies for certain proceedings. Based on further developments, the Company reassessed the respective receivable and recognised a provision for the anticipated uncovered part of the receivable in the amount of CHF 1.6 million in the first half of 2024. The respective receivable with the insurance companies was finally settled in the second half of 2024 with the expected amount.

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.

36 Shareholders' equity

Share capital

	31.12.2024			31.12.2023		
	Total par value (CHF)	Number of shares	Capital eligible for dividends	Total par value (CHF)	Number of shares	Capital eligible for dividends
Share capital	15,000,000	15,000	15,000,000	15,000,000	15,000	15,000,000
of which fully paid in	15,000,000	15,000	—	15,000,000	15,000	—
Total share capital	15,000,000	15,000	15,000,000	15,000,000	15,000	15,000,000

The Company does not hold any own shares. The Company's share-based payments plans are settled with Leonteq AG shares. For further information refer to Note 13.

Profit and Capital distribution

The Board of Directors proposes to the Annual General Meeting of Leonteq Securities AG on 27 March 2025 that no dividend be paid out of retained earnings and that there be no distribution out of reserves from capital contributions for the financial year 2024. The retained earnings as well as accumulated reserves from capital contributions be carried forward.

37 Significant shareholders

Leonteq Securities AG is wholly owned by Leonteq AG. The significant shareholders of Leonteq AG are as follows:

	31.12.2024		31.12.2023	
	Number of shares held	Voting rights in %	Number of shares held	Voting rights in %
Raiffeisen Switzerland Cooperative	5,494,996	29.71 %	5,494,996	29.02 %
Lukas T. Ruffin ¹	1,631,255	8.82 %	1,608,121	8.49 %
Sandro Dorigo	300,000	1.62 %	300,000	1.58 %
Subtotal shareholders' agreement	7,426,251	40.15 %	7,403,117	39.10 %
Rainer-Marc Frey ²	1,146,620	6.20 %	924,314	4.88 %
Swisscanto Fondsleitung AG ³	N/A	N/A	941,404	4.97 %
Alon Gonen ⁴	602,455	3.26 %	N/A	N/A
Directors and executives ⁵	234,421	1.27 %	185,391	0.98 %
Total significant shareholders	9,409,747	50.88 %	9,454,226	49.93 %

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 Creation of obligation to notify: 12 December 2024; H21 Macro Limited, Cayman Islands, is the direct shareholder of part of these shares.

³ Creation of obligation to notify: 03 December 2024; Swisscanto Fondsleitung AG held <3% in Leonteq shares.

⁴ Creation of obligation to notify: 02 August 2024; Sparte 24 Ltd, Israel is the direct shareholder of these shares.

⁵ Excluding shareholdings of Lukas T. Ruffin.

CHF thousand	Amounts due from 31.12.2024	Amounts due from 31.12.2023	Amounts due to 31.12.2024	Amounts due to 31.12.2023	Income from 2024	Income from 2023	Expense to 2024	Expense to 2023
Affiliated companies								
Raiffeisen Switzerland B.V. Amsterdam								
Amounts due from customers	1,264	1,707	—	—	—	—	—	—
Positive replacement values of derivative instruments	87,180	62,099	—	—	—	—	—	—
Accrued income and prepaid expenses	142	122	—	—	—	—	—	—
Amounts due to customers	—	—	81,699	50,135	—	—	—	—
Negative replacement values of derivative instruments	—	—	14,157	17,873	—	—	—	—
Platform partner service fee income	—	—	—	—	5,972	6,637	—	—
Interest income	—	—	—	—	—	1	—	—
Interest expenses	—	—	—	—	—	—	1,239	1,867
Leonteq Securities (Europe) GmbH								
Amounts due from customers	532	265	—	—	—	—	—	—
Amounts due to customers	—	—	4,115	4,380	—	—	—	—
Fee expenses	—	—	—	—	—	—	61,370	60,684
Leonteq Securities (Hong Kong) Ltd.								
Amounts due to customers	—	—	355	368	—	—	—	—
Fee expenses	—	—	—	—	—	—	3,328	4,220
Leonteq Securities (Japan) Ltd.								
Amounts due from customers	—	3	—	—	—	—	—	—
Amounts due to customers	—	—	106	105	—	—	—	—
Fee expenses	—	—	—	—	—	—	1,354	1,797
Leonteq Securities (Monaco) SAM								
Amounts due from customers	5	31	—	—	—	—	—	—
Amounts due to customers	—	—	679	661	—	—	—	—
Fee income from other services	—	—	—	—	7	14	—	—
Fee expenses	—	—	—	—	—	—	7,151	9,512

CHF thousand	Amounts due from 31.12.2024	Amounts due from 31.12.2023	Amounts due to 31.12.2024	Amounts due to 31.12.2023	Income from 2024	Income from 2023	Expense to 2024	Expense to 2023
Leonteq Securities (Singapore) PTE Ltd.								
Amounts due from customers	924	576	—	—	—	—	—	—
Amounts due to customers	—	—	874	1,036	—	—	—	—
Fee expenses	—	—	—	—	—	—	14,225	18,970
Leonteq (Middle East) Ltd.								
Amounts due from customers	137	122	—	—	—	—	—	—
Amounts due to customers	—	—	225	124	—	—	—	—
Fee expense	—	—	—	—	—	—	2,201	4,381
Significant shareholders								
Transactions with members of governing bodies								
	—	—	—	—	—	—	—	—

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 was originally due to expire on 31 March 2026 but was extended to 31 March 2030 in January 2022. The extension was subject to the successful implementation of the technological connection between a new Raiffeisen platform and the Leonteq service and technology platform. On 12 April 2024, Leonteq communicated that the work has been completed and the cooperation agreement between the two parties was extended.

Key management personnel compensation

The Company's key management personnel comprises the members of the Board of Directors and the Executive Committee and is identical with the key management personnel of Leonteq AG, the sole shareholder of the Company. As of 31 December 2024, the Board of Directors consisted of seven members, all of whom are non-executive directors. The Executive Committee consisted of seven members as of 31 December 2024. Additional information about the current members of governing bodies can be found in the Corporate Governance section of the Leonteq Group's Annual Report.

Compensation of members of the Board of Directors

The members of the Board of Directors are compensated by Leonteq AG. For 2024, the total compensation for the Board of Directors amounted to CHF 1,542 thousand (2023: CHF 1,663 thousand). Further information can be found in the Compensation Report of Leonteq AG on pages 88 to 113.

Compensation of members of the Executive Committee

The members of the Executive Committee are employed and remunerated by Leonteq Securities AG, the main operating company of the Group. The total compensation of the Executive Committee for the year ending 31 December 2024 is listed in the tables below. Additional information can be found in the Compensation Report of Leonteq AG.

CHF thousand	2024	2023
Short-term employee benefits ¹	6,147	4,972
Post-employment benefits	326	315
Other long-term employee benefits	486	521
Share-based payments ²	259	368
Total key management personnel compensation	7,218	6,176

¹ Including replacement awards in form of cash granted to individuals joining the Executive Committee in 2024 to compensate them for cancellation of bonus eligibility and deferred awards by their previous employers as well as for a refund of cash awards of in total CHF 1.06 million. Additional information can be found in the Compensation Report of Leonteq AG on pages 88 to 113.

² Share-based payments include the estimated value of performance share units granted with performance period 2024 - 2026 at the end of the period (valued at share price at time of grant) as well as restricted share units for individuals joining the Executive Committee replacing cancelled deferred compensation by their previous employers (forfeited amount of CHF 0.4 million not included). Amount including estimated employer's social security contribution.

The Company has not granted any loans or guarantee commitments to members of the Board of Directors or members of the Executive Committee.

39 Off-balance sheet items

CHF thousand	31.12.2024	31.12.2023
Off-balance sheet transactions		
Contingent liabilities	18,597	37,810

Contingent liabilities arise from deferred payments in relation to employee variable compensation plans. For further information refer to Note 13.

40 Post-balance sheet events

No events occurred after the balance sheet date that would materially affect the financial statements.

41 Statutory banking regulations

The Company's financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). FINMA stipulates that banks or security dealers 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 Company 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 Company to recognise a lease liability reflecting the present value of future lease payments and a corresponding right-of-use asset in the balance sheet. The right-of-use asset is recognised in the "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

The 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 the 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 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, the 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 2024 and 2023, 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 for its stand-alone financial statement in accordance with the 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 Independent Auditor

To the Board of Directors of
Leonteq Securities AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leonteq Securities AG (the Company), which comprise the statement of financial position as at 31 December 2024, the income statement, the statement of other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including principal accounting policies.

In our opinion, the financial statements (pages 36 to 101) give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with 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 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, 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 8.1 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.

Deloitte.

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 2024, the Company reports total financial assets at fair value as follows:

(In CHF)	31.12.2024	31.12.2023
Total financial assets at fair value	9.0bn	7.9bn
of which level 2 financial instruments	1.4bn	1.5bn
Total financial liabilities at fair value	7.7bn	6.7bn
of which level 2 financial instruments	6.1bn	5.5bn
of which level 3 financial instruments	9m	8m

Financial liabilities mainly consist of issued structured products and derivative instruments.

As presented in notes 4 and 17 to the 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 Company 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 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 the 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 the 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 and level 2 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 28 to the financial statements, management exercises judgment in allocating fees earned to the Company's performance obligations and in determining the timing of when performance obligations are satisfied.

For the year 2024 the Company reports net fee income of CHF 157.9 million (2023: CHF 149.7 million) and deferred fee income of CHF 49 million (2023: CHF 57.8 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 Company'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.

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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 8.1 million
Basis for determining materiality	1% of total equity
Rationale for the applied benchmark	Due to the accelerated volatility of the result from operating activities (two-years average of that metric was determined as benchmark for the audit 2023) and in order to better reflect sustainable metrics of stakeholder interest we determined equity as benchmark for the calculation of materiality.

We agreed with the Audit & Risk Committee that we would report to the Board of Directors all audit differences in excess of CHF 405,000, 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 financial statements, the statutory financial statements, the risk and control report and our auditor's reports thereon.

Our opinion on the financial statements do 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.

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Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements, which give a true and fair view in accordance with IFRS Accounting Standards, 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 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 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 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 AG



Sandro Schönenberger
Licensed Audit Expert
Auditor in Charge



Christian Weber
Licensed Audit Expert

Zurich, 26 February 2025

Statutory financial statements

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Statutory financial statements

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Leonteq Securities AG

Income statement in accordance with ARB for the years ended 31 December 2024 and 2023

CHF thousands	2024	2023
Result from interest operations		
Interest and discount income	6,155	14,901
Interest expenses	(7,844)	(10,198)
Gross result from interest operations	(1,689)	4,703
Changes in value adjustments for default risks and losses from interest operations	475	1,932
Net result from interest operations	(1,214)	6,635
Fee income		
Fee income from securities trading and investment activities	214,368	213,090
Fee income from other services	847	535
Fee expenses	(57,359)	(64,854)
Net fee income	157,856	148,771
Result from trading activities and the fair value option	54,787	25,562
Result from other ordinary activities		
Other ordinary income	3,040	3,588
Result from other ordinary activities	3,040	3,588
Operating expenses		
Personnel expenses	(80,180)	(89,785)
Other operating expenses	(54,472)	(54,974)
Operating expenses	(134,652)	(144,759)
Depreciation of tangible assets	(26,048)	(25,837)
Changes to provisions, other value adjustments and losses	(9,061)	(5,953)
Result from operating activities	44,708	8,007
Extraordinary income	95	—
Taxes	(1,285)	2,142
Net profit	43,518	10,149

Appropriation of accumulated profit carried forward

CHF thousands	2024	2023
Net profit	43,518	10,149
Profit carried forward from prior years	423,850	443,701
Accumulated profit carried forward	467,368	453,850
Appropriation of profit		
Allocation to the statutory retained earnings reserves	—	—
Dividend	—	(30,000)
Accumulated profit to be carried forward	467,368	423,850

Leonteq Securities AG

Balance sheet in accordance with ARB as of 31 December 2024 and 2023

CHF thousands	31.12.2024	31.12.2023
Assets		
Liquid assets	136,867	142,696
Amounts due from banks	461,741	413,161
Amounts due from securities financing transactions	43,307	20,667
Amounts due from customers	393,881	303,512
Trading financial assets	4,055,823	3,009,761
Positive replacement values of derivative financial instruments	2,765,464	2,398,656
Assets from other financial instruments at fair value	2,604,094	2,772,284
Accrued income and prepaid expenses	29,084	25,894
Other assets	23,922	20,591
Tangible assets	67,053	66,749
Total assets	10,581,236	9,173,971
Total subordinated claims	76,142	95,449
of which subject to mandatory conversion and/or debt waiver	—	—

CHF thousands	31.12.2024	31.12.2023
Liabilities		
Amounts due to banks	320,795	252,207
Liabilities from securities financing transactions	1,136,406	805,197
Amounts due to customers	482,025	491,171
Trading financial liabilities	137,133	54,019
Negative replacement values of derivative financial instruments	2,421,330	1,999,595
Liabilities from other financial instruments at fair value	5,181,500	4,664,744
Accrued expenses and deferred income	116,711	141,968
Other liabilities	17,171	3,244
Provisions	14,771	21,950
Total liabilities	9,827,842	8,434,095
Equity		
Share capital	15,000	15,000
Statutory capital reserve	270,307	270,307
of which tax exempt capital contribution reserve	251,950	251,950
Statutory retained earnings reserve	719	719
Profit carried forward	423,850	443,701
Net profit	43,518	10,149
Total shareholders' equity	753,394	739,876
Total liabilities and shareholders' equity	10,581,236	9,173,971
Total subordinated liabilities	—	—
of which subject to mandatory conversion and/or debt waiver	—	—

Off-balance in accordance with ARB

Please refer to Note 39 of the IFRS financial statements of Leonteq Securities AG.

Leonteq Securities AG

Statement of changes in equity for the years ended 31 December 2024 and 2023

CHF thousands	Share capital	Statutory capital reserve ¹	Statutory retained earnings reserve	Profit/(-loss) carried forward	Net profit/(-loss)	Total
Balance as of 1 January 2023	15,000	270,307	719	372,772	141,429	800,227
Reallocation of retained earnings	—	—	—	141,429	(141,429)	—
Employee participation schemes	—	—	—	—	—	—
Capital increase/(decrease)	—	—	—	—	—	—
Acquisition and disposal of own shares	—	—	—	—	—	—
Dividends and other distributions	—	—	—	(70,500)	—	(70,500)
Net profit	—	—	—	—	10,149	10,149
Balance as of 31 December 2023	15,000	270,307	719	443,701	10,149	739,876

CHF thousands	Share capital	Statutory capital reserve ¹	Statutory retained earnings reserve	Profit/(-loss) carried forward	Net profit/(-loss)	Total
Balance as of 1 January 2024	15,000	270,307	719	443,701	10,149	739,876
Reallocation of retained earnings	—	—	—	10,149	(10,149)	—
Employee participation schemes	—	—	—	—	—	—
Capital increase/(decrease)	—	—	—	—	—	—
Acquisition and disposal of own shares	—	—	—	—	—	—
Dividends and other distributions	—	—	—	(30,000)	—	(30,000)
Other allocations to/(transfers from) the other reserves	—	—	—	—	—	—
Net profit	—	—	—	—	43,518	43,518
Balance as of 31 December 2024	15,000	270,307	719	423,850	43,518	753,394

¹ CHF 251,950 thousand relate to tax exempt capital contribution reserve which has been confirmed by the Swiss Federal Tax Administration (ESTV) on 30 March 2021.

Concordance table regarding disclosure requirements

The following concordance table provides a reconciliation of the disclosure requirements under the Swiss accounting regulations for banks (Banking Ordinance (BO), FINMA Accounting Ordinance (RelV-FINMA) and FINMA Circular 2020/1) and the disclosures in the single entity financial statements of Leonteq Securities AG. The Company is a fully owned subsidiary of the listed company Leonteq AG, which publishes consolidated financial statements in accordance with IFRS. Therefore, Leonteq Securities AG can apply the consolidation relief to selected disclosure requirements. In accordance with the Banking Ordinance Article 36, Leonteq Securities AG is not required to publish a management report.

Swiss accounting regulations	Disclosure requirement	Disclosure in single financial statements of Leonteq Securities AG
BankO Annex 1 A	Balance sheet	Balance sheet in accordance with ARB as of 31 December 2024 and 2023
BankO Annex 1 B	Income statement	Income statement in accordance with ARB for the years ended 31 December 2024 and 2023
RelV-FINMA	Appropriation of profit/coverage of losses/other distributions	Appropriation of retained earnings
BankO Annex 1 C	Cash flow statement	In accordance with BankO art. 36, Leonteq Securities AG does not need to disclose a cash flow statement.
BankO Annex 1 D	Statement of change in equity	Statement of changes in equity from the years ended 31 December 2024 and 2023
BankO Annex 1 E let. a	Business name and its legal form and domicile	Note 1: General information
BankO Annex 1 E let. b	Accounting and valuation policies	Note 3: Principal accounting policies; Note 4: Critical judgements and key estimation uncertainties; Note 5: Changes to critical accounting estimates; Note 6: Changes in accounting policies and presentation; Note 41: Statutory banking regulations (differences between IFRS and ARB)
BankO Annex 1 E let. c	Risk Management	Risk Management and Control (pages 9 to 35)
BankO Annex 1 E let. d	Explanation of the methods used for identifying default risks and determining the need for value adjustments	Note 41: Statutory banking regulations – Expected credit loss Note 34: Expected credit loss
BankO Annex 1 E let. e	Explanations of the valuation of collateral, in particular key criteria for the calculation of the current market value and the lending value	Leonteq Securities AG does not have credit business.
BankO Annex 1 E let. f	Explanations of the bank's business policy regarding the use of derivative financial instruments, including explanations relating to the use of hedge accounting	Note 18: Hedge accounting Note 25: Replacement values of derivative instruments Note 41: Statutory banking regulations
BankO Annex 1 E let. g	Material events after balance sheet date	Note 40: Post-balance sheet events
BankO Annex 1 E let. i	Information on the balance sheet	Notes to the (consolidated) financial statements

Swiss accounting regulations	Disclosure requirement	Disclosure in single financial statements of Leonteq Securities AG
BankO Annex 1 E let. i cypher 1	Breakdown of securities financing transactions (assets and liabilities)	Note 22: Securities financing transactions (assets and liabilities)
BankO Annex 1 E let. i cypher 2	Presentation of collateral for loans/receivables and off-balance-sheet transactions and impaired loans/receivables	Collateralised loans/receivables and off-balance-sheet transactions and impaired loans/receivables
BankO Annex 1 E let. i cypher 3	Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)	Note 23: Trading financial assets and liabilities Note 24: Trading inventories Note 26: Other financial assets and liabilities designated at fair value through profit or loss
BankO Annex 1 E let. i cypher 4	Presentation of derivative financial instruments (assets and liabilities)	Note 25: Replacement values of derivative instruments
BankO Annex 1 E let. i cypher 5	Breakdown of financial investments	Leonteq Securities AG does not have any financial investments as defined in FINMA circ. 20/1
BankO Annex 1 E let. i cypher 6	Presentation of participations	In accordance with RelV-FINMA article 86, Leonteq Securities AG does not need to disclose the participations
BankO Annex 1 E let. i cypher 7	Disclosure of companies in which the banks holds a permanent direct or indirect significant participation	In accordance with RelV-FINMA article 86, Leonteq Securities AG does not need to disclose the permanent direct or indirect significant participations
BankO Annex 1 E let. i cypher 8	Presentation of tangible assets	Note 30: Tangible and intangible assets
BankO Annex 1 E let. i cypher 9	Presentation of intangible assets	Note 30: Tangible and intangible assets
BankO Annex 1 E let. i cypher 10	Breakdown of other assets and other liabilities	Note 29: Other assets and other liabilities
BankO Annex 1 E let. i cypher 11	Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership	Leonteq Securities AG does not have any assets pledged or assigned to secure own commitments and of assets under reservation of ownership
BankO Annex 1 E let. i cypher 12	Disclosure of liabilities relating to own pension schemes and number and nature of equity instruments of the bank held by own pension schemes	Note 41: Statutory banking regulations – Pension and post-retirement benefits
BankO Annex 1 E let. i cypher 13	Disclosure of the economic position of own pension schemes	Information on economic benefit/liability and the pension expenses
BankO Annex 1 E let. i cypher 14	Presentation of structured products issued	Note 26: Other financial assets and liabilities designated at fair value through profit or loss
BankO Annex 1 E let. i cypher 15	Presentation of outstanding bonds and mandatory convertible bonds	Leonteq Securities AG does not have any outstanding bonds and mandatory convertible bonds
BankO Annex 1 E let. i cypher 16	Presentation of value adjustments and provisions, reserves for general banking risks and changes therein during the current year	Note 35: Provisions
BankO Annex 1 E let. i cypher 17	Presentation of the bank's capital	Note 36: Shareholder's equity

Swiss accounting regulations	Disclosure requirement	Disclosure in single financial statements of Leonteq Securities AG
BankO Annex 1 E let. i cypher 18	Number and value of equity securities or options on equity securities held by all executives and directors and by employees and disclosure of any employee participation schemes	Note 13: Personnel expenses
BankO Annex 1 E let. i cypher 19	Disclosures of amounts due from / to related parties	Note 38: Related-party transactions
BankO Annex 1 E let. i cypher 20	Disclosure of holders of significant participations	Note 37: Significant shareholders
BankO Annex 1 E let. i cypher 21	Disclosure of own shares and composition of equity capital	Note 36: Shareholder's equity
BankO Annex 1 E let. i cypher 22	Disclosures in accordance with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations and Article 663c para. 3 CO for banks whose equity securities are listed	The shares of Leonteq Securities AG are not listed
BankO Annex 1 E let. i cypher 23	Presentation of the maturity structure of financial instruments	In accordance with RelV-FINMA article 86, Leonteq Securities AG does not need to disclose the maturity structure of financial instruments
BankO Annex 1 E let. i cypher 24	Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle	In accordance with RelV-FINMA article 86, Leonteq Securities AG does not need to disclose the presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle maturity structure of financial instruments
BankO Annex 1 E let. i cypher 25	Breakdown of total assets by country or group of countries (domicile principle)	In accordance with RelV-FINMA article 86, Leonteq Securities AG does not need to disclose the breakdown of total assets by country or group of countries (domicile principle)
BankO Annex 1 E let. i cypher 26	Breakdown of total assets by credit rating of country groups (risk domicile view)	Total assets by credit rating of country groups
BankO Annex 1 E let. i cypher 27	Breakdown of assets and liabilities broken down by the most significant currencies for the bank or financial group	In accordance with RelV-FINMA article 86, Leonteq Securities AG does not need to disclose the breakdown of assets and liabilities broken down by the most significant currencies for the bank or financial group
BankO Annex 1 E let. j cypher 28	Off-balance-sheet transactions	Note 39: Off-balance sheet items
BankO Annex 1 E let. j cypher 29	Commitments	Note 39: Off-balance sheet items
BankO Annex 1 E let. j cypher 30	Fiduciary transactions	Leonteq Securities AG does not perform any fiduciary transactions
BankO Annex 1 E let. j cypher 31	Assets under management	Leonteq Securities AG does not have assets under management
BankO Annex 1 E let. k cypher 32	Breakdown of the result from trading activities and the fair value option	Note 10: Results from trading activities and the fair value option
BankO Annex 1 E let. k cypher 33	Disclosure of material refinancing income	Leonteq Securities AG does not have any material refinancing income

Swiss accounting regulations	Disclosure requirement	Disclosure in single financial statements of Leonteq Securities AG
BankO Annex 1 E let. k cypher 34	Breakdown of personnel expenses	Note 13: Personnel expenses
BankO Annex 1 E let. k cypher 35	Breakdown of general and administrative expenses	Note 14: Other operating expenses
BankO Annex 1 E let. k cypher 36	Explanations regarding material losses, extraordinary income and expenses as well as material releases of hidden reserves, reserves for general banking risks and value adjustments and provisions no longer required	Note 41: Statutory banking regulations – Extraordinary profit
BankO Annex 1 E let. k cypher 37	Disclosure of and reasons for revaluation of participations and long-lived assets up to acquisition cost at maximum	Leonteq Securities AG does not have any participation and long-lived assets with hidden reserves
BankO Annex 1 E let. k cypher 38	Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment	In accordance with RelV-FINMA article 86, Leonteq Securities AG does not need to disclose the presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment
BankO Annex 1 E let. k cypher 39	Presentation of current and deferred taxes and disclosure of tax rate	Note 15: Income Taxes
BankO Annex 1 E let. k cypher 40	Disclosures and explanations of the earning per equity securities	The shares of Leonteq Securities AG are not listed

Collateralised loans/receivables and off-balance sheet transactions and impaired loans/receivables

CHF thousands	Type of collateral			Total 31.12.2024
	Secured by mortgage	Other collateral	Unsecured	
Loans (before netting with value adjustments)				
Amounts due from customers	—	61,755	332,126	393,881
Assets from other financial instruments at fair value	—	—	2,604,094	2,604,094
Mortgage loans	—	—	—	—
Total loans (before netting with value adjustments)				
Balance as of 31 December 2024	—	61,755	2,936,220	2,997,975
Balance as of 31 December 2023	—	6,682	3,069,114	3,075,796
Total loans (after netting with value adjustments)				
Balance as of 31 December 2024	—	61,755	2,936,220	2,997,975
Balance as of 31 December 2023	—	6,682	3,069,114	3,075,796
Off-balance sheet items				
Contingent liabilities	—	—	18,597	18,597

CHF thousands	Type of collateral			Total 31.12.2024
Total off-balance-sheet items as of 31 December 2024	—	—	18,597	18,597
Total off-balance-sheet items as of 31 December 2023	—	—	37,810	37,810

CHF thousands	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Impaired loans / receivables				
Balance as of 31 December 2024	1,781	—	1,781	1,781
Balance as of 31 December 2023	1,652	—	1,652	1,652

Information on economic benefit/liability and the pension expenses

CHF thousands	31.12.2024 Surplus	31.12.2024 Economic benefit or liability	31.12.2023 Economic benefit or liability	Change versus previous year	Contributions accrued for the period	2024 Pension costs included in Personnel Expenses	2023 Pension costs included in Personnel Expenses
Patronage funds and pension plans	—	—	—	—	—	—	—
Pension plans without a surplus/shortfall	—	—	—	—	—	—	—
Pension plans with a surplus	8,052	—	—	—	3,454	3,454	3,541
Pension plans with a shortfall	—	—	—	—	—	—	—
Pension schemes without their own assets	—	—	—	—	—	—	—
Total	8,052	—	—	—	3,454	3,454	3,541

Pension fund Leonteq Securities AG

	31.12.2024	31.12.2023
Coverage ratio excluding employer's contribution reserve	111.8%	103.0%
Coverage ratio including employer's contribution reserve	111.8%	103.0%

Ownership of shares and options by members of the Board of Directors and Executive Committee

Leonteq Securities AG is wholly owned by Leonteq AG. Members of the Board of Directors and members of the Executive Committee did not hold any options to acquire shares of Leonteq Securities AG as of 31 December 2024 and 31 December 2023, respectively. Except of one member of the Executive Committee, all other members did not hold any options to acquire shares of Leonteq AG as of 31 December 2024 and 31 December 2023, respectively.

The Company has not granted any loans or guarantee commitments to members of the Board of Directors or members of the Executive Committee.

For further information regarding participations in Leonteq AG 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 Group's Compensation Report on page 88 to 113, as well as Note 13 of the consolidated financial statements of Leonteq AG.

Total assets by credit rating of country groups

Risk domicile view

Moody's rating categories	Foreign exposure in CHF thousands	2024 Shares as %	Foreign exposure in CHF thousands	2023 Shares as %
Aaa - Aa3	8,157,072	97%	6,942,636	97%
A1 - A3	—	0%	—	0%
Baa1 - Baa3	139,187	2%	172,595	3%
Ba1 - Ba2	36,242	1%	22,224	0%
Ba3	17,380	0%	11,241	0%
B1 - B3	32,772	0%	18,059	0%
Caa1 - C	10,208	0%	9,695	0%
unrated	23,245	0%	3,448	0%
Total assets	8,416,107	100%	7,179,898	100%

Capital management

Until 31 December 2024, Leonteq was classified as a Swiss category 5 non-account holding securities firm according to the Swiss Financial Institutions Act (FinIA) and the Financial Institutions Ordinance (FinIO). 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. Under this regulatory framework, Leonteq calculated its eligible capital on the basis of the Company's shareholders' equity less intangible assets and less expected upcoming dividend payments. As of 31 December 2024, Leonteq reported eligible capital totalling CHF 753.4 million (31 December 2023: CHF703.5 million).

Leonteq also has a robust capital adequacy and planning process in place to ensure that the Company's own funds are sufficient to cover potential losses in the event of severe adverse market shocks or other events.

Effective 1 January 2025, Leonteq is subject to enhanced capital and large exposure requirements as defined by the Swiss Capital Adequacy Ordinance. The Swiss Financial Market Supervisory Authority (FINMA) will additionally define final details of an enhanced liquidity regime in the coming months.

Leonteq will also be allowed to issue and account for hybrid capital and, once the liquidity regime has been finalised and subject to regulatory approval, banking counterparties will be allowed to risk-weight exposures to Leonteq as if it were a bank or account-holding securities firm counterparty (versus a corporate counterparty which carries higher risk weighting charges).

Leonteq fully meets the current capital and large exposure requirements thanks to its strong capital position it built up over the last few years. Leonteq is currently implementing the transition to capital calculations according to the fundamental review of the trading book (FRTB) standardised approach. This implementation will take time and Leonteq expects to publish its capital ratios and related disclosures with its half-year 2025 results. Leonteq will also consider in due course the issuance of a hybrid capital bond to optimise its capital structure.



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Report of the Statutory Auditor

To the General Meeting of
Leonteq Securities AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leonteq Securities AG (the Company), which comprise the balance sheet as at 31 December 2024, the income statement and the statement of changes in equity for the year then ended and notes, including a summary of principal accounting policies.

In our opinion, the financial statements (pages 105 to 116) as at 31 December 2024 give a true and fair view of the financial position and the results of operations in accordance with Swiss accounting rules for banks and comply with Swiss law and the 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 level 2 and level 3 financial instruments
- Revenue recognition

Materiality CHF 8.1 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.

Deloitte.

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 (model with input parameters that can be observed directly or indirectly in the market) or level 3 (model with significant input parameters that cannot be observed in the market).

As at 31 December 2024, the Company reports total financial assets at fair value as follows:

(in CHF)	31.12.2024	31.12.2023
Total financial assets at fair value	9.0bn	7.9bn
of which level 2 financial instruments	1.4bn	1.5bn
Total financial liabilities at fair value	7.7bn	6.7bn
of which level 2 financial instruments	6.1bn	5.5bn
of which level 3 financial instruments	9m	8m

Financial liabilities mainly consist of issued structured products and derivative instruments.

As presented in notes 4 and 17 to the 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 judgement applied by the Company 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 controls in place;
- evaluating key controls operating effectiveness testing conducted by a third party (including data feeds and input to models);
- assessing the independent price verification (IPV) performed.

We utilised our valuation specialists in the audit of the fair value of financial instruments 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 the 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 including the 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.

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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 28 to the financial statements, management exercises judgment in allocating fees earned to the Company's performance obligations and in determining the timing of when performance obligations are satisfied.

For the year 2024 the Company reports net fee income of CHF 157.9 million (2023: 149.7 million) and deferred fee income of CHF 49 million (2023: 57.8 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 Company'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.

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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 8.1 million
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Basis for determining materiality	1% of total equity
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Rationale for the applied benchmark	Due to the accelerated volatility of the result from operating activities (two-years average of that metric was determined as benchmark for the audit 2023) and in order to better reflect sustainable metrics of stakeholder interest we determined equity as benchmark for the calculation of materiality.
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We agreed with the Audit & Risk Committee that we would report to the Board of Directors all audit differences in excess of CHF 405,000, 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.

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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 financial statements and statutory financial statements, the risk and control report and our auditor's reports thereon.

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

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

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

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with accounting rules for banks, 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.

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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.

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.

Based on our audit in accordance with article 728a para. 1 item 2 CO, we confirm that the proposed appropriation of available earnings of the Board of Directors 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, 26 February 2025

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