Half-Year Report two thousand and twenty-four

LEONTEQ AG

LEONTEQ

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HIGHLIGHTS

Profitability restored

with Group net profit of CHF 15.7 million vs. CHF -8.2 million in H2 2023

+32%

growth in net fee income vs. H2 2023 driven by strong momentum from new business initiatives

146,409

Record number of client transactions processed on the platform

CHF 871.4 million

Strong capital base maintained

35%

Increased market share for SIX listed yield enhancement products

Took over market making

for equity securities and ETFs on BX Swiss

Launched innovative "bench"

3a pension savings solution

"Low Risk" score of 13.0

assigned by Sustainalytics

At a glance

	H1 2024	H2 2023	H1 2023	Change from H1 2023	Change from H2 2023
Group results (CHF million)					
Total operating income	133.4	112.9	147.1	(9%)	18%
Profit before taxes	12.9	(6.8)	25.2	(49%)	N/A
Group net profit	15.7	(8.2)	28.8	(45%)	N/A
Key ratios					
Cost/income ratio	90%	106%	83%	7 pp	(16 pp)
Return on equity	4%	(2%)	7%	(3 pp)	6 pp
Business metrics and KPIs					
Platform assets (CHFbn)[1]	13.1	11.7	12.6	4%	12%
of which historic partner business (CHFbn)[1]	5.8	4.8	5.2	12%	21%
of which new partner business (CHFbn)[1]	2.8	2.3	2.5	12%	22%
of which Leonteq business (CHFbn)[1]	4.5	4.6	4.9	(8%)	(2%)
Turnover (CHFbn)	15.8	9.5	11.8	34%	66%
of which historic partner business (CHFbn)	4.2	2.9	3.1	35%	45%
of which new partner business (CHFbn)	2.8	1.9	2.4	17%	47%
of which Leonteq business (CHFbn)	8.8	4.7	6.3	40%	87%
Balance sheet-light turnover (CHFbn)	3.1	1.0	1.7	82%	210%
Share of balance sheet-light turnover	20%	11%	14%	6 pp	9 pp
Number of active clients	839	N/A	890	(6%)	N/A
Number of client transactions	146,409	99,244	97,874	50%	48%
Number of issued products	23,946	18,439	19,767	21%	30%
Number of pension savings contracts[1]	56,840	57,008	56,273	1%	(0%)

	H1 2024	H2 2023	H1 2023	Change from H1 2023	Change from H2 2023
Balance sheet (CHF million)[1]					
Total assets	10,612.9	9,256.0	10,367.2	2%	15%
Total shareholders' equity	814.4	780.1	821.3	(1%)	4%
Capital base	871.4	837.9	883.4	(1%)	4%
Share information					
Market capitalisation (CHFm)[1]	412	650	774	(47%)	(37%)
Number of shares outstanding[1]	18,494,242	18,934,097	18,934,097	(2%)	(2%)
Share price (CHF)[1]	22.30	34.35	40.90	(45%)	(35%)
Book value per share (CHF)[1]	46.20	44.40	45.70	1%	4%
Basic earnings per share (CHF)	0.89	(0.44)	1.59	(44%)	N/A
Diluted earnings per share (CHF)	0.86	(0.42)	1.53	(44%)	N/A
Employees					
Number of full-time equivalent employees[1]	573	591	608	(6%)	(3%)
Credit rating					
Long-term issuer default rating (Fitch)	BBB/stable	BBB/stable	BBB-/positive	N/A	N/A
Long-term issuer rating (JCR)	BBB+/stable	BBB+/stable	BBB+/stable	N/A	N/A

1 At the end of the respective period.

Alternative performance measures

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

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

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

MANAGEMENT REPORT

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Our strategy

Our Growth Strategy 2026

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

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

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

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

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

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

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

Offering

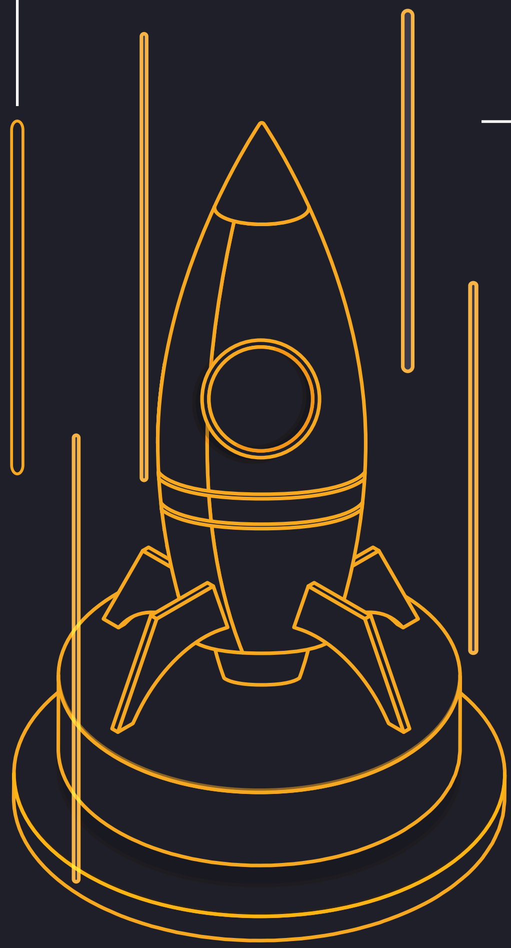
We are further expanding and diversifying our offering across products, asset classes and issuers.

Regions

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

Platform

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



Sustainability

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

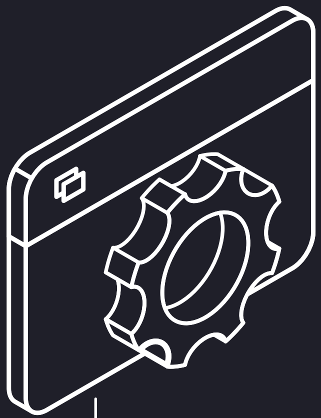
FINANCIAL TARGETS 2026

Total operating income (CHF million)	450–500
Return on equity	>15%

ESG TARGETS 2026

Great Place to Work® Trust Index Score	>72%
Gender diversity	>25%

GROWTH STRATEGY 2026 – KEY ACHIEVEMENTS IN H1 2024



OFFERING

STARTED COLLABORATION WITH
NEON IN THE AREA OF INVESTMENT PLANS

LAUNCHED
"BENCH", AN INNOVATIVE 3A PENSION SAVINGS SOLUTION JOINTLY WITH GLARNER KANTONALBANK

REVENUE CONTRIBUTION OF
58% FROM NEW BUSINESS INITIATIVES

BALANCE SHEET-LIGHT
TURNOVER CONTRIBUTION OF 20%

REGIONS

INCREASED
MARKET SHARE FOR SIX-LISTED YIELD ENHANCEMENT PRODUCTS TO 35%

RECOGNISED AS
TOP SERVICE PROVIDE FOR THE 14TH CONSECUTIVE YEAR
at the Swiss Derivative Awards

INCREASED
MARKET SHARE FOR LISTED PRODUCTS ON BORSA ITALIANA TO 17%

GROWTH STRATEGY 2026 – KEY ACHIEVEMENTS IN H1 2024

PLATFORM

EXPANDED
DIGITAL OFFERING OF LYNQS TO INSURANCE COMPANIES

ADDED
4 TOP-RATED ISSUERS ON LYNQS

TOOK OVER
MARKET MAKING FOR SEVERAL TRADING SEGMENTS ON BX SWISS

RECORD NUMBER OF
146,409 CLIENT TRANSACTIONS PROCESSED ON THE PLATFORM, UP 48%, VS. H2 2023

SUSTAINABILITY

INITIATED PROCESS TO
REASSESS THE GROUP'S MATERIAL TOPICS THROUGH A DOUBLE MATERIALITY ASSESSMENT

COMMENCED PREPARATION OF A
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) REPORT

CONDUCTED AN
EMPLOYEE SURVEY TOGETHER WITH GREAT PLACE TO WORK® FOR THE SECOND TIME

ASSIGNED
ESG RISK RATING OF 13.0 ("LOW RISK") BY SUSTAINALYTICS

OFFERING

In March 2024, Leonteq and Glarner Kantonalbank jointly launched "bench" - the first 3a pension savings solution that combines upside potential with a guarantee on the paid-in assets at the time of retirement. The guarantee products offer a higher potential return than a standard 3a savings account, and clients can choose between a guarantee of 80%, 90% or 100%, depending on their needs.

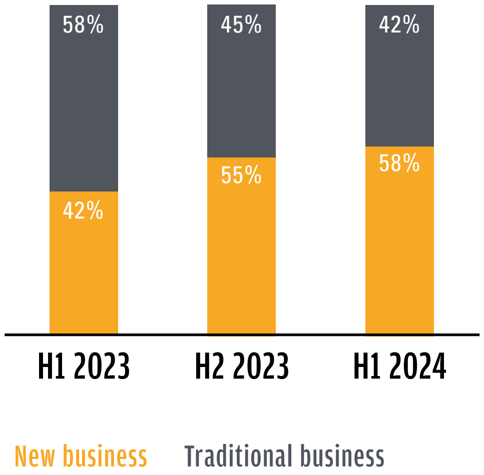
The company also advanced its retail flow business initiative. Following its acquisition of a 10% stake in BX Swiss from Boerse Stuttgart Group in December 2023, Leonteq implemented a phased approach to gradually assume the role of exclusive market maker for equity securities and ETFs on BX Swiss from April 2024. Turnover recorded on the exchange on the second quarter of 2024 has almost doubled compared to the prior-year quarter.

Since its introduction in November 2022, Leonteq has continuously expanded its suite of ETP+ labelled products. In the first half of 2024, Leonteq launched 13 new ETPs+, raising the total to 28 as of June 2024.

Leonteq also announced a collaboration with neon under which neon will offer the ETP+ on the FuW Swiss 50 Index NTR to its clients as part of the recently launched investment plan without purchase or deposit fees. This collaboration is targeting a new growth market for investment plans in Switzerland.

Overall revenues from new business activities grew by 51% to CHF 77.2 million and contributed 58% of Group economic revenues (excluding net result of hedging activities) in the first half of 2024

Economic revenues by business type[1]



[1] Excluding net result of hedging activities

(H2 2023: 55%; H1 2023: 42%). The Group's fund derivatives business, balance sheet-light business and treasury initiative recorded strong double-digit growth rates, compared to both the first half and the second half of 2023.

Balance sheet-light turnover increased to CHF 3.1 billion in the first half of 2024, partially driven by a few exceptional transactions with a high notional amount, compared to turnover of CHF 1.0 billion in the second half of 2023. The crypto asset business benefitted from the increaswed activity in the crypto area. Leonteq's AMC business (including actively managed certificates, tracker certificates, exchange traded products, and other open-end products) also performed well.

PLATFORM

Leonteq continued to invest in digital client solutions in the first half of the year, leveraging its scalable technology platform. Following the successful launch of LYNQS for financial advisors, asset managers and private banks, Leonteq expanded its digital offering to insurance companies in H1 2024. LYNQS technology, which was developed in-house, helps insurance companies to digitalise and automate the lifecycle management of their outstanding structured products. In this context, Leonteq signed an agreement with CNP Luxembourg (CNPL) to provide it with access to LYNQS' Portfolio module and to update and efficiently monitor its outstanding structured products.

The quote module of LYNQS was also made available in the mobile version of LYNQS in Singapore and Hong Kong. This makes Leonteq one of the first platform providers offering access to a click 'n' trade platform via mobile devices in Asia.

Further, the number of available third-party issuers for LYNQS users was expanded to include four top-rated internationally renowned banking groups. As a result, LYNQS users have now access to structured products from a total of 15 issuers.

In the first half of 2024, the number of products initiated via LYNQS increased by 67% to 5,181 products compared to the second half of 2023 (up 303% compared to the first half of 2023). As a result, its click 'n' trade ratio improved to 22% in the first half of 2024, compared to 17% in the second half of 2023 (H1 2023: 7%).

Leonteq recorded very high levels of platform activity in the first half of 2024. The company issued 23,946 products, up 30% compared to the second half of 2023 (up 21% vs H1 2023) and it processed 146,409 client transactions (up 48% vs H2 2023 and up 50% vs H1 2023), both representing record levels.

In line with scheduled repayments, the number of pension savings contracts managed on the platform by Leonteq's insurance partners decreased slightly to 56,840 as of 30 June 2024, compared to 57,008 at end-2023.

REGIONS

Net fee income in Leonteq's Swiss home market totalled CHF 53.0 million in the first half of 2024, an increase of 20% compared to CHF 44.1 million in the second half of 2023 (H1 2023: CHF 48.2 million). Together with its platform partners, Leonteq managed to further expand its market share of SIX-listed structured products from 13% in the second half of 2023 (H1 2023 11%) to 15%, ranking third among all issuers. For SIX-listed yield enhancement products, Leonteq significantly strengthened its leading position with a market share of 35% (H2 2023: 29%; H1 2023: 27%). At the Swiss Derivative Awards 2024, Leonteq was recognised as the top service provider for the 14th consecutive year.

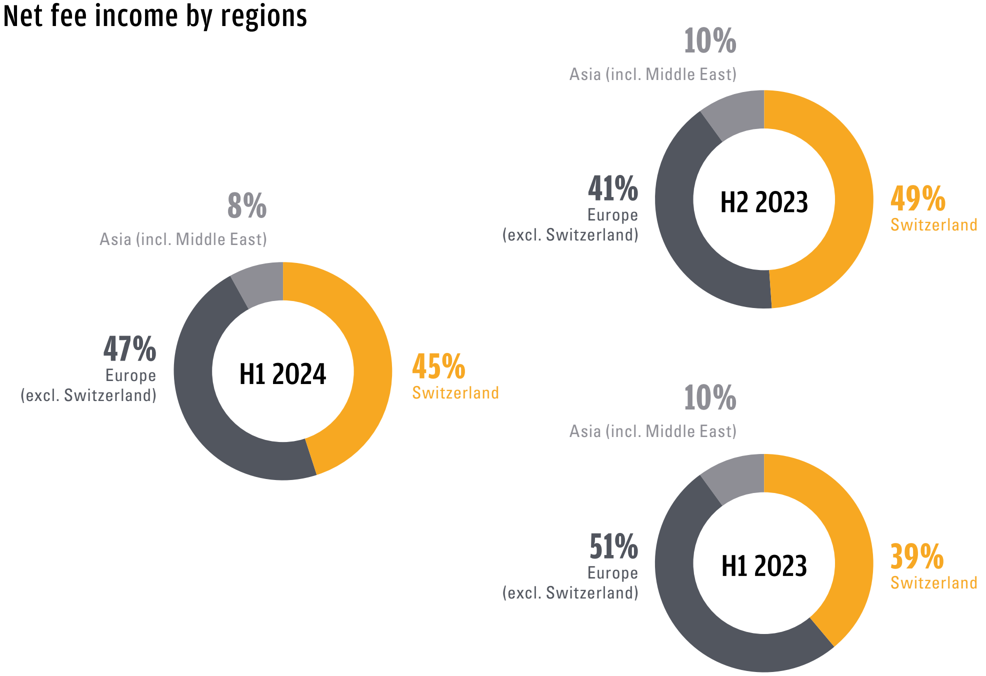
Operations in Europe delivered strong performance and generated 52% growth in net fee income, which rose to CHF 55.9 million from CHF 36.8 million in the second half of 2023. (H1 2023: CHF 62.7 million). In Italy, Leonteq made continued progress in establishing a strong market position, achieving a market share of 17% for listed products on Borsa Italiana's Cert-X market in the first half of 2024 (H2 2023: 16%; H1 2023: 13%). Further, it was recognised at the Italian Certificate Awards, where it received two product-related accolades.

Net fee income in the Asia region (including the Middle East) increased by 7% to CHF 9.0 million, compared to CHF 8.4 million in the second half of 2023 (H1 2023: CHF 13.0 million).

Breakdown of net fee income by region

CHF million	H1 2024	H2 2023	H1 2023	Change from H1 2023	Change from H2 2023
Switzerland	53.0	44.1	48.2	10%	20%
Europe (excl. Switzerland)	55.9	36.8	62.7	(11%)	52%
Asia (incl. Middle East)	9.0	8.4	13.0	(31%)	7%
Total net fee income	**117.9**	**89.3**	**123.9**	**(5%)**	**32%**

Net fee income by regions



SUSTAINABILITY

In the first half of 2024, Leonteq continued to drive the Group's sustainability efforts through various new and ongoing initiatives. This included launching a double materiality assessment to reassess the Group's material topics in order to better address both financial and non-financial impacts. In parallel, Leonteq has begun the preparations for a Task Force on Climate-related Financial Disclosures (TCFD) report, underscoring the company's commitment to providing transparency on climate-related financial risks and opportunities. Leonteq has also made progress in developing its climate strategy framework, which sets out how the Group aims to achieve climate neutrality over the medium term and to reach net zero over the long term.

In the first half of 2024, Leonteq conducted an employee survey together with Great Place to Work® for the second time as part of its commitment to further developing its workplace culture and in alignment with its 2026 ESG target to obtain a Great Place to Work Trust Index score of more than 72%. The results of the survey will be used to guide the implementation of efforts to further develop Leonteq's corporate culture and standing as a great place to work.

Leonteq's sustainability efforts are continuing to gain external recognition. In its most recent rating, Sustainalytics affirmed Leonteq's "Low Risk" ESG rating score. Sustainalytics assigned Leonteq an ESG Risk Rating of 13.0. This score categorises Leonteq as continuing to have low risk (on a scale from severe (≥40) to negligible (≤10)) of experiencing material financial impacts from ESG factors. The company ranks in the top 7th percentile of Sustainalytics' Global Universe and in the top 5th percentile in the Diversified Financial Universe.

Our results

Geopolitical tensions persisted in the first half of 2024, while inflation moderation and steady monetary policies contributed to improved market sentiment, benefitting both equity and bond markets. Market trends were similar to those witnessed in 2023 in terms of volatility, interest rates and competition.

In this challenging market environment, Leonteq returned to profitability in the first half of 2024 with Group net profit of CHF 15.7 million, compared to CHF -8.2 million in the second half of 2023 (H1 2023: 28.8 million).

Leonteq saw record levels of platform activity, with 23,946 issued products and 146,409 processed client transactions. It grew its net fee income to CHF 117.9 million, an increase of 32%, compared to CHF 89.3 million in the second half of 2023 (H1 2023: 123.9 million). This demonstrates Leonteq’s ability to deliver solid performance and gain market share with its strong client franchise and an increasingly diversified offering.

At the same time, Leonteq's capital base remained strong at CHF 871.4 million as of 30 June 2024 (31 December 2023: CHF 837.9 million).

Income statement

CHF million	H1 2024	H2 2023	H1 2023	Change from H1 2023	Change from H2 2023
Net fee income	117.9	89.3	123.9	(5%)	32%
Net trading result	11.2	18.8	17.8	(37%)	(40%)
Net interest result	2.9	3.2	3.3	(12%)	(9%)
Other operating income	1.4	1.6	2.1	(33%)	(13%)
Total operating income	**133.4**	**112.9**	**147.1**	**(9%)**	**18%**
Personnel expenses	(66.3)	(65.0)	(73.0)	(9%)	2%
Other operating expenses	(28.0)	(32.2)	(28.7)	(2%)	(13%)
Depreciation	(18.0)	(17.7)	(17.6)	2%	2%
Changes to provisions	(8.2)	(4.8)	(2.6)	215%	71%
Total operating expenses	**(120.5)**	**(119.7)**	**(121.9)**	**(1%)**	**1%**
Profit before taxes	**12.9**	**(6.8)**	**25.2**	**(49%)**	**N/A**
Taxes	2.8	(1.4)	3.6	(22%)	N/A
Group net profit	**15.7**	**(8.2)**	**28.8**	**(45%)**	**(291%)**

Total operating income

Total operating income increased to CHF 133.4 million in the first half of 2024, up by 18% compared to the second half of 2023, and down 9% compared to the same period of 2023.

Net fee income increased by 32% to CHF 117.9 million compared to the second half of 2023 and was down 5% or CHF 6.0 million compared to the first half of 2023. The decrease compared to the prior half-year was partially driven by a higher contribution from large ticket transactions totalling CHF 22 million (or 18% of the Group's net fee income) in the first half of 2023 compared to CHF 11 million (or 9% of the Group's net fee income) in the reporting period.

Total turnover increased by 66% to CHF 15.8 billion, compared to the second half of 2023 and by 34% compared to the first half of 2023, partially reflecting exceptional transactions with a high notional amount of CHF 1.7 billion. However, average ticket sizes continued to decrease while the competitive market environment and the aforementioned transactions led to a further reduction in the net fee margin to 67 basis points (H2 2023: 82 basis points; H1 2023: 97 basis points). Adjusted for these exceptional transactions, the net fee margin was 75 basis points.

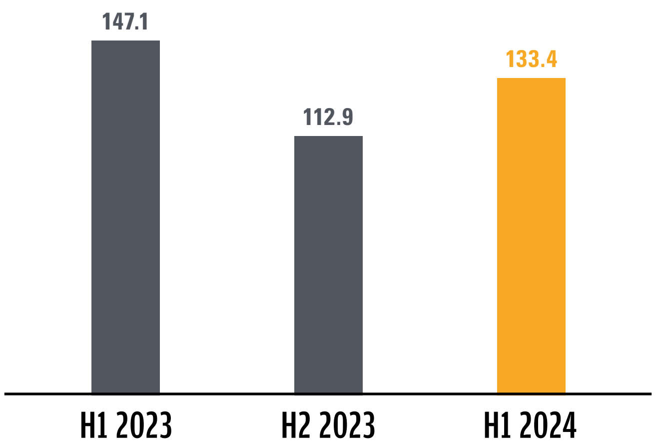
Reflecting continued efforts to diversify revenues across issuers, turnover from products issued by new partners in the first half of 2024 increased by 47% to CHF 2.8 billion compared to the second half of 2023 and by 17% compared to the first half of 2023. Turnover with historic partners increased to CHF 4.2 billion, up by 45% compared to the second half of 2023 and up by 35% compared to the first six months of 2023. Turnover from products issued by Leonteq rose significantly to CHF 8.8 billion, compared to CHF 4.7 billion in the second half of 2023 (H1 2023: CHF 6.3 billion), partially driven by the above-mentioned exceptional transactions with high notional amounts. Platform assets reached CHF 13.1 billion as of 30 June 2024, compared to CHF 11.7 billion as of 31 December 2023.

In the first half of 2024, volatility remained low, which led to a **net trading result** with limited but positive contributions from both hedging and treasury activities totalling CHF 11.2 million, compared to CHF 18.8 million in the second half of 2023 (H1 2023: CHF 17.8). Treasury activities contributed CHF 10.8 million, compared to CHF 7.0 million in the second half of 2023 (H1 2023: CHF 4.4 million), while hedging contributions amounted to CHF 0.4 million, compared to CHF 11.8 million in the second half of 2023 (H1 2023: 13.4 million).

The **net interest result** declined slightly to CHF 2.9 million, compared to CHF 3.2 million in the second half of 2023 and CHF 3.3 million in the first half of 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 the first half of 2024, other operating income was CHF 1.4 million, down by 13% from CHF 1.6 million in the second half of 2023 and down by 33% compared to CHF 2.1 million in the first six months of 2023.

Total operating income (CHF million)



TOTAL OPERATING INCOME
(CHF million)
133.4 + 18% vs H2 2023

PLATFORM ASSETS
(CHF billion)
13.1 + 12% vs end-2023

TURNOVER
(CHF billion)
15.8 + 66% vs H2 2023

CLIENT TRANSACTIONS
146,409 + 48% vs H2 2023

Total operating expenses

Total operating expenses remained relatively stable at CHF 120.5 million in the first half of 2024, compared to CHF 119.7 million in the second half of 2023, and CHF 121.9 million in the first six months of 2023.

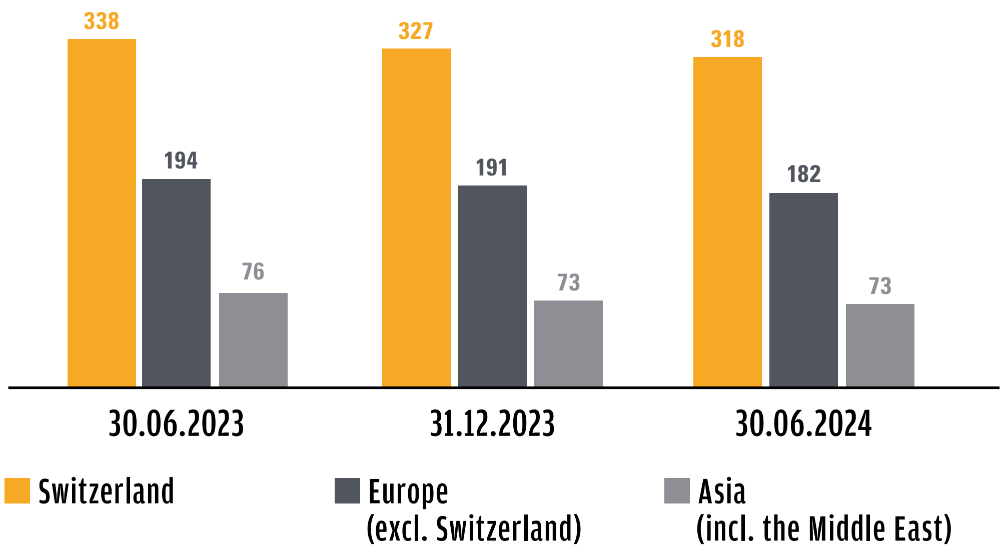
Leonteq executed a range of measures to optimise its cost structure and make it more flexible in order to adapt to rapidly changing market conditions. Leonteq applied a stricter approach to new hires and replacements and is using natural turnover to lower headcount to 573 FTEs at end-June 2024 (end-December 2023: 591 FTEs).

Personnel expenses totalled CHF 66.3 million in the first half of 2024, up by 2% from H2 2023 (H1 2023: CHF 73.0) and down 9% from H1 2023.

Other operating expenses decreased by 13% to CHF 28.0 million in the first half of 2024, compared to CHF 32.2 million in the second half of 2023 (-2% vs. H1 2023), mainly driven lower professional services costs due to a reduction in IT consulting fees following the reprioritisation of projects.

Leonteq also recorded **net provisions** for legal and regulatory cases of CHF 8.2 million in the first half of 2024, compared to net provisions of CHF 4.8 million in the second half of 2023 (H1 2023: CHF 2.6 million).

FTEs per region



SHAREHOLDER'S EQUITY
(CHF million)

+ 4% vs End-2023 **814.4**

GROUP NET PROFIT
(CHF million)

+ CHF 23.9 million vs H2 2023 **15.7**

RETURN ON EQUITY

+ 6PP vs H2 2023 **4%**

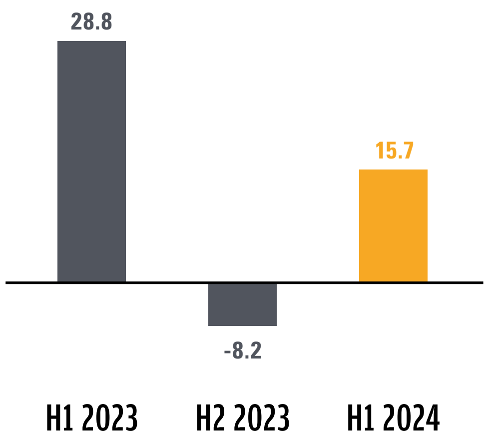
Profitability

Leonteq returned to profitability in the first half of 2024 following a net loss in the second half of 2023. Profit before taxes amounted to CHF 12.9 million, compared to CHF -6.8 million in the second half of 2023 (H1 2023. CHF 25.2 million).

Income taxes were positive at CHF 2.8 million in 2024, reflecting an increase in deferred tax assets. As a result, Group net profit totalled CHF 15.7 million in the first half 2024, compared to a net loss of CHF -8.2 million in the second half of 2023 (H1 2023: CHF 28.8 million). Earnings per share increased to CHF 0.89 from CHF -0.44 in the second half of 2023 (H1 2023: 1.59).

Shareholders' equity remained strong at CHF 814.4 as of 30 June 2024, 4% higher than CHF 780.1 million at end-December 2023. Return on equity was 4% for the first half of 2024 (H2 2023: -2%; H1 2023: 7%).

Group net profit
(CHF million)



Balance sheet

Leonteq's total assets increased by CHF 1,356.9 million, or 15%, to CHF 10,612.9 million as of 30 June 2024, compared to CHF 9,256.0 million as of 31 December 2023. Cash and receivables increased by CHF 322.0 million, or 35%, mainly due to higher transaction volumes compared to end-2023. Trading financial assets increased by CHF 459.0 million, or 15%, mainly due to an increase in outstanding platform assets with platform partners and the growth in Leonteq's fund derivatives business. The increase in outstanding volumes with partners also resulted in an increase of positive replacement values. Financial assets / investments reflect Leonteq's investment portfolio, which remained almost unchanged at CHF 2,801.7 million as of 30 June 2024 (31 December 2023: CHF 2,790.0 million), in line with stable outstanding volumes of Leonteq's own issued products.

Total liabilities increased by CHF 1,322.6 million, or 16%, to CHF 9,798.5 million, driven mainly by the increase in securities financing transactions and higher volumes of derivatives with negative replacement value in line with the increase in client activity and outstanding volumes with partners.

Shareholders' equity totalled CHF 814.4 million as of 30 June 2024, an increase of 4% from CHF 780.1 million as of 31 December 2023, 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. Retained earnings of CHF 15.7 million from the first half of 2024 were offset by a CHF 17.6 million distribution to shareholders.

Balance sheet

CHF million	30.06.2024	31.12.2023	30.06.2023	Change from YE 2023	Change from YE 2023
Cash and receivables	1,239.9	917.9	1,510.5	35%	322.0
Trading financial assets[1]	3,472.0	3,013.0	3,238.7	15%	459.0
PRV[2] of derivative financial instruments	2,959.2	2,398.7	2,856.4	23%	560.5
Financial assets / investments[3]	2,801.7	2,790.0	2,587.4	0%	11.7
Other assets	140.1	136.4	174.2	3%	3.7
Total assets	**10,612.9**	**9,256.0**	**10,367.2**	**15%**	**1,356.9**
Short-term credit and liabilities	2,211.0	1,541.4	2,043.9	43%	669.6
Trading financial liabilities	108.2	54.0	60.6	100%	54.2
NRV[4] of derivative financial instruments	2,620.3	1,999.6	2,344.7	31%	620.7
Own structured investment products[5]	4,665.4	4,667.0	4,889.1	(0%)	(1.6)
Other liabilities	136.6	156.1	145.5	(12%)	(19.5)
Deferred fee income	57.0	57.8	62.1	(1%)	(0.8)
Total liabilities	**9,798.5**	**8,475.9**	**9,545.9**	**16%**	**1,322.6**
Shareholders' equity	**814.4**	**780.1**	**821.3**	**4%**	**34.3**
Total liabilities and shareholder's equity	**10,612.9**	**9,256.0**	**10,367.2**	**15%**	**1,356.9**

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

RISK MANAGEMENT & CONTROL

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Reviewed information

These risk management and control disclosures form part of the financial statements included in the "Interim consolidated financial statements" section of this report and are reviewed by the independent registered public accounting firm Deloitte AG, Zurich.

The figures shown are rounded. Consequently, the total may differ from the figure calculated when the individual numbers are added together.

Risk management and control framework

The careful assessment and control of risks are critically important for Leonteq's business. In compliance with regulatory requirements in Switzerland and other applicable jurisdictions, the Group has established a comprehensive risk management and control framework covering financial and non-financial risks. Established policies and procedures not only facilitate the identification and monitoring of risks throughout the organisation but also help to ensure that they are controlled in an effective and consistent manner.

Risk management and control principles

Risk management and control are an integral component of the ongoing management of Leonteq's business. Leonteq is exposed to financial and non-financial risks as part of its client-focused business model. Risk management and control ensure that activities related to the structuring and issuance of structured investment products are client-driven rather than being motivated by proprietary risk-taking activities.

The following risk management and control guiding principles were defined by the Board of Directors:

- The Group's reputation is one of its most valuable assets and needs to be protected by means of a robust risk management and control framework, together with an effective risk culture;
- Compliance with all applicable statutory, regulatory and internal rules must be ensured at all times;
- The Group's capital base and risk exposures must be continuously managed to ensure that the Group remains adequately capitalised in severe stress scenarios;
- The Group's liquidity must be continuously managed to ensure that the Group remains solvent in normal and stress conditions;
- Risk concentrations and exposures to stress scenarios are closely monitored and managed within the approved Risk Limit Framework;
- The Group must maintain a comprehensive Risk Tolerance Framework covering all business activities and geographies that all employees must comply with; the effectiveness of the Risk Tolerance Framework is assessed on a regular basis by independent control functions; and
- Accurate, timely and detailed risk disclosures across all risk types are provided to senior management and the Board of Directors, as well as to regulators and auditors.

The Board of Directors defines and approves Leonteq's Risk Tolerance Framework as well as expressing risk tolerance through value statements for significant sources of risk at the recommendation of the Audit and Risk Committee. The Risk Tolerance Framework defines risk tolerance objectives that Leonteq strives to achieve as it works towards its goals of generating sustainable profitability and preserving shareholder's value. These objectives include the protection of earnings, capital and liquidity during plausible but severe stress scenarios. Leonteq's policies, its risk measurement and reporting methodologies, and its risk limit framework reflect the above principles. The risk framework is continuously being refined to take account of new business activities and changes to the risk profile.

RISK TOLERANCE FRAMEWORK

CATEGORY

Risk tolerance objectives defined by the Board of Directors:

- Capital
- Profit and loss
- Liquidity
- Market risk
- Credit and country risk
- Other financial risks
- Reputational risk
- Strategic risk
- Operational risk

RISK CAPACITY & EXPOSURE

RISK CAPACITY

- Capital
- Profit and loss

RISK EXPOSURE

Financial risks:

- Liquidity risk
- Market risk
- Credit and country risk
- Other financial risks

Non-financial risks:

- Reputational risk
- Strategic risk
- Operational risk
  - Legal and compliance risk
  - Tax risk
  - Information and cybersecurity risk
  - Other operational risks

IMPLEMENTATION

Operating three lines model including corporate, finance, compliance and risk processes

KEY PROCESSES & TOOLS

- Business model / strategy
- Budget process / strategic business plan
- Cost management / financial reporting and monitoring
- Risk and stress testing framework
- Risk limit framework
- Capital planning / capital management
- Profit and loss reporting and analysis / valuation framework / model validation
- Liquidity planning, monitoring and management framework
- Operational risk framework
- Internal Control System (ICS) / external and independent assessment of controls
- Risk & compliance policy framework
- Incentive system & internal management communication
- Internal rating by Leonteq
- External rating by a major rating agency

Risk governance

Leonteq's risk governance framework is based on the three lines model, which provides guidance regarding the core set-up of the internal control system. There is a clear allocation of tasks and responsibilities and the segregation of duties between first and second line, as well as the third line represented by the Internal Audit function.

Overall responsibility for the Group-wide Internal Control System lies with the Board of Directors and its committees. The Board of Directors defines the overall guidelines and performs an assessment of the internal control system on a regular basis. It delegates the implementation and maintenance of the internal control system to the Executive Committee.

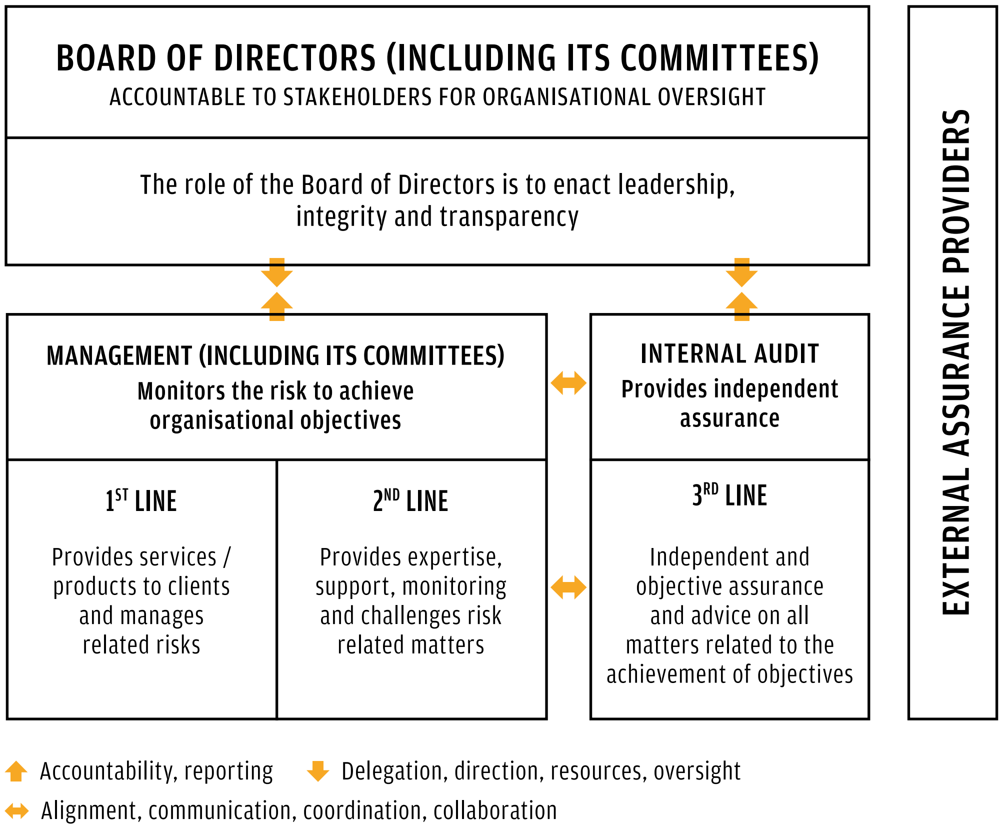
The first line provides services and products to partners and clients and manages the related risks. It comprises managers and "risk owners", who are responsible for identifying, assessing and managing inherent risks associated with business activities. Line managers must implement effective internal controls, operational activities and other measures to address the risks associated with the processes they manage.

The second line provides expertise and support to the first line. It performs independent controls and examines risk related matters. It consists of several functions that provide independent oversight of the risk management activities implemented by the first line. The second line defines the policies, frameworks, tools and techniques to be implemented by the first line. It also conducts monitoring to determine how effectively this is being done, and it helps to ensure consistency in the definition and measurement of risk.

The third line provides independent assurance. It comprises the Internal Audit function, which is not part of the risk management organisation and reports independently to the Board of Directors. Using a risk-based approach, Internal Audit assesses and provides assurance of the effectiveness of governance, risk management and internal controls and submits it to the Group's Board of Directors and Executive Committee.

The key roles and responsibilities for risk management and control are shown in the chart and described on the following pages.

The three lines model enhances clarity regarding the roles and responsibilities of the risk owners and the controlers, and it helps to improve the effectiveness of risk management activities.



The Board of Directors is responsible for defining an appropriate framework for the measurement, limitation, management and supervision of all risks to which the Group is exposed. It approves the overall risk policies and global limits, following recommendations by the Audit and Risk Committee.

The Audit and Risk Committee of the Board of Directors monitors a wide variety of risks. Market risk, credit and country risk, liquidity risk, other financial risks, reputational risk, strategic risk and operational risk. It also oversees general risks within the policy framework, rules and limits set by the Board of Directors or by the Committee itself, as well as the Internal Control System (ICS) and risk management processes throughout the Group.

The Executive Committee is responsible for the operational management and supervision of all risk types within the framework and risk tolerance defined by the Board of Directors. Furthermore, the Executive Committee is responsible for ensuring that effective governance processes are in place to identify, assess, monitor, control and report operational risk. This includes making sure that an effective ICS is established, documented and periodically evaluated. The Chief Risk Officer is responsible for the development of the Group's risk framework, its risk management and control principles, and its risk policies. In this context, the Executive Committee has delegated certain responsibilities to the following committees:

- The Risk Committee of Leonteq's Executive Committee is responsible for assessing, reviewing, and ensuring appropriate management of the risks to which the organisation is exposed. It also strives to ensure the risks taken by the organisation remain within the defined risk tolerance levels. In addition, the Risk Committee is also the body that proactively promotes a sound risk framework and culture.
- The Product Approval Committee is responsible for approving new types of financial products before they are issued and new services before they are launched.
- The Treasury Committee defines the Treasury function's mandate and monitors adherence to it. Its mandate is to oversee Leonteq's issuance activities to ensure sufficient excess liquidity and to balance the risk and return of investment activities. The Treasury Committee approves and oversees the implementation of strategic treasury initiatives related to liquidity and funding, as well as capital management, and it defines the liquidity risk management framework and monitors adherence to that framework.
- The Index Committee was established to oversee Leonteq's proprietary Index business. Leonteq developed a set of policies and procedures for its Index business to establish a robust governance framework. The Index Committee is responsible for overseeing any changes to index methodologies, maintaining the governance framework, determining the course of action for any potential cessation event for an index, and assessing internal and external audits or reviews of the Index business.
- The Sustainability Committee is responsible for the implementation of the sustainability strategy and environmental, social and governance (ESG) measures at Leonteq with the aim of improving the integration of ESG best practices across Leonteq's business and becoming a leading provider of investment solutions with an ESG focus.

The Risk Control department independently monitors the effectiveness of risk management and is responsible for ensuring that risk exposures remain in line with the risk tolerance defined by the Board of Directors.

The main responsibilities of Risk Control include:

- Daily monitoring, controlling and reporting of risk exposures against the established risk tolerance as expressed by limits, alert levels and thresholds; including escalation of all observed limit breaches to the business units and the limit owner, the Executive Committee and/or the Board of Directors;
- Providing periodic risk analysis and review reports to the Executive Committee and the Board of Directors;
- Risk identification to ensure that all material risks are detected, quantified and reported;
- Definition of appropriate risk measures and stress scenarios to monitor all material risks;
- Process, analyse and review all requests for changes in limits, alert levels and thresholds made by the business in the context of the established risk tolerance and present such requests to the responsible committee for review and approval;
- Independent oversight of treasury activities in managing structural foreign exchange risks and liquidity risks;
- Independent profit and loss verification and explanation of all trading activities on a daily basis;
- Independent assessment of models;
- Independent price verification of all financial positions;
- Defining, overseeing the implementation, and periodically reviewing the operational risk framework;
- Ensuring that the level of risk tolerance defined by the Board of Directors is communicated across the firm;
- Performing process and internal control reviews for specific business areas to ensure their adequacy to mitigate operational risks;
- Reviewing issues escalated by management to assess their impact on the firm's operational risk profile and facilitate remediation; and
- Promoting a strong risk culture by providing education on key risk concepts and tools.

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 level

Risk diversification rules
Monitoring exposure on counterparty/issuer-groups and on a country level

Risk mitigation
Reducing credit exposure by means of netting agreements, segregation of collateral and excess collateral

OPERATIONAL RISK

Monetary operational risk
Tolerance level defines accepted loss level

Risk identification
Event reporting, control assessments and risk register

Risk assessment and monitoring
Self-assessments, key risk indicators and reports

Risk mitigation
Internal control framework, IT & non-IT projects & initiatives, education and policies

Risk limit framework

The risk limit framework is based on the risk tolerance defined by the Board of Directors. The framework translates the tolerance into limits for financial risks inherent in the Group's activities as well as qualitative statements for those risks that cannot be quantified.

The Risk Limit Framework has three different tolerance levels:

- Board of Directors limits and alerts represent the Group's overall risk tolerance defined by the Board of Directors. Breaches of these tolerance levels are promptly escalated to the Board of Directors;
- Executive Committee limits and alerts are additional granular tolerance levels imposed by the Risk Committee of the Executive Committee; and
- Thresholds are part of the Risk Limit Framework established to closely monitor risk exposures below the limits and alerts defined by the Board of Directors and the Executive Committee.

Breaches of the above tolerance levels are promptly escalated to the relevant corporate bodies.

Operational resilience

Operational resilience refers to the ability of an organisation to maintain its critical functions in the face of disruptive events and changing environments. This ability enables Leonteq to identify and protect itself from threats and potential failures, 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, not only due to the regulatory rules but also due to the fact that business activities have become more dependent on technical infrastructure and more exposed to information and cyber security risks. Recognising that a range of potential hazards cannot be entirely prevented, Leonteq has developed an approach to Operational resilience that aims to mitigate potentially severe adverse impacts.

While business continuity management (BCM) often addresses short-term disruptions, Operational resilience extends the horizon by emphasising Leonteq's adaptive capacity and the ability to efficiently recover its critical functions. It involves building a robust foundation that supports ongoing resilience rather than recovering from specific incidents. It also requires testing severe but plausible scenarios that go beyond the impact on a single asset, but potentially combine them. Additionally, it involves proactive identification of vulnerabilities, robust risk management, and continuous improvement based on lessons learned.

The goal of operational resilience is to ensure viability (survival) of the institution and the functioning of financial markets through severe but plausible disruption scenarios – a state in which Leonteq can still deliver its critical functions.

In 2023, Leonteq has established its operational resilience framework to enhance its risk management, ensure compliance with regulatory rules, and offer its clients and partners assurance regarding the resilience of the organisation. At the beginning of 2024, Leonteq established a multi-year testing plan leveraging a risk-based testing approach.

The main pillars of the operational resilience framework include:

- Defined Group governance, including an operational resilience lifecycle and relevant responsibilities across all three lines;
- Critical functions and related disruption tolerances, i.e., the maximum tolerable level of disruption that Leonteq is willing to accept;
- End-to-end critical functions' value chains, i.e., the end-to-end process steps and the relevant critical resources, including critical IT applications and infrastructure, data, buildings, staff and third-parties;
- Identification and documentation of operational risks and key controls;
- Scenario testing and mitigating actions to ensure Leonteq's operational resilience; and
- Monitoring and reporting activities.

Recovery and resolution framework

Over the course of the last two years, Leonteq has implemented various aspects of recovery and resolution planning (RRP) measures, ensuring its readiness in times of crisis, even though there is currently no regulatory requirement to adopt these measures.

Recovery plan

Leonteq's recovery plan is designed to identify options to improve its financial strength and viability in case Leonteq were to come under severe capital and/or liquidity stress. The recovery plan strengthens Leonteq's resilience against financial shocks. In particular, it defines the processes and tools needed to ensure the timely execution of recovery options in a range of stress scenarios, including governance and escalation, recovery 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 an assessment of various resolution strategies to provide an overview of measures that may be taken either in the event of a severe crisis or in business-as-usual mode to preserve shareholder value. Depending on the strategy chosen, its applicability and effectiveness might relate to only one or more scenarios. The strategies also vary in terms of their complexity and potential challenges during their implementation, as well as time to impact.

Risk infrastructure

The Group's risk infrastructure has been continuously developed since Leonteq commenced operations in 2007. Leonteq has made significant investments in maintaining and further strengthening its risk infrastructure. Today, a single position keeping system eliminates the need for complex data and risk aggregation and consolidation systems. A data warehouse that can be accessed by all relevant departments ensures a high level of data consistency. Automated data extractions, enrichment and risk analysis processes allow for the rapid and efficient monitoring and reporting of risk exposures. Significant computational resources are available to perform the required calculations for hundreds of risk and trading reports each day. No approximations or proxy models are used for risk management and control purposes, i.e., all instruments are fully calculated.

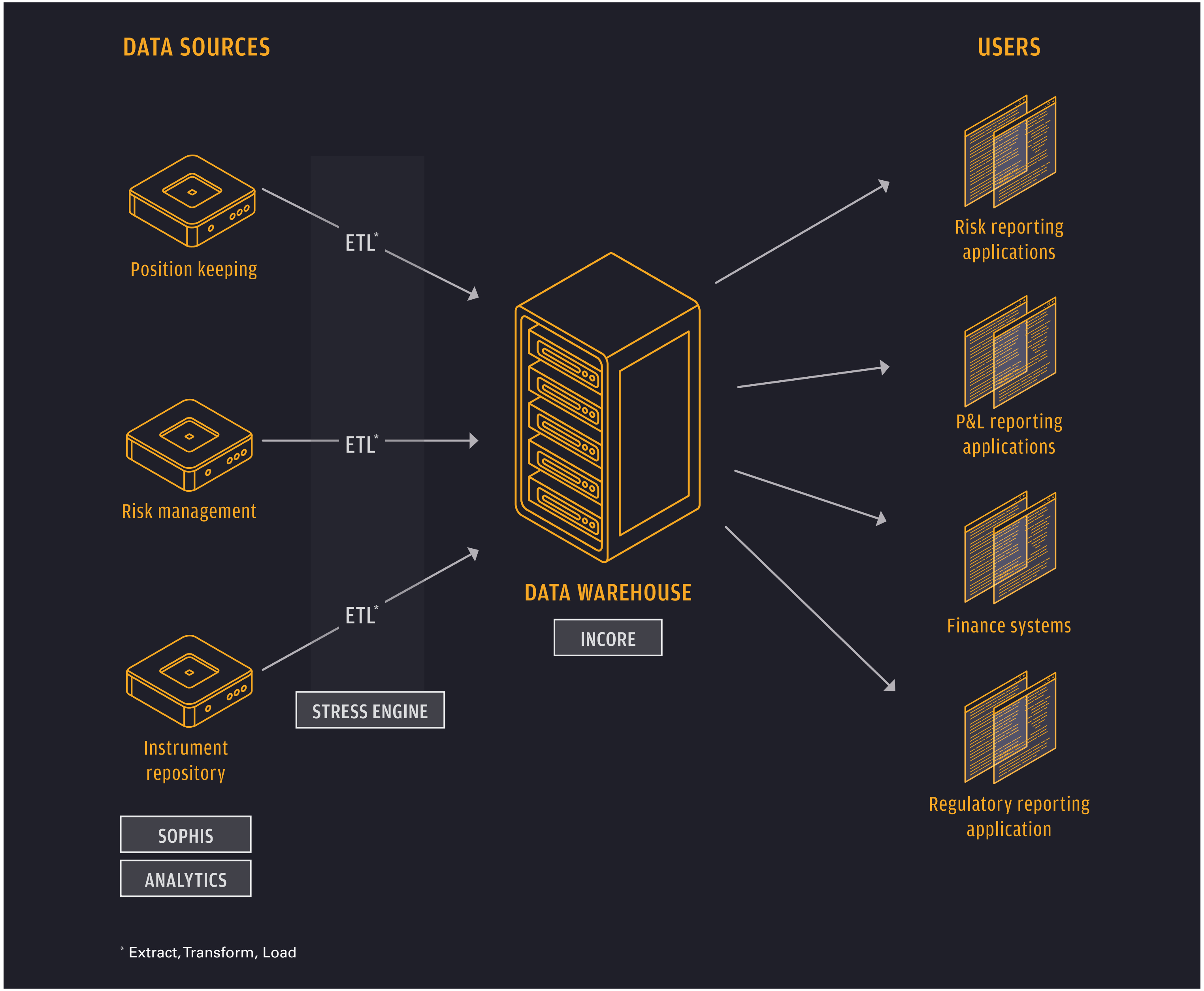
Over 100 experienced IT professionals are responsible for maintaining and further developing the Group's systems. The same core IT system is used across all asset classes, integrating important front-, mid- and back-office functions as well as risk management, risk control and quantitative modelling. Leonteq's structured investment service platform consists of its proprietary information technology systems and processes as well as standard hardware and software tools for non-differentiating and commoditised functions.

Sophis RISQUE is the Group's risk management, trading and position keeping system. Leonteq deploys Sophis RISQUE for all products across all asset classes in all its business lines, including for straight-through processing, covering a large part of the value chain from trading to the mid- and back-office areas. The Group continues to be supported by Finastra, the developer of Sophis RISQUE, and the system is continuously updated. There is a two-week software release cycle of software developed in-house that adds the latest functionalities to the system when they become available, as well as enabling greater agility as the features and functions are continuously improved. In addition, the Group uses a stress testing engine developed in-house, reducing its dependency on third-party providers and allowing the Group to perform a wider range of stress calculations and scenario analysis with increased reliability, simpler integration of new instruments, improved calculation power and better data processing.

Analytics Service, which includes Leonteq's Analytics Library, plays a key role in all the quantitative and analytical computations performed by Leonteq and it serves as the basis for all pricing and risk management applications. The Analytics Library is a proprietary library that contains quantitative pricing and risk management models that are developed in-house. Since it covers all asset classes, the Analytics Library allows for the creation of hybrid products and the implementation of new payoffs across all asset classes. It currently supports a wide number of different payoffs and can be extended using scripting language.

The Analytics Library contains functions allowing for the consistent marking of the Group's market data. The resulting volatility surfaces allow both exotic and vanilla options to be priced on a continuous basis. This methodology enables the Group's traders to efficiently maintain a large universe of underlyings, facilitating short response time to client requests. The combination of pricing functionality and calibration methods for market data within the Analytics Library ensures that Leonteq's pricing and analytical computations are not only indicative but also tradable and executable for clients.

INCORE is a proprietary data warehouse that was developed in-house and is used for internal and external reporting and data delivery. It serves as the central repository of risk and financial data reporting and is used by several departments, such as Risk Control, Finance, Compliance, Trading and Treasury. In addition, it serves as the reporting engine for regular data delivery to platform partners. INCORE also stores instrument and market data for end-of-day pricing requests and is used for daily profit and-loss analysis and risk reporting. Data and reports are distributed and provided to end-users via automated schedules or visualised in dashboards using business intelligence tools.



Risk categories and measurement

The Group's ongoing business activities expose it to financial and non-financial risks. Leonteq's Risk Control department is primarily responsible for identifying, measuring, monitoring and controlling risks resulting from its business activities (issuance of structured investment products to clients which the Group seeks to hedge efficiently), changes in the operating environment (markets or regulation) or the launch of new activities (new products).

Risk measures

The Group measures risk at the level of individual positions and at portfolio level. Sensitivity analysis and stress testing are performed and recorded at position level, facilitating the analysis of results across multiple dimensions, such as entities, trading portfolios or individual asset classes.

Leonteq does not use approximation techniques to calculate risk sensitivities or the results of stress scenarios. A full revaluation of all positions, including derivatives priced using Monte Carlo techniques, is used for risk-related calculations. The resulting risk exposure and limit consumption for all established risk limits is reported to senior management on a daily basis.

Risk tolerance levels (i.e., limits, alerts and/or thresholds) are applied to both financial and non-financial risk measures.

Stress testing

Daily stress testing of the Group's portfolios is performed in order to monitor and control exposures to various risks. Several hundred daily stress tests and scenarios are calculated to ensure that the trading book remains within the defined risk tolerance levels. Specific stress scenarios have been defined for changes in security prices (including changes in underlying parameters such as volatility, correlation and dividend parameters), foreign exchange rates and interest rates, as well as for the Group's credit exposures.

Sensitivity analysis

The Group calculates the sensitivity to changes in the value of individual positions and the sensitivity of the entire portfolios to changes in underlying risk factors such as security prices, implied volatilities, interest rates and credit spreads.

Risk concentrations

Management considers that a risk concentration exists when an individual or group of financial instruments is exposed to changes in the same risk factor and that exposure could result in a significant loss based on plausible adverse future market developments. Management monitors and reviews credit risk concentrations, as well as residual risks such as vega, correlation, dividend and gap risks, on a regular basis and takes corrective actions if deemed necessary.

Financial Risks

Market risk

Market risk is the risk of losses resulting from adverse movements in the market price or model price of financial instruments. The Group distinguishes between the following types of market risk:

- Commodity risk, i.e., the risk of adverse movements in commodity prices and related derivatives;
- Credit spread risk, i.e., the risk of adverse movements in credit spreads and related credit spread sensitive instruments;
- Crypto asset risk, i.e., the risk of adverse movements in crypto asset prices and related derivative instruments;
- Equity risk, 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 30 June 2024, the Group had the following exposures relating to its financial assets and liabilities.

Impact on the income statement

CHF thousand	30.06.2024	31.12.2023
Risk measure		
Commodity delta risk	19	(16)
Commodity vega risk	(19)	153
Crypto delta risk	(2)	—
Equity delta risk	(653)	(406)
Equity vega risk	7,235	7,502
Equity correlation risk	(2,638)	(2,895)
Equity dividend risk	(3,557)	(3,396)
Foreign exchange delta risk – G10	118	24
Foreign exchange delta risk – EM	(7)	(7)
Foreign exchange vega risk	(650)	380
Interest rate risk – G10	(84)	(60)
Interest rate risk – EM	23	4
Interest rate vega risk	(164)	36
Precious metal delta risk	66	21
Precious metal vega risk	176	212
Credit spread risk – Credit linked products	(35)	10
Credit spread risk – Government and agencies	(2)	(4)
Credit spread risk – Corporates and banks	(181)	(262)

Impact on shareholders’ equity

CHF thousand	30.06.2024	31.12.2023
Risk measure		
Foreign exchange delta – G10	3,145	2,945
Credit spread risk – Government and agencies	(2,229)	(2,210)
Credit spread risk – Corporates and banks	(5,926)	(6,080)

Economic data was resilient in the first half of 2024, global equities posted strong returns, volatility, meanwhile remained low. The risk characteristics of products issued by Leonteq and its partners remained unchanged. Equity vega and correlation risks were slightly reduced compared to 31 December 2023. As of 30 June 2024, the credit quality of Leonteq’s investment portfolio remained high, with an average credit rating of AA-.

The Group operates a branch in Guernsey (Leonteq Securities AG, Guernsey Finance Branch), whose primary function is to manage a portfolio of mainly US-dollar denominated bonds. Consequently, the branch’s functional currency is the US dollar. As of 30 June 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 Group’s equity are shown in the above table.

The Group invests a portion of the proceeds from own product issuance in high-quality mid-term bonds issued by governments, agencies, corporates and financial institutions. This investment portfolio is measured at fair value through other comprehensive income (FVOCI). Bonds measured at FVOCI are presented as “financial investments measured at fair value through other comprehensive income”. Credit spread sensitivities relating to this FVOCI portfolio are shown in the above table.

Stress analysis

The Group reports the impacts on its income statement when the following relevant historical stress scenarios are applied to its portfolio. The highlighted cells in the matrix refer to the average shocks for the stress scenarios described below:

- COVID-19 Black Thursday is a one-day crash scenario that happened on 12 March 2020 as part of the wider COVID-19 stock market crash. US stock markets suffered from the greatest single-day percentage fall since the 1987 stock market crash.
- COVID-19 Rally is a one-day rally scenario that occurred two weeks after Black Thursday, on 24 March 2020. Equity prices increased and equity volatilities decreased.

The following tables give an indication of the overall risk exposure as of 30 June 2024 and 31 December 2023.

Structured investment products

30 June 2024

CHF thousand	Spot -10%	Spot -5%	Spot -2%	Spot 0%	Spot +2%	Spot +5%	Spot +10%
Vol. -5%	(66,603)	(43,767)	(36,654)	(33,479)	(30,383)	(23,548)	(12,635)
Vol. -2%	(28,674)	(16,611)	(14,413)	(14,260)	(14,240)	(13,019)	(7,590)
Vol. 0%	(4,781)	1,294	901	0	(1,508)	(2,789)	(1,707)
Vol. +2%	17,909	19,406	17,085	14,726	12,116	8,700	6,771
Vol. +5%	49,515	46,808	42,209	38,376	34,339	28,460	23,038
Vol. +10%	96,269	91,266	85,073	80,010	74,720	66,698	57,124

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

30 June 2024

CHF thousand	Spot -50bp	Spot -25bp	Spot 0bp	Spot +25bp	Spot +50bp
Vol. -20bp	(2,408)	(196)	1,779	4,054	6,047
Vol. -10bp	(2,429)	(869)	567	2,321	4,069
Vol. 0bp	(2,092)	(1,014)	0	1,312	2,767
Vol. +10bp	(1,539)	(837)	(153)	800	1,964
Vol. +20bp	(852)	(451)	(34)	631	1,526

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 Group distinguishes between the following types of credit risk:

- Counterparty risk, i.e., the risk of a counterparty or custodian defaulting on a financial obligation;
- Issuer specific risk, i.e., the risk that an issuer of a financial instrument defaults, e.g., equity or debt instruments. Exposure to such instruments can arise through direct holdings in those instruments or if the instrument is the underlying of a derivative contract;
- Settlement risk, i.e., the risk that an issuer or counterparty does not settle its leg of the financial contract or instrument;
- Migration risk, i.e., the risk that issuer or counterparty ratings of hedging instruments deteriorate and negatively impact prices. Leonteq captures this risk by measuring credit spread risks; and
- Step-in risk, i.e., the risk that Leonteq may decide to provide financial support to an unconsolidated entity that is facing stress in the absence of, or in excess of, any contractual obligations to provide such support.

Monitoring of credit risk

Leonteq is exposed to credit risks related to over-the-counter (OTC) derivatives and securities lending and borrowing (SLB) activities with counterparties. It is also exposed to credit risks through the investment of proceeds from the issuance of structured investment products in bonds or other fixed income instruments, as well as the exposure incurred as a result of the issuance of credit-linked notes. Counterparty and country risk limits are set by management and reviewed regularly by the Audit and Risk Committee of the Board of Directors. Exposure to counterparties resulting from the Group's OTC derivatives and SLB activities is typically mitigated through the use of mark-to-market collateral and close-out netting arrangements. Uncovered exposures are mainly due to the time delay at which collateral is exchanged. Investments in bonds or other fixed income instruments are subject to additional limits.

Counterparty exposures

CHF million	30.06.2024 Exposure	31.12.2023 Exposure
OTC	39.8	34.6
SLB	80.6	42.6
Total	**120.4**	**77.2**

Investment portfolio

The Group has primarily invested the proceeds from own product issuance in high-quality bonds issued by governments, agencies, corporates and financial institutions, as well as central governments, organisations supported by those governments, and supranational organisations. A comprehensive overview of the investment portfolio is provided in the following tables. The asset values include accrued interests and are shown in the balance sheet line item "Financial investments measured at fair value through other comprehensive income". The credit ratings used are based on the lower of Moody´s and S&P.

30 June 2024 CHF million	Maturity 0–12 months	12–24 months	24–36 months	36–48 months	48–60 months	>60 months	Total	Total in %
Governments and agencies[1]	**134.2**	**189.9**	**136.7**	**163.4**	**168.4**	**59.8**	**852.3**	**32.2%**
of which Aaa	39.9	79.4	33.2	74.8	146.7	39.1	413.1	15.6%
of which Aa1–Aa3	94.3	105.4	87.7	85.6	5.2	20.7	398.9	15.1%
of which A1–A3	—	5.2	15.8	2.9	16.5	—	40.3	1.5%
Corporates	**54.6**	**83.0**	**276.4**	**200.5**	**154.7**	**385.3**	**1,154.5**	**43.7%**
of which Aaa	40.0	12.7	49.6	—	—	7.5	109.8	4.2%
of which Aa1–Aa3	—	7.5	27.5	124.4	69.5	337.1	566.1	21.4%
of which A1–A3	—	49.6	177.8	73.5	85.1	40.7	426.8	16.1%
of which Baa1–Baa3	14.5	13.2	21.5	2.6	—	—	51.8	2.0%
Banks	**25.6**	**206.8**	**159.2**	**107.2**	**108.6**	**30.0**	**637.4**	**24.1%**
of which Aaa	—	—	—	—	—	—	—	0.0%
of which Aa1–Aa3	—	95.4	31.4	46.2	9.3	30.0	212.3	8.0%
of which A1–A3	25.6	111.4	124.2	60.9	99.3	—	421.5	15.9%
of which Baa1–Baa3	—	—	3.6	—	—	—	3.6	0.1%
Total	**214.4**	**479.8**	**572.3**	**471.0**	**431.6**	**475.1**	**2,644.2**	**100.0%**

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

31 December 2023 CHF million	**Maturity** **0–12 months**	**12–24 months**	**24–36 months**	**36–48 months**	**48–60 months**	**>60 months**	**Total**	**Total in %**
Governments and agencies[1]	**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 Group distinguishes between market liquidity risk, or the risk that it may not be able to sell or buy assets at fair value, and liquidity and refinancing risk, or the risk that Leonteq may not have sufficient cash or other liquid assets to meet its obligations as they fall due.

Market liquidity risk

Since the Group hedges its liabilities arising from issued structured investment products through the sale or purchase of derivatives or other financial and non-financial instruments, it is exposed to the risk that it may be unable to sell or buy such hedging assets at fair value to cover its liabilities for the corresponding structured investment products. Leonteq refers to this risk as market liquidity risk related to outstanding structured investment products. As the product buy-back price is linked to the price of unwinding the asset, market liquidity risk related to trading activities is limited. Measures to mitigate market liquidity risks related to trading include:

- Issuance of financial instruments only on reasonably liquid underlying instruments (shares, bonds, freely convertible currencies, commodities, precious metal and crypto assets) and markets;
- Diversification of OTC hedging counterparties; 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 Group being impacted. Funding consumption occurs mainly within Leonteq Securities AG, Zurich, and Leonteq Securities AG, Amsterdam Branch.

The Group is exposed to funding liquidity and refinancing risk primarily due to the issuance of structured products for the Group as well as its platform partners for whom the Group provides derivative hedges. In addition, Leonteq is required to post collateral with SIX to secure obligations relating to 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 Group-specific stress conditions. Under the framework, Leonteq is required to maintain certain levels of available or onshore liquidity, excluding funding that may not be repatriated to Switzerland. The framework metrics are independently calculated each business day. In addition, the Risk Control department simulates on a daily basis the effects of various stress scenarios on the amount of funding required under those scenarios. The framework requires that sufficient liquidity should be available in locations to cover their respective funding requirements. If Leonteq were to experience shortfalls in any aspect of its liquidity requirements, committed credit and/or contingent liquidity facilities can be drawn on in conjunction with other reserve liquidity measures, as specified in the liquidity framework.

Maturity analysis of assets and liabilities

The following tables show the maturity structure of the carrying amounts of the Group's financial assets and liabilities. Liquidity has to be provided for the daily market making required for the issuing and trading business. Consequently, the balance sheet positions which are closely connected to the issuing and trading business are not broken down into individual cash flows and divided into different maturity ranges but are reported at fair value in the "On demand to 1 month" column, representing the earliest point at which amounts are expected to be recovered or settled. In the case of the other financial balance sheet positions, the carrying amounts are reported in the maturity range which represents the earliest point at which recovery or settlement can be expected. The breakdown of these positions with predominantly short maturities into individual undiscounted cash flows would provide an only marginally different view.

In addition, for non-financial assets, the following tables show the maturity structure of the carrying amounts expected to be recovered or settled.

CHF thousand	Due				
	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 30.06.2024
Assets					
Financial assets					
Cash and balances at central banks	148,684	—	—	—	148,684
Amounts due from banks	575,262	—	—	—	575,262
Amounts due from securities financing transactions	26,817	—	—	—	26,817
Amounts due from customers	489,100	—	—	—	489,100
Trading financial assets	3,163,071	—	—	—	3,163,071
Positive replacement values of derivative financial instruments	2,959,229	—	—	—	2,959,229
Other financial assets designated at fair value through profit or loss	156,192	—	—	—	156,192
Financial investments measured at fair value through other comprehensive income	2,644,571	—	—	900	2,645,471
Other financial assets	175	964	21,462	—	22,601
Total financial assets	**10,163,101**	**964**	**21,462**	**900**	**10,186,427**
Non-Financial assets					
Trading inventories	309,035	—	—	—	309,035
Current tax assets	—	—	1,429	—	1,429
Deferred tax assets	—	—	—	4,161	4,161
Interests in joint ventures	—	—	—	958	958
Tangible assets[1]	—	—	—	39,165	39,165
Intangible assets[1]	—	—	—	59,310	59,310
Other non-financial assets	—	9,945	2,498	—	12,443
Total non-financial assets	**309,035**	**9,945**	**3,927**	**103,594**	**426,501**
Total assets	**10,472,136**	**10,909**	**25,389**	**104,494**	**10,612,928**

CHF thousand	Due				
	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 30.06.2024
Liabilities					
Financial liabilities					
Amounts due to banks	290,374	—	—	—	290,374
Liabilities from securities financing transactions	1,376,332	—	—	—	1,376,332
Amounts due to customers	544,268	—	—	—	544,268
Trading financial liabilities	108,236	—	—	—	108,236
Negative replacement values of derivative financial instruments	2,620,296	—	—	—	2,620,296
Other financial liabilities designated at fair value through profit or loss	4,665,461	—	—	—	4,665,461
Other financial liabilities[2]	3,477	12,892	10,216	22,664	49,249
Total financial liabilities	**9,608,444**	**12,892**	**10,216**	**22,664**	**9,654,216**
Non-Financial liabilities					
Current tax liabilities[3]	—	—	92	12,000	12,092
Deferred tax liabilities	—	—	—	321	321
Other non-financial liabilities[4]	—	18,591	39,195	47,861	105,647
Provisions	—	—	10,430	15,864	26,294
Total non-financial liabilities	**—**	**18,591**	**49,717**	**76,046**	**144,354**
Total liabilities	**9,608,444**	**31,483**	**59,933**	**98,710**	**9,798,570**

[1] Immobilised.
[2] Other financial liabilities with a long-term maturity mainly comprise lease liabilities.
[3] Current tax liabilities with a long-term maturity comprise uncertain tax positions.
[4] Other non-financial liabilities with a long-term maturity mainly comprise deferred income (see Note 8).

CHF thousand	Due				
	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2023
Assets					
Financial assets					
Cash and balances at central banks	142,697	—	—	—	142,697
Amounts due from banks	462,923	—	—	—	462,923
Amounts due from securities financing transactions	20,667	—	—	—	20,667
Amounts due from customers	291,654	—	—	—	291,654
Trading financial assets	2,725,961	—	—	—	2,725,961
Positive replacement values of derivative financial instruments	2,398,656	—	—	—	2,398,656
Other financial assets designated at fair value through profit or loss	180,821	—	—	—	180,821
Financial investments measured at fair value through other comprehensive income	2,608,286	—	—	900	2,609,186
Other financial assets	160	364	19,883	—	20,407
Total financial assets	**8,831,825**	**364**	**19,883**	**900**	**8,852,972**
Non-Financial assets					
Trading inventories	287,072	—	—	—	287,072
Current tax assets	—	—	279	—	279
Deferred tax assets	—	—	—	2,415	2,415
Interests in joint ventures		—	—	958	958
Tangible assets[1]	—	—	—	44,812	44,812
Intangible assets[1]	—	—	—	59,068	59,068
Other non-financial assets	—	6,552	1,921	—	8,473
Total non-financial assets	**287,072**	**6,552**	**2,200**	**107,253**	**403,077**
Total assets	**9,118,897**	**6,916**	**22,083**	**108,153**	**9,256,049**

CHF thousand	Due				
	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2023
Liabilities					
Financial liabilities					
Amounts due to banks	252,242	—	—	—	252,242
Liabilities from securities financing transactions	805,197	—	—	—	805,197
Amounts due to customers	483,992	—	—	—	483,992
Trading financial liabilities	54,019	—	—	—	54,019
Negative replacement values of derivative financial instruments	1,999,595	—	—	—	1,999,595
Other financial liabilities designated at fair value through profit or loss	4,666,965	—	—	—	4,666,965
Other financial liabilities[2]	1,998	23,791	10,490	27,019	63,298
Total financial liabilities	**8,264,008**	**23,791**	**10,490**	**27,019**	**8,325,308**
Non-Financial liabilities					
Current tax liabilities[3]	—	—	1,184	12,000	13,184
Deferred tax liabilities	—	—	—	544	544
Other non-financial liabilities[4]	—	43,077	17,947	52,308	113,332
Provisions	—	—	5,316	18,232	23,548
Total non-financial liabilities	**—**	**43,077**	**24,447**	**83,084**	**150,608**
Total liabilities	**8,264,008**	**66,868**	**34,937**	**110,103**	**8,475,916**

[1] Immobilised.

[2] Other financial liabilities with a long-term maturity mainly comprises lease liabilities.

[3] Current tax liabilities with a long-term maturity comprises uncertain tax positions.

[4] Other non-financial liabilities with a long-term maturity mainly comprises deferred income (see Note 8).

Other financial risks

Structural foreign exchange risk

Upon legal entity consolidation, the assets and liabilities of Leonteq's entities (e.g. subsidiaries or branches) that are denominated in a different functional currency to that of the Group are translated into Swiss francs (CHF) at the closing foreign exchange rates. Changes in the value (in CHF) of non-CHF assets or liabilities due to foreign exchange movements that give rise to structural foreign exchange exposure are recognised in Other Comprehensive Income (OCI) and therefore affect shareholders' equity and the Group's available capital.

Pension risk

Pension risk is defined as the financial risk from contractual or other liabilities to which Leonteq is exposed as an employer. It is the risk that Leonteq may be required to make unexpected payments or other contributions to a pension plan because of an obligation (i.e., underfunding).

Sources of risks can be broadly categorised into asset investment risks (e.g., underperformance of bonds, equities, and alternative investments) and liability risks, primarily from changes in interest rates, inflation, and actuarial assumptions (e.g., life expectancy, rate of increase in pension benefits).

Leonteq reviews the funded status (coverage ratio) of its pension plans on a regular basis to ensure appropriate restructuring measures can be taken in the event of coverage ratio falling below 100%.

Model risk

Model risk is the risk of financial loss due to inappropriate model assumptions or inadequate model usage. At Leonteq, model risks arise when models are used to value financial instruments and to calculate hedging ratios. The use of inadequate models could result in inaccurate valuations, which in turn could lead to incorrect risk measurement and the wrong hedging position, both of which could translate into a financial loss.

Leonteq mitigates these risks through a comprehensive model risk management framework, broadening the scope beyond model validation to include all aspects of model risk management at all stages, the development of the model, its implementation, and its use.

Model risk management is a continuous process, not a periodic activity. It includes: monitoring model risks and limitations identified during its development and validation; ongoing monitoring and validation of changes that may impact model risks.

Non-financial risks

The Group is also exposed to a number of non-financial risks such as reputational risk, strategic risk and operational risk that among others also incorporates legal and compliance risk, tax risk, and information and cybersecurity risk.

Reputational risk

Reputational risk is the risk of potential reputational harm due to a financial loss or any other real or perceived event with a negative impact on Leonteq's reputation. In particular, this includes the risk arising from any cases of employee misconduct. The risk framework implemented by the Group is designed to identify, quantify and reduce primary and consequential risks that could have an adverse impact on its reputation. Leonteq believes that its strict compliance controls and its culture of ownership and responsibility across all levels of the Group, coupled with a systematic and transparent communication policy towards all stakeholders, help to mitigate its reputational risk.

Strategic risk

Strategic risk is the risk that an internal or external event may prevent Leonteq from executing or achieving its strategic objectives. Not achieving its strategic business goals could have long-term consequences for Leonteq and its stakeholders. The main drivers of the strategic risk for Leonteq are:

- Failure to deliver on strategic initiatives and projects (e.g. expanding and diversifying its offering across products, asset classes, issuers and regions; developing digital client solutions and Leonteq's technology platform; or integrating ESG best practices for sustainable investments);

- An unfavourable market environment (e.g. macro-economic or geopolitical conditions) that could negatively impact the delivery of strategic projects or affect investor behaviour, resulting in lower levels of client activity or reduced structured product volumes; and

- Regulatory developments that can result in changes to regulatory requirements or lead to the introduction of new requirements that might require significant changes to business models, operational processes and technology infrastructure.

Operational risk

Operational risk is the risk of losses occurring due to inadequate or failed internal processes, people and systems or due to external factors. Operational risk includes the risk of losses due to failures in the Group's operational processes or its IT system, or issues related to legal and compliance. Losses can take the form of direct financial losses, regulatory sanctions or lost revenues, e.g. due to the failure of a service or system. Such events may also lead to reputational harm that could have longer-term financial consequences. In Leonteq's risk framework, operational risks include the following categories: People risk, fraud risk, physical security and safety risk, business continuity risk, technology risk, compliance risk, legal risk, third-party risk, information and cybersecurity risk, reporting risk, tax risk, data management and model risk, change and project management risk, governance and supervision risk, framework risk, settlement risk, and business and product risk.

Operational risk is mitigated by means of organisational measures, automation, internal control and security systems, written procedures, legal documentation, loss mitigation techniques and a business continuity plan overseen by management, among other measures. Special attention is paid to the key performance indicators of the Group's core risk management system. All financial instruments purchases are executed through central trading desks and the size and quality of the trades are reviewed by traders. Positions are reconciled on a daily basis by the back office. However, operational risk cannot be entirely mitigated.

Leonteq's management considers operational risk to be one of the major risks to which the Group is exposed. A broad Operational Risk Framework has therefore been put in place to manage and control operational risk. Within that framework, any operational risk is "owned" by management as the first line. The Operational Risk Control function independently monitors the effectiveness of operational risk management and oversees operational risk-taking activities. The Board of Directors determines the risk tolerance for significant sources of operational risk. Management performs its own periodic assessments of the operational risk profile within its areas of responsibility. As part of this process, unmitigated risks and mitigation actions are logged in a Group-wide inventory. Operational Risk Control independently reviews the assessments produced by management and collates the Group's overall operational risk profile to determine whether it is in line with the risk tolerance defined by the Board of Directors. Operational risk events are analysed to determine their root causes, and adequate and sustainable mitigation actions are determined.

Leonteq also continuously invests in business continuity management to ensure continuity of critical operations in the event of a major disruptive event. Business continuity management encompasses backup operating facilities and IT disaster recovery plans, which are in place throughout Leonteq.

Legal and compliance risk

Legal risk is the risk of losses occurring or of damages, fines or penalties being imposed on the Group, or of other liabilities or any other material adverse impact arising from a failure to comply with legal obligations, whether contractual, statutory or otherwise, or changes in enforcement practices, legal challenges or claims made against the Group, an inability to enforce its legal rights, or the failure to take measures to protect its rights. Compliance risk is the risk of legal or regulatory sanctions, financial loss or damages resulting from a failure to comply with applicable laws, rules and regulations, as well as internal policies and procedures. Compliance risk, including conduct risk, is inherent in all of Leonteq's businesses activities. Legal and compliance risks can also lead to reputational harm, limit Leonteq's business opportunities and reduce its growth potential. Regulatory risk is the risk that changes in laws, regulations, rules or market standards may limit and/or have a negative effect on Leonteq's activities or its ability to implement strategic initiatives.

As a participant in the financial services sector, Leonteq operates in a highly regulated environment that exposes it to legal (including litigation), compliance, regulatory and other risks. Non-compliance with regulatory or other mandatory requirements may also result in the competent authorities taking enforcement action or initiating proceedings against Leonteq and its employees. Leonteq mitigates its legal, compliance and regulatory risks by raising awareness through mandatory training programmes for all employees and through the strict enforcement and monitoring of its policies and procedures. It also mitigates these risks by ensuring it has a team of well-qualified legal and compliance specialists in place to draft and review contracts and assess transactions. Changes in the regulatory environment are monitored, and directives and procedures are adapted as required.

Tax risk

Tax risk is the risk of losses arising from changes in taxation (derived from tax legislation and decisions by the courts), including the misinterpretation of tax regimes as well as the manner in which they may be applied and enforced. This also applies to new international tax laws that could have a negative impact on the taxation of structured products, making them unattractive to investors. Leonteq proactively manages and controls these risks. It usually asks the relevant tax authorities for written confirmation of their interpretation of the relevant regulations (tax rulings) or seeks appropriate advice from professional tax consultants at a local level. Tax risk is monitored by the Tax department, which takes an integrated view of tax risks across the entire Group.

Information and cybersecurity risk

Technical defences

Information and cybersecurity risk is defined as the risk of a malicious internal or external act, adversely impacting the confidentiality, integrity, or availability of Leonteq's data or information systems, leading to financial, regulatory or reputational harm or loss.

Leonteq mitigates cybersecurity and information security risk by adopting state-of-the-art Cybersecurity practices and uses a range of Cybersecurity tools to monitor its environment in real time and to produce alerts if any risk indicators emerge.

In cases where Leonteq is dependent on third-party services and service providers, a data protection impact analysis is performed prior to initiation of the contract. Cloud service providers are also assessed based on internal policies to ensure appropriate safeguards are in place.

Governance defences

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

- Internal and external audits of cyber defences and routines to ensure compliance with the Group's requirements and foster good practices;
- Regular penetration tests, which are carried out in the Group's general environment on a routine basis and also when the Group launches a new digital service;
- Internal checks and reviews that have been established to verify that the Group's services are correctly configured, including exception handling; and
- Regular user awareness and training sessions to ensure that employees, or staff acting on behalf of the Group, understand the corporate values and culture, together with strategies to work within a safe environment.

Recent developments and emerging risks

BaFin publication: Leonteq's subsidiary, Leonteq Securities (Europe) GmbH, based in Frankfurt am Main received a notice from BaFin to remedy shortcomings in its arrangements for the prevention of money laundering and terrorist financing in the prior reporting year. Leonteq is continuously strengthening its compliance organisation and has taken various organisational and personnel measures. It has cooperated with BaFin and the corrective measures were implemented by the end of February 2024. BaFin has not imposed any fines.

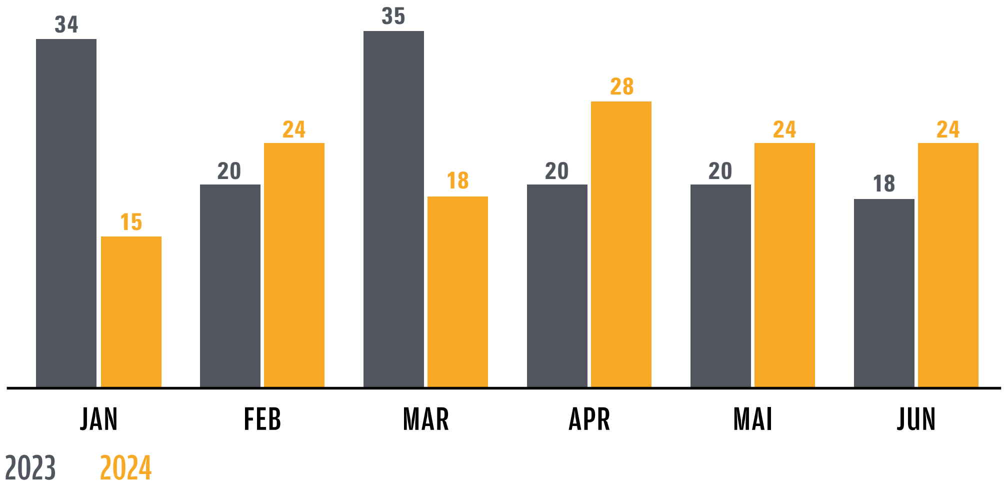
Allegations in media articles: Certain allegations were made through the media during the reporting period as well as the two prior reporting years concerning products distributed by third parties, including by a company based in the BVI, referring to potential tax evasion or money laundering offences attributed to third parties and separately referring to potential fraud or criminal misconduct attributed to third parties. Leonteq instructed that these allegations be investigated both, internally and by independent third parties, at different points in time. These reviews, conducted in 2022 and 2023, revealed no evidence that Leonteq intentionally participated in any potential tax fraud, money laundering or other criminal misconduct related to the transactions mentioned in the media articles. It is important to note that Leonteq's distribution partners are third-party financial intermediaries who must themselves comply with laws and regulations applicable to their business, as well as distribution agreements with the respective Leonteq entities. If Leonteq detects a breach thereof, it takes immediate and appropriate action. Leonteq experienced ongoing regulatory scrutiny in the reporting period, since authorities in some countries continue to investigate matters revolving around the topics raised also in the media. The Group continues to maintain an active dialogue and takes any potential finding by supervisory authorities very seriously.

Revenue analysis

The Group performs daily economic revenue analyses on a consolidated level as well as on an individual trading book level which are reported to senior management. Economic revenues primarily consist of fee income and trading income and are considered to have been recognised at the trade date without applying IFRS revenue recognition rules. Economic revenues do not include certain other income components such as the reimbursement of project costs from partners. Economic fee income is driven by the level of client activity which may show seasonal patterns, especially during the summer months and end-of-year holiday season. Economic trading income is primarily driven by Leonteq's hedging activity, which is influenced by various factors, including but not limited to market volatility.

Market conditions remained challenging in the first half of 2024, with continued low levels of volatility and a competitive environment. Against this backdrop, Leonteq recorded a slight decrease in fee income compared to the first half of 2023 which benefited from a higher contribution of large ticket transactions. At the same time, Leonteq recorded also a decrease in trading income.

Monthly economic revenues (CHF million)



Capital management

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

Under the regulatory framework for securities firms, Leonteq calculates its eligible capital on the basis of the Group's shareholders' equity less intangible assets and less expected upcoming dividend payments. As of 30 June 2024, Leonteq reported eligible capital totalling CHF 744.0 million (31 December 2023: CHF 703.5 million).

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

Capital planning covers a 3-year time horizon which is consistent with the regulatory requirement for capital planning for banks. The framework establishes a direct link between the economic market environment and different economic scenarios for the future capital development. The economic market environment, in turn, is reflected by the strategic business plan provided by Financial Management, and the Group's risk profile and its impact on profits and eligible capital are directly connected through stress scenario losses adapted to the economic scenarios.

Defined stress scenarios include the simulated combined effect of a variety of market and business events, such as potential losses related to equity, crypto assets, commodity and precious metal market shocks, interest rate changes, foreign exchange rate movements, credit losses and operational losses, pension fund restructuring measures, as well as adverse changes to the business environment. These potential losses are then compared to the Group's own funds to ensure that a significant buffer is maintained in each defined economic scenario.

The risk tolerance objective for capital adequacy is set by the Board of Directors and reflects Leonteq's overall risk capacity and appetite. It serves as a global benchmark to calibrate the granular limits and scenarios defined for the multiple risk categories. Therefore, the capital risk framework forms the basis of the limit setting in the firm's operating risk framework.

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Leonteq AG

Interim consolidated income statement for the six months ended 30 June 2024

CHF thousand	Note	H1 2024	H1 2023
Fee income from securities trading and investment activities		117,780	123,928
Net fee income	8	**117,780**	**123,928**
Result from trading activities and the fair value option	9	**11,232**	**17,791**
of which interest revenue on FVOCI and amortised cost instruments related to trading activities		27,869	24,742
of which interest expense on amortised cost instruments related to trading activities		(9,036)	(11,119)
Interest income from financial assets measured at amortised cost		4,108	6,501
Interest expense from financial liabilities measured at amortised cost		(1,184)	(3,911)
Credit loss (expense) / recovery		—	676
Net result from interest operations	10	**2,924**	**3,266**
Other operating income		1,437	2,142
Total operating income		**133,373**	**147,127**
Personnel expenses		(66,307)	(73,056)
Other operating expenses		(28,039)	(28,688)
Depreciation and amortisation of tangible & intangible assets		(17,937)	(17,621)
Changes to provisions and other value adjustments, and losses	14	(8,190)	(2,609)
Total operating expenses		**(120,473)**	**(121,974)**
Result from operating activities		**12,900**	**25,153**
Taxes	11	2,818	3,619
Group net profit		**15,718**	**28,772**
of which allocated to shareholders of Leonteq AG		15,718	28,772
Share information			
Basic earnings per share (CHF)		0.89	1.59
Diluted earnings per share (CHF)		0.86	1.53

Interim consolidated statement of other comprehensive income for the six months ended 30 June 2024

CHF thousand	Note	H1 2024	H1 2023
Group net profit		**15,718**	**28,773**
Other comprehensive income/(loss) that will not be reclassified to the income statement (net of tax)			
Remeasurement of the defined benefit plan		1,858	(320)
Changes in own credit spread		1,230	—
Total other comprehensive income/(loss) that will not be reclassified to the income statement		**3,088**	**(320)**
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		7,797	13,913
Expected credit loss changes on debt instruments measured at fair value through other comprehensive income		—	(689)
Currency translation adjustments		22,896	(11,574)
Total other comprehensive income/(loss) that may be reclassified to the income statement		**30,693**	**1,651**
Total other comprehensive income/(loss)		**33,780**	**1,330**
Total comprehensive income		**49,498**	**30,103**
of which allocated to shareholders of Leonteq AG		49,498	30,103

The notes on pages 50 to 77 form an integral part of these interim consolidated financial statements.

Leonteq AG

Interim consolidated statement of financial position as of 30 June 2024

CHF thousand	Note	30.06.2024	31.12.2023
Assets			
Cash and balances at central banks		148,684	142,697
Amounts due from banks		575,262	462,923
Amounts due from securities financing transactions		26,817	20,667
Amounts due from customers		489,100	291,654
Trading financial assets	13	3,163,071	2,725,961
of which assets lent as collateral with the right to sell or repledge		584,178	434,350
Trading inventories	13	309,035	287,072
Positive replacement values of derivative financial instruments	13	2,959,229	2,398,656
Other financial assets designated at fair value through profit or loss	13	156,192	180,821
Financial investments measured at fair value through other comprehensive income	13	2,645,471	2,609,186
of which assets lent as collateral with the right to sell or repledge		743,138	387,512
Accrued income and prepaid expenses		11,090	6,586
Other assets		23,954	22,294
Current tax assets		1,429	279
Deferred tax assets		4,161	2,415
Interests in joint ventures		958	958
Tangible assets		39,165	44,812
Intangible assets		59,310	59,068
Total assets		**10,612,928**	**9,256,049**

CHF thousand	Note	30.06.2024	31.12.2023
Liabilities			
Amounts due to banks		290,374	252,242
Liabilities from securities financing transactions		1,376,332	805,197
Amounts due to customers		544,268	483,992
Trading financial liabilities	13	108,236	54,019
Negative replacement values of derivative financial instruments	13	2,620,296	1,999,595
Other financial liabilities designated at fair value through profit or loss	13	4,665,461	4,666,965
Accrued expenses and deferred income		110,326	126,160
Current tax liabilities		12,092	13,184
Deferred tax liabilities		321	544
Other liabilities		44,570	50,470
Provisions	14	26,294	23,548
Total liabilities		**9,798,570**	**8,475,916**
Equity			
Share capital	16	18,494	18,934
Share premium		195,857	213,445
Retained earnings[1]		674,994	680,999
Accumulated other comprehensive income/(loss)		(34,160)	(67,940)
Own shares	16	(40,827)	(65,305)
Total shareholders' equity		**814,358**	**780,133**
Total liabilities and equity		**10,612,928**	**9,256,049**

[2] Retained earnings comprise cumulated earnings, including Group net profit for the period ended 30 June 2024 and the year ended 31 December 2023, respectively.

The notes on pages 50 to 77 form an integral part of these interim consolidated financial statements.

Leonteq AG

Interim consolidated statement of changes in equity as of 30 June 2024

CHF thousand	Note	Share capital	Share premium	Retained earnings	Accumulated other comprehensive income/(loss): 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		**18,934**	**249,647**	**690,797**	**3,756**	**–**	**(27,098)**	**5,971**	**(29,946)**	**(42,027)**	**870,035**
Equity-settled share-based payments		—	—	763	—	—	—	—	—	10,450	11,214
Net disposal/(purchase) of own shares		—	—		—	—	—	—	—	(17,630)	(17,630)
Dividends and other distributions		—	(36,202)	(36,202)	—	—	—	—	—	—	(72,404)
Other allocations to/(transfers from) other comprehensive income		—	—	—	(320)	—	13,913	(689)	(11,574)	—	1,330
Group net profit		—	—	28,772	—	—	—	—	—	—	28,772
Balance as of 30 June 2023		**18,934**	**213,445**	**684,130**	**3,436**	**–**	**(13,185)**	**5,282**	**(41,520)**	**(49,207)**	**821,316**

CHF thousand	Note	Share capital	Share premium	Retained earnings	Accumulated other comprehensive income/(loss): 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		**18,934**	**213,445**	**680,999**	**233**	**(174)**	**(8,949)**	**4,366**	**(63,415)**	**(65,305)**	**780,133**
Equity-settled share-based payments		—	—	(5,043)	—	—	—	—	—	11,618	6,575
Capital increase/(decrease)		(440)	(8,780)	(8,780)	—	—	—	—	—	18,000	—
Net disposal/(purchase) of own shares		—	—	—	—	—	—	—	—	(5,140)	(5,140)
Dividends and other distributions		—	(8,808)	(8,808)	—	—	—	—	—	—	(17,616)
Other allocations to/(transfers from) other comprehensive income		—	—	—	1,858	2,137	7,797	—	22,896	—	34,687
Transfers within equity[1]		—	—	907	—	(907)	—	—	—	—	—
Group net profit		—	—	15,718	—	—	—	—	—	—	15,718
Balance as of 30 June 2024		**18,494**	**195,857**	**674,994**	**2,091**	**1,056**	**(1,152)**	**4,366**	**(40,520)**	**(40,827)**	**814,358**

[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 13.

The notes on pages 50 to 77 form an integral part of these interim consolidated financial statements.

Leonteq AG

Interim consolidated statement of cash flows for the six months ended 30 June 2024

CHF thousand	Note	H1 2024	H1 2023
Group net profit		15,718	28,772
Adjustments for non-cash items in Group net profit			
Depreciation and amortisation expense		17,937	17,621
Change in deferred taxes		(1,969)	(119)
Change in expected credit loss provision		—	(689)
Change in provision		8,187	2,605
Expenses from employee participation schemes		6,447	11,275
Other non-cash income and expenses		1,713	(1,756)
Net (increase)/decrease in assets related to operating activities			
Amounts due from banks[3]		(137,162)	55,704
Amounts due from securities financing transactions		(6,150)	(10,007)
Amounts due from customers		(201,765)	(147,559)
Trading financial assets		(480,631)	368,813
Trading inventories		(21,963)	(70,389)
Positive replacement values of derivative financial instruments		(560,573)	1,288,108
Other financial assets designated at fair value through profit or loss		24,629	24,342
Net (investment)/disposal of financial investments measured at fair value through other comprehensive income		(28,488)	211,891
Accrued income and prepaid expenses		(4,504)	(1,495)
Current tax assets		(1,150)	(1,210)
Other assets		(1,659)	(8,929)
Net increase/(decrease) in liabilities related to operating activities			
Amounts due to banks[3]		(7,921)	(190,871)
Liabilities from securities financing transactions		571,135	(901,787)
Amounts due to customers		56,981	(380,323)
Trading financial liabilities		54,217	(140,917)
Negative replacement values of derivative financial instruments		620,701	(562,886)
Other financial liabilities designated at fair value through profit or loss		(1,504)	216,989
Accrued expenses and deferred income		(15,834)	(41,043)
Current tax liabilities		1,366	(3,207)
Other liabilities		1,233	3,467
Utilisation of general provision		(5,557)	(2,041)
Dividends received		43,521	56,191
Interest received		4,108	6,501
Interest paid		(955)	(3,665)
Current taxes paid		(2,458)	(29,008)
Cash flow from operating activities		**(52,351)**	**(205,622)**
Purchases of tangible assets		(103)	(300)
Proceeds from sale of tangible assets		24	—
Purchases of intangible assets		(11,637)	(12,200)
Cash flow from investing activities		**(11,716)**	**(12,500)**
Lease payments (excluding short term/low-value leases)		(5,275)	(4,825)
Distribution of capital contribution reserves		(8,808)	(36,202)
Dividend distribution		(8,808)	(36,202)
Purchases of own shares		(5,140)	(17,630)
Cash flow from financing activities		**(28,031)**	**(94,860)**
Exchange rate differences		22,749	(11,525)
Net (decrease)/increase in cash and cash equivalents		**(69,349)**	**(324,507)**
Cash and cash equivalents at the beginning of the year		389,112	882,504
Cash and cash equivalents at the balance sheet date		**319,763**	**557,997**
Cash and balances at central banks		148,684	296,237
Due from banks on demand[1, 3]		215,578	334,320
Due to banks on demand[1, 3]		(50,228)	(117,011)
Due from financial market infrastructure entities[2]		9,046	44,519
Due to financial market infrastructure entities[2]		(3,316)	(68)
Net cash and cash equivalents at the balance sheet date		**319,763**	**557,997**

1 The "Due from/to banks on demand" balances are included in balance sheet line items "Amounts due from/to banks".

2 The "Due from/to financial market infrastructure entities" are included in the balance sheet line items "Amounts due from/to customers".

3 Exposures to certain counterparties are presented on a net basis as a single unit of account. Consequently, figures for the prior period were adjusted accordingly, resulting in a reduction of CHF 54.9 million on the balance sheet line items "Amounts due from/to banks" for the first half-year 2023.

The notes on pages 50 to 77 form an integral part of these interim condensed consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Leonteq AG (Leonteq or "the Company"), together with its subsidiaries (referred to hereinafter as "the Group"), is an independent expert in structured investment products and long-term savings and retirement solutions.

These solutions and services include the development, structuring, distribution, hedging and settlement, lifecycle management and market making of structured products, as well as the design and management of structured certificates and unit-linked life insurance policies.

The Group provides some of these core services to platform partners under the terms of cooperation agreements. The Group also distributes products to institutional investors and financial intermediaries who offer the products to retail investors.

The Company was incorporated in Zurich, Switzerland, in 2007. It is a public limited company with its registered office at Europaallee 39, 8004 Zurich, Switzerland. The Company's shares have been listed on the SIX Swiss Exchange (SIX) since 19 October 2012.

These interim consolidated financial statements were approved for publication by the Board of Directors on 23 July 2024. The interim consolidated financial statements are reviewed, not audited.

2 Basis of presentation

The Group prepares its interim condensed consolidated financial statements in accordance with IAS 34 "Interim financial reporting". These interim consolidated financial statements for the six months ended 30 June 2024 should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2023, which were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Unless otherwise disclosed in the following notes, the Group's accounting policies applied in this report are the same as for the consolidated financial statements for the year ended 31 December 2023.

These interim condensed consolidated 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 Critical accounting estimates and judgments in applying accounting policies

The preparation of interim consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and assumptions are based on the best available information and are adapted continuously in line with new findings and circumstances but may involve significant uncertainty at the time they are made. Actual results may differ from these estimates. The Group believes that the estimates and assumptions it has made are appropriate, and that the Group's interim consolidated financial statements are therefore a fair representation of its financial position and results in all material respects.

The significant judgements made by Management when applying the Group's accounting policies and the key sources of estimation uncertainty were the same as for the consolidated financial statements for the year ended 31 December 2023, unless otherwise disclosed in the following notes.

4 Changes to critical accounting estimates

No changes to critical accounting estimates were made compared to 31 December 2023.

5 Changes in accounting policies and presentation

New or revised standards and interpretations 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 impacts on the Group when applied for the first time or were not relevant for the Group:

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

6 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. Disclosures provided in the "risk management and control" section of this report (pages 16 to 43) 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 interim consolidated financial statements.

7 Segment reporting

Leonteq is an independent expert in structured investment products and long-term savings and retirement solutions. The Group focuses on industrialising the production process for structured investment products and unit-linked life insurance policies and on providing its clients and partners with high standards of service delivered by an international team of experienced industry professionals. Leonteq has a strong presence in its home market of Switzerland and in Europe, as well as an established footprint in Asia.

Leonteq's Executive Committee, which is the chief operating decision maker, is implementing the strategy and overseeing the operational management of the Group as a whole. The Executive Committee uses the Group's consolidated financial report as the basis for its management decisions and for financial performance reviews.

In line with the applicable accounting standards and internal reporting to the chief operating decision maker, the Group consists of a single reportable operating segment. Consequently, and given that the external reporting in these financial statements reflects internal reporting to the chief operating decision maker, the Group does not disclose separate segment information.

Entity-wide disclosures

The Group has offices in various international locations and distributes its own structured investment products and those of its issuance partners, either through its own sales distribution and coverage desks or through the distribution channels of its issuance partners. The distribution network is supported by the related group companies outside Switzerland. The geographical allocation of the Group's operating income is undertaken based on the location of the distributor, servicing primarily banks, insurance companies and asset managers/financial intermediaries.

The Group's net fee income decreased by 5% to CHF 117.8 million in the first half of 2024, compared to CHF 123.9 million in the prior-year period, which benefitted from a higher contribution from large ticket transactions (defined as transactions where Leonteq earns a fee of CHF 0.5 million or more).

Net fee income in Switzerland grew by 10% to CHF 52.9 million in the first half of 2024, compared to CHF 48.2 million in the first half of 2023. In Europe, net fee income decreased by 11% to CHF 55.9 million. In the Asia region (including the Middle East), net fee income totalled CHF 9.0 million (H1 2023: CHF 13.0 million).

In the first half of 2024, there were no clients with revenues exceeding 10% of the Group's net fee income (H1 2023: one single client in Europe; 16%).

The Group saw its result from trading activities and the fair value option decrease by 37% to CHF 11.2 million, with limited but positive contributions of CHF 7.4 million from Switzerland (H1 2023: 10.4 million), CHF 3.1 million from Europe (H1 2023: CHF 19.7 million) and CHF 0.7 million from its operations in Asia (H1 2023: CHF -12.3 million).

The net result from interest operations decreased by CHF 0.4 million, or 12%, to CHF 2.9 million in the first half of 2024 compared to CHF 3.3 million in the prior-year period.

Other operating income mainly comprises rental income from office subleases as well as cost reimbursements from partners. In the reporting period, other operating income in Switzerland decreased to CHF 1.4 million from CHF 2.1 million in the first half of 2023.

As a result of these combined factors, total operating income decreased to CHF 133.4 million in the first half of 2024, compared to CHF 147.1 million in the first half of 2023. In the reporting period, the offices in Monaco and Milan generated approximately 20% (H1 2023: 37%) and 11% (H1 2023: <10%), respectively, of the Group's total operating income.

Seasonality of operations

Fee income is driven by the level of client activity which may show seasonal patterns, especially during the summer month and end-of-year holiday season. Trading income is primarily driven by Leonteq's hedging activity, which is influenced by various factors, including but not limited to market volatility.

This information is provided to allow for a better understanding of the results, however, management has concluded that this is not 'highly seasonal' in accordance with IAS 34.

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total H1 2024
Net fee income	52,905	55,909	8,966	117,780
Result from trading activities and the fair value option	7,418	3,101	713	11,232
Net result from interest operations	1,600	1,066	258	2,924
Other operating income	1,430	—	7	1,437
Total operating income	**63,353**	**60,076**	**9,944**	**133,373**

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total H1 2023
Net fee income	48,231	62,694	13,003	123,928
Result from trading activities and the fair value option	10,359	19,714	(12,282)	17,791
Net result from interest operations	1,555	1,386	325	3,266
Other operating income	2,127	1	14	2,142
Total operating income	**62,272**	**83,795**	**1,060**	**147,127**

CHF thousand	Switzerland	Europe (excl. Switzerland)	Asia (incl. Middle East)	Total 30.06.2024
Trading financial assets	2,142,331	1,020,740	—	3,163,071
Positive replacements values of derivative instruments	1,455,399	1,503,830	—	2,959,229
Other financial assets designated at fair value through profit or loss	124,432	31,760	—	156,192
Financial investments measured at fair values through OCI	184,997	2,460,474	—	2,645,471
Total financial assets measured at fair value	**3,907,159**	**5,016,804**	**—**	**8,923,963**
Non-current assets	**90,940**	**7,408**	**2,065**	**100,413**
Trading financial liabilities	59,988	48,248	—	108,236
Negative replacement values of derivatives	1,207,738	1,412,558	—	2,620,296
Other financial liabilities designated at fair value through profit or loss	822,649	3,842,812	—	4,665,461
Total financial liabilities measured at fair value	**2,090,375**	**5,303,618**	**—**	**7,393,993**

Switzerland consists of the Group's headquarters in Zurich and its office in Geneva. Europe comprises the Group's operations in Amsterdam, Frankfurt, Guernsey, London, Milan, Monaco, Paris and Lisbon. Asia (including the Middle East) consists of Dubai, Hong Kong, Singapore and Tokyo.

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 replacements values of derivative instruments	1,526,363	872,293	—	2,398,656
Other financial assets designated at fair value through profit or loss	131,172	49,649	—	180,821
Financial investments measured at fair values through OCI	60,606	2,548,580	—	2,609,186
Total financial assets measured at fair value	**3,719,198**	**4,195,426**	**—**	**7,914,624**
Non-current assets	**95,186**	**8,011**	**2,541**	**105,738**
Trading financial liabilities	22,354	31,665	—	54,019
Negative replacement values of derivatives	1,196,391	803,204	—	1,999,595
Other financial liabilities designated at fair value through profit or loss	860,880	3,806,085	—	4,666,965
Total financial liabilities measured at fair value	**2,079,625**	**4,640,954**	**—**	**6,720,579**

Financial assets and liabilities are shown in the booking location accordingly.

8 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 earned when a product is issued, while other types of fees are deemed 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 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 (as of 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 Group presents fee income net of any costs that are directly attributable to the issuance of partner products and Leonteq products. Since Leonteq does not sell its products to the end-investor but acts through distribution partners, Leonteq discloses its fee income net of directly attributable costs that were agreed upfront.

CHF thousand	H1 2024	H1 2023
Fee income of structured investment products	106,549	113,988
of which recognised at a point-in-time	94,587	102,271
of which recognised over time	11,962	11,717
Fee income of long-term savings and retirement products	11,231	9,940
of which recognised at a point-in-time	3,501	2,976
of which recognised over time	7,730	6,964
Total fee income from securities trading and investment activities	**117,780**	**123,928**
Fee expense	—	—
Net fee income	**117,780**	**123,928**

Net fee income declined by 5% to CHF 117.8 million in the first half of 2024, compared to CHF 123.9 million in the prior-year period. This decrease was partially driven by a higher contribution from large ticket transactions (defined as transactions where Leonteq earns a fee of CHF 0.5 million or more) totalling CHF 22.1 million (or 18% of the Group's net fee income) in the first half of 2023, compared to CHF 10.6 million (or 9% of the Group's net fee income) in the reporting period.

The following table shows 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	(11,962)	(23,296)
Deferral of fees collected	14,961	22,428
Deferred fees of long-term savings and retirement products		
Recognition of deferred fees in the income statement	(7,730)	(12,754)
Deferral of fees collected	3,936	8,671
Balance of deferred fees as of 30 June / 31 December	**56,977**	**57,772**
of which recognised within the next 12 months	16,732	15,133
of which recognised after 12 months	40,245	42,639

Deferred fees are included in the consolidated statement of financial position in the line item "accrued expenses and deferred income". The balance of deferred fees is recognised in the income statement as fee income when the respective performance obligations are satisfied.

For structured investment products, performance obligations that are not satisfied upon issuance of the product are deemed to be satisfied over the average effective lifetime of issued products, which is estimated to be 9 months as of 30 June 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 13.7 million are expected to be recognised as fee income between 2 and 5 years, CHF 16.0 million between 6 and 20 years and CHF 10.5 million after 20 years.

9 Result from trading activities and the fair value option

CHF thousand	H1 2024	H1 2023
Result from trading activities and the fair value option	11,232	17,791
of which result due to financial assets designated at fair value	14,330	5,897
of which result due to financial liabilities designated at fair value	(149,039)	(277,655)
of which effective interest income from debt instruments at FVOCI	23,811	22,396
of which effective interest income from financial instruments at amortised cost	4,057	2,346
of which effective interest expense from financial instruments at amortised cost	(9,036)	(11,119)

The first half of 2024 was characterised by continued low levels of market volatility. Against this backdrop, Leonteq recorded a result from trading activities and the fair value option of CHF 11.2 million in the first half of 2024, reflecting limited but positive contributions from both hedging and treasury activities. This represented a 37% decrease compared to the result from trading activities and the fair value option of CHF 17.8 million in the first half of 2023.

10 Net result from interest operations

CHF thousand	H1 2024	H1 2023
Interest income from financial assets measured at amortised cost	4,108	6,501
Total interest income	**4,108**	**6,501**
Interest expense from financial liabilities measured at amortised cost	(1,184)	(3,911)
Total interest expense	**(1,184)**	**(3,911)**
Gross result from interest operations	**2,924**	**2,590**
Credit loss (expense) / recovery	—	676
Net result from interest operations	**2,924**	**3,266**

The net result from interest operations decreased by CHF 0.3 million, or 10%, to CHF 2.9 million in the first half of 2024 from CHF 3.3 million in the prior-year period.

11 Taxes

Taxes comprise current and deferred income taxes. The Group is subject to income taxes in numerous jurisdictions.

Current income taxes are calculated based on the applicable tax laws in the relevant jurisdictions and recognised as an expense in the period in which the related profits are generated. Assets or liabilities related to current income taxes are reported in the statement of financial position as applicable. The current tax assets and current tax liabilities reported as of the balance sheet date, as well as the resulting current tax expense for the year under review, are based partly on estimates and assumptions and may therefore differ from the amounts determined by the tax authorities in the future. In certain cases where complex tax questions arise, external tax specialists are consulted, or a preliminary clarification is obtained from the tax authorities.

Deferred income taxes are considered for the expected future tax implications 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 sufficient 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.

CHF thousand	H1 2024	H1 2023
Income tax expenses		
Switzerland	—	(1,050)
Foreign	(586)	(2,538)
Current income tax expenses	(586)	(3,588)
Switzerland	(24)	(40)
Foreign	(2,207)	9
Deferred income tax (benefit)/expenses	(2,232)	(31)
Total income tax (benefit)/expenses	**(2,818)**	**(3,619)**

The tax benefit is mainly due to the release of tax accruals from prior periods and the recognition of a deferred tax asset in the amount of CHF 2.2 million arising from losses carried forward (31 December 2023: CHF 0.1 million).

Both Swiss entities, the ultimate Swiss parent company of the Group, Leonteq AG, and the Swiss operating entity, Leonteq Securities AG, apply tax participation relief for Swiss income taxes at federal as well as cantonal/communal level.

The Group applied the participation relief for Swiss income tax purposes 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 income tax participation relief. Leonteq Securities AG filed an appeal against the aforesaid tax assessments for the fiscal years 2013 to 2015. The Cantonal Tax Appeal Court (court of first instance) decided in favour of Leonteq Securities AG in March 2023. The Zurich Cantonal Tax Office appealed against the decision. On 7 February 2024, the Zurich Cantonal Administrative Court (court of second instance) decided in favour of Leonteq Securities AG but questioned the determination of the financial expense for the purpose of the participation relief. The Zurich Cantonal Administrative Court sent the case back to the Zurich Cantonal Tax Office for reassessment, which is expected to take place in the second half of 2024. Leonteq Securities AG reserves the right to appeal against the reassessment by the Zurich Cantonal Tax Office.

Until its expiry at the end of the fiscal year 2018, the Group applied a tax ruling regarding the international allocation of net issuance proceeds agreed with the competent tax authorities. Since 2019, the Group has applied a transfer pricing method defined by an external tax advisor and based on a standard recognised by OECD to account for the international allocation of net issuance proceeds.

The Group performs an in-depth risk analysis of uncertainties in the application and acceptance of transfer pricing methods, developments in international transfer pricing rules, changes to the respective practices by tax authorities and the resulting litigation exposure on a semi-annual basis. The update to the calculation of uncertain income tax positions as of 30 June 2024 did have any significant financial impact in the reporting period.

12 Tax effects relating to components of other comprehensive income

	H1 2024		
CHF thousand	Amount before tax	Tax yield / Tax expense	Amount net of tax
Other comprehensive income/(loss) that will not be reclassified to the income statement			
Remeasurement of defined benefit plan	2,309	(451)	1,858
Changes in own credit spread	1,505	(276)	1,230
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	7,299	498	7,797
Expected credit loss changes on debt instruments measured at fair value through other comprehensive income	—	—	—
Currency translation adjustments	22,896	—	22,896
Total Other comprehensive income	**34,009**	**(229)**	**33,780**

	H1 2023		
CHF thousand	Amount before tax	Tax yield / (Tax expense)	Amount net of tax
Other comprehensive income/(loss) that will not be reclassified to the income statement			
Remeasurement of defined benefit plan	(399)	79	(320)
Changes in own credit spread	—	—	—
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	13,867	46	13,913
Expected credit loss changes on debt instruments measured at fair value through other comprehensive income	(689)	—	(689)
Currency translation adjustments	(11,574)	—	(11,574)
Total Other comprehensive income	**1,206**	**125**	**1,330**

13 Fair values of financial instruments and trading inventories

The fair value of financial instruments and trading inventories contained in the statement of financial position of the Group 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 recognized 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 cryptocurrencies held as economic hedges for issued structured products and are measured under the commodity broker exemption at fair value less costs to sell. Changes in the fair values, gains and losses on the sale and redemption of these instruments, interest and dividend income are recognised in the income statement as “result from trading activities and the fair value option”.

Financial investments measured at fair value through other comprehensive income are recognised at fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset, in the statement of financial positions and changes in fair values attributable to changes in the issuer credit risk or the benchmark interest rate are initially recognised in the statement of other comprehensive income (OCI). Either due to the application of hedge accounting or upon disposal of the respective investment, amounts initially recognised in OCI are reallocated to the income statement as “result from trading activities and the fair value option”.

The transaction price represents the best indication of the fair value of financial instruments unless the fair value of the instrument can be better determined by comparing it with other observable current market transactions involving the same instrument (level 1 instrument) or it is based on a valuation method that uses only observable market data (level 2 instrument). In this case, any difference between fair value and the transaction price is recognised as day-1 profit or loss in the line item “result from trading activities and the fair value option”. For level 3 instruments, day-1 result is deferred over the duration of the product.

Fair value is determined using quoted prices in active markets when these are available. In other cases, fair value is determined using a valuation model. Valuation models use inputs and rates derived from observable market data, such as interest rates and foreign exchange rates, when available. Valuation models are primarily used for the valuation of issued structured products and derivatives.

The output of a model is typically an estimate or approximation of a value that cannot be determined with certainty, and the valuation techniques employed may not fully reflect all factors relevant to the positions held. Significant risks arise when models are used to value financial instruments and calculate hedging ratios. The consequence of an inadequate model could be an incorrect valuation, leading to an incorrect risk assessment and an incorrect hedging position, both of which could have a financial impact.

All models are validated before they are used as a basis for financial reporting, and they are periodically reviewed thereafter by qualified specialists who operate independently from model developers and users. Whenever possible, the valuations derived from models are compared with the prices of similar financial instruments and with actual values once realised in order to further validate and calibrate the models. Valuation models are generally applied consistently across products from one period to the next, ensuring the comparability and continuity of valuations over time.

There were no significant changes in the valuation models used for the period ended 30 June 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 each balance sheet date, depending on how their 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 and companies, quoted investment funds, precious metals, trading inventories, commodities and positive or negative replacement values of exchange traded derivatives are assigned to this category. The quoted market price used for the Group's equity securities, debt securities, quoted funds and exchange traded derivative instruments is the exit price. Generally accepted market prices are used for foreign currencies, precious metals, trading inventories and commodities. Mid-market prices are used for the valuation of debt securities, which are categorised as financial assets designated at fair value through profit or loss if the market price risks of these positions are offset fully or to a significant extent by issued structured products or other trading positions.

Level 2 instruments
The fair value of level 2 instruments is based on quoted prices in markets that are not active or on a valuation method using significant input parameters that are directly or indirectly observable.

Level 2 instruments comprise the positive or negative replacement value of derivative instruments, issued structured products, debt securities with reduced market liquidity and investment funds that are not quoted.

The Group uses valuation methods to determine the fair value of positive or negative replacement value of derivative instruments and issued structured products if there is no active market pursuant to the definition of 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 if quoted prices are not available, then the fair values of equity securities, debt securities, other securities and trading inventories are based on pricing information from counterparties, brokers or other pricing services. In the case of investment funds, published net asset values are used. The input parameters for the valuation models are contract-specific and include the market price of the underlying asset, foreign exchange rates, yield curves, default risk, dividend estimates, volatilities and correlations. Derivative instruments are traded on a collateralised basis. The Group's own credit risk, as well as third-party credit risk in the case of assets, is not included in the valuation of collateralised derivative instruments.

Level 3 instruments

The fair value of level 3 instruments is based on a valuation method that uses at least one significant input parameter that cannot be observed directly or indirectly in the market. The Group's level 3 instruments comprise unlisted equity instruments presented in financial investments measured at fair value through other comprehensive income and positive or negative replacement values for long-term derivative financial instruments.

The fair value of the unlisted equity instrument is based on an independent valuation assessment using a multiple approach, taking account of any further valuation-relevant factors.

For the determination of the fair value of derivative financial instruments, the Group uses generally recognised pricing valuation models. The input parameters for the valuation models are contract-specific and include the market prices of the underlying asset, yield curves, volatilities and possibly other parameters. Derivative financial instruments are traded predominantly on a collateralised basis and the Group's own credit risk, as well as third-party credit risk in the case of assets, is not included in the valuation of collateralised derivative instruments. Whenever possible, the Group uses input parameters observable in the market to determine the fair value of financial instruments. However, due to the long-term nature of some instruments, significant input parameters are not always observable for those long-dated products and they are therefore classified as level 3 instruments. The Group estimates these unobservable input parameters using market information as well as historical data. The estimated input parameters are reviewed during monthly independent price verification processes and are further reviewed by an independent risk control function.

Valuation adjustments

The fair values of level 2 and level 3 instruments are based on valuation methods and therefore a level of uncertainty is inherent in those values. The valuation methods used do not always reflect all relevant factors when determining fair values. The Group considers additional factors in the case of issued structured products as well as derivative instruments to ensure that the valuations are appropriate. The factors include uncertainties in relation to models used, to parameters used, to liquidity risks and, in the case of structured products, to the risk of early redemption. The adjustments reflect the uncertainty in model assumptions and input parameters in relation to the valuation method used. The adjustments relating to the liquidity risk take into account the expected cost of hedging open net risk positions. The Group believes that it is necessary and appropriate to take these factors into account to determine the fair value of these instruments correctly.

Clearly defined processes, methods and independent controls are applied to ensure that an appropriate valuation is assigned to financial instruments. The controls comprise the analysis and approval of new instruments, the approval and regular assessment of the valuation models used, the daily analysis of profit and loss, and regular independent price verification, including the review of the input parameters used. The controls are performed by risk control specialists who possess the relevant knowledge and operate independently from trading and treasury functions.

Own credit

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. During the reporting period, 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 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). If this is the case, the difference between the transaction price and the fair value is recognised as day-1 profit or loss in the line item “result from trading activities and the fair value option”.

For level 3 instruments, day-1 result is deferred over the duration of the product. During the current and previous reporting period, the Group had no positions with a deferred day-1 result.

CHF thousand	Level 1	Level 2	Level 3	Total 30.06.2024
Financial assets				
Trading financial assets				
Debt securities (listed)	391,448	50,933	—	442,381
Equity securities	1,434,448	891	—	1,435,339
Funds	1,060,158	8,760	—	1,068,918
Other securities	—	216,433	—	216,433
of which hybrid financial instruments	—	216,434	—	216,434
Total trading financial assets	2,886,054	277,017	—	3,163,071
Positive replacement values of derivative instruments	1,961,493	997,736	—	2,959,229
Other financial assets designated at fair value through profit or loss	—	156,192	—	156,192
Financial investments measured at fair value through other comprehensive income	2,637,647	6,844	980	2,645,471
Total financial assets	**7,485,194**	**1,437,789**	**980**	**8,923,963**
Trading inventories	309,035	—	—	309,035
Total trading inventories	**309,035**	**—**	**—**	**309,035**

CHF thousand	Level 1	Level 2	Level 3	Total 30.06.2024
Financial liabilities				
Trading financial liabilities				
Debt securities (listed)	—	—	—	—
Equity securities	107,594	—	—	107,594
Funds	642	—	—	642
Total trading financial liabilities	108,236	—	—	108,236
Negative replacement values of derivative instruments	1,739,412	873,331	7,553	2,620,296
Other financial liabilities designated at fair value through profit or loss				
Interest rate instruments	—	475,664	—	475,664
Equities	—	3,751,552	—	3,751,552
Foreign currency	—	12,167	—	12,167
Commodities (including precious metals and cryptocurrencies)	—	426,078	—	426,078
Total other financial liabilities designated at fair value through profit or loss	—	4,665,461	—	4,665,461
Total financial liabilities	**1,847,648**	**5,538,792**	**7,553**	**7,393,993**

In the first half of 2024, there were no significant reclassifications of positions between level 1 and level 2 or 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	900	2,609,187
Total financial assets	**6,390,505**	**1,523,221**	**900**	**7,914,626**
Trading inventories	287,072	—	—	287,072
Total trading inventories	**287,072**	**—**	**—**	**287,072**

CHF thousand	Level 1	Level 2	Level 3	Total 31.12.2023
Financial liabilities				
Trading financial liabilities				
Debt securities (listed)	—	—	—	—
Equity securities	53,141	—	—	53,141
Funds	878	—	—	878
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 cryptocurrencies)	—	384,838	—	384,838
Total other financial liabilities designated at fair value through profit or loss	—	4,666,964	—	4,666,964
Total financial liabilities	**1,204,232**	**5,508,355**	**7,991**	**6,720,578**

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

Level 3 financial instruments

CHF thousand	Financial investments measured at fair value through other comprehensive income	H1 2024 Total Financial Assets	Negative replacement values of derivative instruments	H1 2024 Total Financial Liabilities
Statement of financial position				
Balance at the beginning of the year	900	900	7,991	7,991
Additions	80	80	449	449
Disposals	—	—	(165)	(165)
Result recognised in the income statement	—	—	122	122
Result recognised in the statement of other comprehensive income	—	—	—	—
Reclassifications to level 3	—	—	—	—
Reclassifications from level 3	—	—	(844)	(844)
Translation differences	—	—	—	—
Total balance at the end of the period	**980**	**980**	**7,553**	**7,553**
Income in the period on holdings at balance sheet date				
Unrealised income/(loss) recognised in trading income	—	—	(287)	(287)
Unrealised income/(loss) recognised in other income		—		—
Unrealised income/(loss) recognised in other comprehensive income		—		—

CHF thousand	Financial investments measured at fair value through other comprehensive income	2023 Total Financial Assets	Negative replacement values of derivative instruments	2023 Total Financial Liabilities
Statement of financial position				
Balance at the beginning of the year	—	—	4,041	4,041
Additions	900	900	2,147	2,147
Disposals	—	—	(355)	(355)
Result recognised in the income statement	—	—	3,368	3,368
Result recognised in the statement of other comprehensive income	—	—	—	—
Reclassifications to level 3	—	—	—	—
Reclassifications from level 3	—	—	(1,209)	(1,209)
Translation differences	—	—	—	—
Total balance at the end of the period	**900**	**900**	**7,991**	**7,991**
Income in the period on holdings at balance sheet date				
Unrealised income/(loss) recognised in trading income	—	—	(3,723)	(3,723)
Unrealised income/(loss) recognised in other income	—	—	—	—
Unrealised income/(loss) recognised in other comprehensive income	—	—	—	—

Financial instruments are reclassified into or out of levels 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 0.8 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 for the six months ended 30 June 2024 or for the 12 months ended 31 December 2023, respectively.

No day-1 gains or losses were recognised as a result of transactions involving level 3 instruments during the first half of 2024. An unrealised loss of CHF 0.3 million in the first half of 2024 (full-year 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 30 June 2024 totalled CHF 7.6 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

					Range of unobservable inputs				
	30.06.2024	31.12.2023			30.06.2024		31.12.2023		
			Valuation technique	Significant unobservable input	low	high	low	high	Unit
Negative replacement values of derivative financial instruments	7,553	7,991	Generic replication model[1]	Volatility of interest rates	60	75	65	79	basis points

[1] A generic replication model is used to price interest rate derivatives.

Volatility is a measurement of the variability of interest rates and is generally expressed as an absolute number in basis points (bps). The minimum level of volatility is 0 bps and there is no theoretical maximum. Volatility is a key input in option models, where it is used to derive a probability-based distribution of forward rates. The effect of volatility on individual positions within the portfolio is determined primarily on the basis of whether the option contract is a long or short position. In most cases, the fair value of an option increases as a result of a rise in volatility and is reduced following a decrease in volatility. In general, volatility used in the measurement of fair value is derived from active market option prices (referred to as implied volatility). A key feature of implied volatility is the volatility "smile" or "skew", which represents the effect of pricing options of different option strikes at different implied volatility levels.

Sensitivity of fair values of Level 3 liabilities

The Group's management believes, based on the valuation approach used for the calculation of fair values and the related controls, that the level 3 fair values are appropriate.

The following table shows the impact of reasonably possible alternative assumptions to the unobservable input parameters used. These results show no significant impact on the Group's net profit, comprehensive income or shareholders' equity.

CHF thousand	30.06.2024	31.12.2023
Impact of shifts of unobservable input parameters on fair values		
Increase of volatility of interest rates (+5 bps)	54	44
Decrease of volatility of interest rates (-5 bps)	(54)	(44)

Sensitivity of fair values of Level 3 equity instrument

A change in the multiples used for the valuation of the unlisted equity instrument leads to a proportional change in fair value. A reasonably realistic change in input parameters has no significant impact on the Group's consolidated financial statements.

Financial assets and liabilities at amortised cost

The following table shows the carrying amount of financial assets and liabilities measured at amortised cost. All these positions have short-term maturities (i.e. less than three months) and the carrying amount is a reasonable approximation of fair value.

CHF thousand	30.06.2024	31.12.2023
Financial assets at amortised cost		
Cash and balances at central banks	148,684	142,697
Amounts due from banks	575,262	462,923
Amounts due from securities financing transactions	26,817	20,667
Amounts due from customers	489,100	291,654
Other financial assets[1]	22,601	20,406
Total financial assets at amortised cost	**1,262,464**	**938,347**
Financial liabilities at amortised cost		
Amounts due to banks	290,374	252,242
Liabilities from securities financing transactions	1,376,332	805,197
Amounts due to customers	544,268	483,992
Other financial liabilities[2]	49,249	63,298
Total financial liabilities at amortised cost	**2,260,223**	**1,604,729**

[1] Other financial assets mainly comprise withholding tax receivables.

[2] Other financial liabilities mainly includes lease liabilities.

14 Provisions

The Group recognises a provision if, as a result of a past event, the Group has a present obligation at the balance sheet date that will probably lead to an outflow of resources embodying economic benefits (which can include legal fees), the level of which can be reliably estimated. In cases where the disclosure of the amount of a provision would seriously prejudice the Group's position in respect of other parties involved in the matter, because it would reveal what the Group believes to be the probable and reliably estimable financial impact, the Group does not disclose that amount.

The recognition and release of provisions are shown in the line item "changes to provisions and other value adjustments, and losses". If it is not probable that a present obligation exists or the liability cannot be reliably estimated, an entity discloses a contingent liability (see Note 19). A contingent liability is also shown if, as a result of a past event, there is a possible liability at the balance sheet date whose existence depends on future developments that are not fully within the Group's control. If the possibility of an outflow of resources embodying economic benefits is remote, neither a provision nor a contingent liability is reported.

CHF thousand			30.06.2024	31.12.2023
	Reinstatement obligations	Litigation, regulatory and similar matters	Total provisions	Total provisions
Balance at the beginning of the period	3,443	20,105	23,548	21,585
Utilisation in conformity with designated purpose	—	(5,557)	(5,557)	(5,283)
Increase in provisions recognised in the income statement	17	11,586	11,603	7,772
Release of provisions recognised in the income statement	—	(3,416)	(3,416)	(353)
Increase in provisions not recognized in the income statement	—	—	—	31
Translation differences	19	97	116	(205)
Balance at the end of the period	**3,480**	**22,815**	**26,295**	**23,548**
of which due within 1 year	—	10,430	10,430	5,316
of which due within 2 and 5 years	3,383	12,385	15,768	18,138
of which due after 5 years	97	—	97	94

Litigation, regulatory and similar matters

The Group operates in a legal and regulatory environment that exposes it to litigation, compliance, tax, reputational and other risks arising from disputes or regulatory or other proceedings.

Non-compliance with regulatory or other mandatory requirements may result in competent authorities taking enforcement action or initiating proceedings against the Group and its employees. From time to time, the Group may also be subject to information and clarification requests and procedures from authorities and other third parties. As a matter of principle, the Group cooperates with competent authorities and within the confines of applicable laws and regulation.

The risks described below may not be the only risks to which the Group is exposed. These and additional risks not presently known to Leonteq, may impair the Group's future business, results of operations, financial condition and prospects. The realisation of one or more of these risks may individually or together with other circumstances, have a material adverse impact on the Group's business, results of operations, financial condition and prospects. The impact on the financial position or profitability of the Group – depending on the status of related proceedings – is difficult to assess.

During the reporting period as well as the two prior reporting years, Leonteq experienced ongoing regulatory scrutiny since authorities in some countries continue to investigate matters revolving around topics raised also in the media, including Leonteq's monitoring of the distribution chain and related money laundering prevention, fraud, criminal misconduct or other compliance risks. The Group maintains an active dialogue. To the extent measures have been indicated by a competent authority, the Group has recognised provisions in the amount of the probable and reliably estimable financial impact. The uncertainties inherent in the estimations affect the amount and as a result, effective payments can significantly deviate from the estimated amounts. In compliance with applicable laws and regulation with its obligations, the Group may refrain from making any further disclosures given the prejudicial nature any such disclosures may have on the potential outcomes related thereto or other associated matters.

In 2022, the Group recognised a provision for potential indirect tax qualification risks deriving from certain fee payments for the financial years 2013 to 2022. The Swiss VAT assessment for periods 2013 to 2021 was finalized in June 2024 by the Swiss Federal Tax Administration. Leonteq Securities AG might appeal against certain elements of the assessment. Based on the assessment undertaken and external tax advice received, the respective provision was reassessed and an amount of CHF 3.3 million of such provision was released.

The Group recognised in 2022 a receivable from its insurance companies for certain proceedings. Based on further developments in the first half of 2024, the Group reassessed the respective receivable and recognised a provision for the anticipated uncovered part of the receivable.

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.

15 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	Due				
	On demand to 1 month	**1-3 months**	**3-12 months**	**Over 12 months**	**Total 30.06.2024**
Assets					
Financial assets					
Cash and balances at central banks	148,684	—	—	—	148,684
Amounts due from banks	575,262	—	—	—	575,262
Amounts due from securities financing transactions	26,817	—	—	—	26,817
Amounts due from customers	489,100	—	—	—	489,100
Trading financial assets	3,163,071	—	—	—	3,163,071
Positive replacement values of derivative financial instruments	2,959,229	—	—	—	2,959,229
Other financial assets designated at fair value through profit or loss	156,192	—	—	—	156,192
Financial investments measured at fair value through other comprehensive income	2,644,571	—	—	900	2,645,471
Other financial assets	175	964	21,462	—	22,601
Total financial assets	**10,163,101**	**964**	**21,462**	**900**	**10,186,427**
Non-Financial assets					
Trading inventories	309,035	—	—	—	309,035
Current tax assets	—	—	1,429	—	1,429
Deferred tax assets	—	—	—	4,161	4,161
Interests in joint ventures	—	—	—	958	958
Tangible assets[1]	—	—	—	39,165	39,165
Intangible assets[1]	—	—	—	59,310	59,310
Other non-financial assets	—	9,945	2,498	—	12,443
Total non-financial assets	**309,035**	**9,945**	**3,927**	**103,594**	**426,501**
Total assets	**10,472,136**	**10,909**	**25,389**	**104,494**	**10,612,928**

CHF thousand	Due				
	On demand to 1 month	**1-3 months**	**3-12 months**	**Over 12 months**	**Total 30.06.2024**
Liabilities					
Financial liabilities					
Amounts due to banks	290,374	—	—	—	290,374
Liabilities from securities financing transactions	1,376,332	—	—	—	1,376,332
Amounts due to customers	544,268	—	—	—	544,268
Trading financial liabilities	108,236	—	—	—	108,236
Negative replacement values of derivative financial instruments	2,620,296	—	—	—	2,620,296
Other financial liabilities designated at fair value through profit or loss	4,665,461	—	—	—	4,665,461
Other financial liabilities[2]	3,477	12,892	10,216	22,664	49,249
Total financial liabilities	**9,608,444**	**12,892**	**10,216**	**22,664**	**9,654,216**
Non-Financial liabilities					
Current tax liabilities[3]	—	—	92	12,000	12,092
Deferred tax liabilities	—	—	—	321	321
Other non-financial liabilities[4]	—	18,591	39,195	47,861	105,647
Provisions	—	—	10,430	15,864	26,294
Total non-financial liabilities	**–**	**18,591**	**49,717**	**76,046**	**144,354**
Total liabilities	**9,608,444**	**31,483**	**59,933**	**98,710**	**9,798,570**

[1] immobilised
[2] Other financial liabilities with a long-term maturity mainly comprise lease liabilities.
[3] Current tax liabilities with a long-term maturity comprise uncertain tax positions.
[4] Other non-financial liabilities with a long-term maturity mainly comprise deferred income (see Note 8).

CHF thousand	Due				
	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2023
Assets					
Financial assets					
Cash and balances at central banks	142,697	—	—	—	142,697
Amounts due from banks	462,923	—	—	—	462,923
Amounts due from securities financing transactions	20,667	—	—	—	20,667
Amounts due from customers	291,654	—	—	—	291,654
Trading financial assets	2,725,961	—	—	—	2,725,961
Positive replacement values of derivative financial instruments	2,398,656	—	—	—	2,398,656
Other financial assets designated at fair value through profit or loss	180,821	—	—	—	180,821
Financial investments measured at fair value through other comprehensive income	2,608,286	—	—	900	2,609,186
Other financial assets	160	364	19,883	—	20,407
Total financial assets	**8,831,825**	**364**	**19,883**	**900**	**8,852,972**
Non-Financial assets					
Trading inventories	287,072	—	—	—	287,072
Current tax assets	—	—	279	—	279
Deferred tax assets	—	—	—	2,415	2,415
Interests in joint ventures		—	—	958	958
Tangible assets[1]	—	—	—	44,812	44,812
Intangible assets[1]	—	—	—	59,068	59,068
Other non-financial assets	—	6,552	1,921	—	8,473
Total non-financial assets	**287,072**	**6,552**	**2,200**	**107,253**	**403,077**
Total assets	**9,118,897**	**6,916**	**22,083**	**108,153**	**9,256,049**

CHF thousand	Due				
	On demand to 1 month	1-3 months	3-12 months	Over 12 months	Total 31.12.2023
Liabilities					
Financial liabilities					
Amounts due to banks	252,242	—	—	—	252,242
Liabilities from securities financing transactions	805,197	—	—	—	805,197
Amounts due to customers	483,992	—	—	—	483,992
Trading financial liabilities	54,019	—	—	—	54,019
Negative replacement values of derivative financial instruments	1,999,595	—	—	—	1,999,595
Other financial liabilities designated at fair value through profit or loss	4,666,965	—	—	—	4,666,965
Other financial liabilities[2]	1,998	23,791	10,490	27,019	63,298
Total financial liabilities	**8,264,008**	**23,791**	**10,490**	**27,019**	**8,325,308**
Non-Financial liabilities					
Current tax liabilities[3]	—	—	1,184	12,000	13,184
Deferred tax liabilities	—	—	—	544	544
Other non-financial liabilities[4]	—	43,077	17,947	52,308	113,332
Provisions	—	—	5,316	18,232	23,548
Total non-financial liabilities	**—**	**43,077**	**24,447**	**83,084**	**150,608**
Total liabilities	**8,264,008**	**66,868**	**34,937**	**110,103**	**8,475,916**

1 immobilised
2 Other financial liabilities with a long-term maturity mainly comprises lease liabilities.
3 Current tax liabilities with a long-term maturity comprises uncertain tax positions.
4 Other non-financial liabilities with a long-term maturity mainly comprises deferred income (see Note 8).

16 Shareholders' equity

Share capital

	30.06.2024			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 fully paid in	18,494,242	18,494,242	18,494,242	18,934,097	18,934,097	18,934,097
Authorised capital	N/A	N/A	N/A	—	—	N/A
of which capital increase completed	—	—	N/A	—	—	N/A
Conditional share capital	1,000,000	1,000,000	N/A	1,000,000	1,000,000	N/A
of which capital increase completed	—	—	N/A	—	—	N/A

Capital reduction

On 28 March 2024, the Annual General Meeting approved a capital reduction through the cancellation of 439,855 shares repurchased in connection with the share buyback programme in 2023. The capital reduction was carried out on the 26 April 2024 and duly published in the federal gazette on that day.

Capital band

The Annual General Meeting on 28 March 2024 approved a capital band ranging from CHF 17,569,530 (lower limit) to CHF 20,343,666 (upper limit). The Board of Directors is authorised within the capital band to increase or reduce the share capital once or several times and in any amounts or to acquire or dispose of shares directly or indirectly until 28 March 2029 or an earlier expiry of the capital range. An increase of the share capital is only permissible to the extent required to comply with legal or regulatory capital and / or regulatory liquidity requirements.

Conditional share capital

Share capital may be increased by a maximum of CHF 1,000,000 by issuing 1,000,000 fully paid-in registered shares with a nominal value of CHF 1.00 each to cover potential exposures arising from restricted stock units (RSUs) granted to certain Group employees.

Own shares

The Leonteq AG shares held by the Group are deducted from shareholders' equity as "own shares" in the statement of equity at average cost paid. The Group does not recognise changes in fair value of own shares. A profit or loss arising on disposal of own shares is recognised through equity. The Group purchases its own shares primarily in connection with its employee share-based benefit, RSU and PSU programmes.

			30.06.2024			31.12.2023
	Number of shares	Total purchase value (CHF thousand)	Average price CHF	Number of shares	Total purchase value (CHF thousand)	Average Price CHF
Balance at the beginning of the period	1,378,256	65,305	47	806,443	42,027	52
Purchases for employee participation schemes	181,085	5,140	28	340,335	16,408	48
Used for employee participation schemes	(241,003)	(11,618)	48	(208,377)	(11,130)	53
Share buyback programme	—	—	—	439,855	18,000	41
Capital reduction	(439,855)	(18,000)	41	—	—	—
Disposals	—	—	—	—	—	—
Balance at the end of the period	**878,483**	**40,827**	**46**	**1,378,256**	**65,305**	**47**

Profit and capital distribution

On 28 March 2024, the Annual General Meeting of Leonteq AG approved the proposal of the Board of Directors to distribute a total of CHF 18.9 million (CHF 1.00 per share) in equal amounts out of retained earnings (dividend) and reserves from capital contributions for the financial year 2023. On 5 April 2024, a distribution of CHF 1.00 per share, consisting of a dividend of CHF 0.50 (gross) and a distribution from the reserves from capital contributions of CHF 0.50, was paid.

17 Significant shareholders

	30.06.2024		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. Ruflin[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]	1,285,050	6.95%	924,314	4.88%
Swisscanto Fondsleitung AG	614,010	3.32%	941,404	4.97%
Directors and executives[3]	237,105	1.28%	185,391	0.98%
Total significant shareholders	**9,562,416**	**51.70%**	**9,454,226**	**49.93%**

1 Lukas T. Ruflin 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 H21 Macro Limited, Cayman Islands, is the direct shareholder of part of these shares.

3 Excluding shareholdings of Lukas T. Ruflin.

18 Related-party transactions

The Group entered into various transactions and agreements with related parties. Significant transactions and agreements can be categorised as financial and cooperation agreements with Raiffeisen Switzerland Cooperative and its affiliated companies.

CHF thousand	Amounts due from 30.06.2024	Amounts due from 31.12.2023	Amounts due to 30.06.2024	Amounts due to 31.12.2023	Income from H1 2024	Income from H1 2023	Expense to H1 2024	Expense to H1 2023
Significant shareholders **Raiffeisen Switzerland Cooperative**								
Amounts due from banks	19,991	2,247	—	—	—	—	—	—
Amounts due from securities financing transactions	4,500	3,000	—	—	—	—	—	—
Positive replacement values of derivative instruments	27,106	44,016	—	—	—	—	—	—
Amounts due to banks	—	—	2,927	16,905	—	—	—	—
of which credit facility	—	—	—	—	—	—	—	—
Negative replacement values of derivative instruments	—	—	39,344	30,228	—	—	—	—
Accrued expenses and deferred income	—	—	84	—	—	—	—	—
Platform partner service fee income	—	—	—	—	1,211	272	—	—
Other fee income	—	—	—	—	364	115	—	—
Other fee expense	—	—	—	—		—	—	—
Interest income	—	—	—	—	28	32	—	—
Interest expense	—	—	—	—	—	—	96	189
Affiliated companies **Raiffeisen Switzerland B.V. Amsterdam**								
Amounts due from customers	1,530	1,707	—	—	—	—	—	—
Positive replacement values of derivative instruments	51,548	62,099	—	—	—	—	—	—
Accrued income and prepaid expenses	38	122	—	—	—	—	—	—
Amounts due to customers	—	—	34,341	50,135	—	—	—	—
Negative replacement values of derivative instruments	—	—	16,472	17,873	—	—	—	—
Platform partner service fee income	—	—	—	—	2,976	3,072	—	—
Other fee income	—	—	—	—	—	—	—	—
Other fee expense	—	—	—	—	—	—	—	—
Interest income	—	—	—	—	—	—	—	—
Interest expense	—	—	—	—	—	—	622	1,088

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.

19 Off-balance

CHF thousand	30.06.2024	31.12.2023
Off-balance sheet positions		
Contingent liabilities	35,832	54,253

Contingent liabilities mainly arise from deferred payments related to employee variable compensation plans and the following guarantees.

On 10 August 2015, Leonteq AG signed a deed of guarantee with Teighmore Ltd. relating to the lease of the former office premises of the London branch of Leonteq Securities (Europe) GmbH. In October 2017, the lease was assigned to a third party. In connection with the transfer, it was agreed that this deed of guarantee will remain with Leonteq AG. As of 30 June 2024, the total commitment relating to future rental payments under the original lease contract was GBP 1.7 million (CHF 2.0 million) (31.12.2023: GBP 2.5 million or CHF 2.6 million, respectively), excluding taxes.

On 11 December 2017, Leonteq AG provided a guarantee relating to the lease of the office premises of its subsidiary Leonteq Securities (Japan) Ltd. As of 30 June 2024, the total commitment relating to future rental payments under this lease was JPY 118.0 million (CHF 0.7 million) (31.12.2023: JPY 132.9 million or CHF 0.8 million, respectively), excluding taxes. The guarantee is provided until 31 January 2028.

20 Post-balance sheet events

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

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Report of the auditor on the review of the interim condensed consolidated financial statements

To the Board of Directors
LEONTEQ AG, ZURICH

Introduction
We have reviewed the interim condensed consolidated financial statements for Leonteq AG which comprise the income statement, statement of other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and other explanatory notes, including a summary of significant accounting policies, for the six-month period ended 30 June 2024. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 – "Interim Financial Reporting". Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of Review
We conducted our review in accordance with Swiss Auditing Standard 910 (SAS 910) "Engagements to Review Financial Statements" and International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Swiss Standards on Auditing (SA-CH) and International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information (pages 44 to 77 and the Risk Management & Control information on pages 16 to 43) are not prepared, in all material respects, in accordance with International Accounting Standard IAS 34 – "Interim Financial Reporting".

Deloitte AG

Sandro Schönenberger	Christian Weber
Licensed Audit Expert	Licensed Audit Expert

Zurich, 23 July 2024

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Legal disclaimer

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