DUKASCOPY
Swiss Banking Group

ANNUAL REPORT

2023

www.dukascopy.com

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INTRODUCING DUKASCOPY GROUP

Dukascopy's history started in 1998 in Geneva as a physicist project headed by Dr. Andrey Duka. His aim was to serve the financial community through innovative solutions derived from novel scientific techniques based on advanced mathematics and econophysics.

The founders' vision materialised in the form of an international FinTech group headed by Dukascopy Bank. The group is a fully digital Internet-based Swiss bank and securities house counting 71.3 employees on 31.12.2023 (counted in full time equivalent, 72.1 on 31.12.2022). On the same date, Dukascopy Group counted 98.0 for the consolidated companies (108.0 employees on 31.12.2022).

The Bank and securities houses of Dukascopy Group are regulated in Switzerland, Latvia and Japan. The Latvian entity, Dukascopy Europe has a license to operate in the European Union.

The Group offers multi-products (FX, bullion, CFD, binary options) online and mobile trading platforms together with an increasing range of other financial services including current accounts, guarantees, classic banking payments, innovative instant payments via smartphones, payment cards, its own crypto-currency, etc. to individuals and institutions. The SWFX trading platforms operated by Dukascopy Bank SA are considered bilaterally organised trading facilities offering more than 1200 products by the end of year 2023.

Since 2016, an account with Dukascopy can be opened, using the latest online identification technologies, in less than one day and has allowed the Bank to open more than 330 000 accounts as of the date of this report.

As a regulated institution, the Bank was able to launch crypto and blockchain related activities in 2018. The "Dukascoin" is the Ethereum-based token created by the Bank. Dukascoins are designed as a means of payment and speculation and were a great success for the Bank considering its wide acceptance as a reward for clients opening an MCA. The Dukascopy brand is internationally known as a reference for innovation and recognised for its integrity in providing digital financial services.

MESSAGE FROM THE BOARD OF DIRECTORS

TIn 2023, Dukascopy Bank SA continued its strategic and technical developments aimed at consolidating sustainable growth, enhancing customer experience, and reinforcing its position as a reputable Swiss bank.

2023 could be remembered as a year during which generative AI technology improved greatly and its use started to become mainstream as well as a year during which several banks failed.

The World economic and political environment is facing unprecedented challenges, some of which are obvious to everyone, and some others are less apparent. In the very beginning of the year banks' failures in USA and Europe focused everyone minds on the importance of liquidity, safety margins and risk management culture. Geopolitics continue to increase volatility. A wrong calculation or an unexpected event could further increase volatility and risks.

What makes us proud is that in this international turmoil, Dukascopy Bank SA stays stable and reliable with a valuable product and philosophy, with roots in the Swiss tradition, and with a clear vision for the future!

In 2023, the Bank continued to invest and use latest technologies to improve external facing processes as well as its internal functions. It enlarged the investment instruments, it is proposing to adapt to demand. It invested also heavily to increase the resiliency of the IT platform and services.

In conclusion, 2023 was a year of significant achievements and steady progress for Dukascopy Bank SA.

Related, we are happy to express our great thankfulness and high appreciation towards all involved in the Dukascopy Bank's success which involves people from all and any horizon- the shareholders, the executive management, the employees and the partners. And above all - to our clients for their trust and loyalty.

The Board of Directors

MESSAGE FROM THE co-CEOs

2023 was marked by an extraordinary and slow retrieval of global economy induced by several factors including the US and Swiss banking crisis, the energy crisis and the continuation of conflicts in Eastern Europe and Middle East.

Among main events during 2023 was the crisis at Credit Suisse. On 19th March, the Federal Council, the Swiss Financial Market Supervisory Authority (FINMA) and the SNB announced a package of measures comprising the acquisition by UBS as well as state support. Between March and May 2023, three important US banks went bankrupt as well.

In this context of tensions, main central banks decided to continue to rise their interest rates in an attempt to curb inflation or at the same time stopping rate increases to aid economic recovery. After raising the policy rate from – 0.75% to 1.0% in 2022, the SNB increased it in two steps from 1.0% to 1.75% in March and June 2023 in order to counter inflationary pressure. At its September assessment, the SNB left the interest rate unchanged at 1.75%. Monetary policy could remain restrictive for some time yet.

Global economic growth nevertheless was solid overall in 2023, while growth in Switzerland was modest compared to 2022. The US economy remained robust, and China's exit from its zero-COVID policy led to a significant recovery. However, in Europe, momentum slowed notably. On stock markets in parallel, shares prices have reached high levels to compensate 2022 drops together with some commodities like Gold which broke all-time highs at the beginning of December. 2023 was also impacted by climate change and transition events like the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28).

Generative artificial intelligence (AI) has enjoyed a year of important development of functions. AI has become one of the booming technological trends in 2023 after ChatGPT caused a strong enthusiasm with more than 100 million users in late January two months after its launch. This breakthrough technology is revolutionising the ways economic sectors operate, strongly changing the job market, and shaping the future of work.

In such conditions Dukascopy Bank consolidated its strategy by focusing on its two main business areas: FX and CFD electronic trading platforms

and retail digital banking services. Dukascopy Bank aims to provide its clients with the most popular trading solutions in the market. All top traded instruments are made available. The number of financial instruments traded on the Bank's platforms is now exceeding 1200 CFDs on a various range of underlying assets. In December, Dukascopy Bank SA launched the Meta Trader 5 trading platform available for beta testing on Demo environment. The further improvements in existing trading platforms including our internationally recognised proprietary JForex Platform together with the implementation of the Meta Trader 5 are directly supporting the trend of increase of the CFD share in the trading volume of the Bank's clients. Offering of new types of payment cards, extension of the range of payment methods, establishment of new correspondent banking relationships and increased degree of automatization in transactions processing have stimulated an increase in number and volume of retail banking clients' deposits as well as the revenue of the Bank from the services provided together with growth of clients' satisfaction from continuously improving quality of the service. Deposits on multi-currency accounts have increased by more than 30% over 2023.

In the meantime, our institution is progressively increasing its attractive services to corporates in general and aimed in particular at fintech and digital services companies.

Despite the challenges of financial year 2023, the Bank remains profitable. The business of all subsidiaries of the Bank as well.

The conservative asset allocation and liquidity management policies allowed the Bank to successfully pass through the year of extremally high market turbulences and instability and to look forward with confidence and optimism to the further development of the Bank's business in 2024. Resiliency is one of the main objectives to support and guarantee future growth of the activity. The Bank has finalised during 2023 the reorganisation of its technological infrastructure including cloud migration in order to raise its capacity to adapt to adverse changes.

We express appreciation and gratitude to all our colleagues, clients and business partners for the new accomplishments made during this particular year.

Veronika and Andrey Duka

co-Chief Executive Officers

REVIEW OF OPERATIONS & KEY FIGURES

DUKASCOPY BANK SA

2023 has been a succeeding good year for Dukascopy Bank SA despite unfavorable changes in market environment and conditions:

KEY FIGURES OF DUKASCOPY BANK

(in CHF million or in %)	2023	2022	2021
Net result	1.3	6.4	2.1
Cost/income ratio	89.2%	71.3%	86.8%
Total operating income	22.1	27.4	22.7
Total operating expenses	19.7	19.6	19.7
Total assets	195.8	196.3	184.5
Total client and bank deposits	130.9	131.3	125.9
Regulatory capital excluding profit of current year	56.7	50.7*	49.0*

*For raisons of comparability to 2023, comparative figures for 2022 and 2021 have been adapted excluded profit of year 2022 and 2021 accordingly.

The Bank's net profit of 2023 was CHF 1.3 million. In 2023, operating expenses were in line with operating expenses in 2022.

Brokerage services for trading accounts remained the main source of operational revenue in 2023. The bank has an ongoing commitment to improve on its client interfaces and combine them with the best possible trading services. The MT4 platform also continued to find its clients. All top traded instruments are made available. In December, Dukascopy Bank SA launched the MT5 trading platform available for beta testing on Demo environment. By expanding trading platform offerings alongside MT4 and its proprietary JForex platform, Dukascopy Bank aims to provide its clients with the most popular trading solutions in the market. The MT5 is a well-known and widely-used platform, which is equipped with advanced automated strategy features and many other sophisticated functionalities.

In 2023, net interest income increased by 1144% up to CHF 1'931 thousand compare to 2022. This is due to rising interest rates across all major currencies. Specifically, the reference of the Swiss Franc is 1.75 percent from 23 June. SNB adjusted the interest rate for all credit balances on the CHF until 1.75% for deposits up to an amount of CHF 10 million and 1.25% for deposits of more than CHF 10 million. The reference rate for EUR is 4 percent from September 20. SECB adjusted the interest rate for all credit balances on the EUR until 3.5% for deposits up to an amount of EUR 10 million and 3.75% for deposits of more than EUR 10 million. As for USD, Goldman and JP Morgan paid between 4.5 and 5.5% on our collateral

deposit. Dukascopy's mobile multi-currency accounts (MCA) grow fast and represents more important share of the Bank's activities and client deposits. MCA clients open trading accounts more often. In 2023, 23'853 new MCA accounts were opened. From the beginning of the year clients' deposits on MCA accounts have went up by 32.0% from CHF 51.5 to 68.0 million; in 2023, brut revenues from MCA accounts were CHF 1.6 million.

In the end of 2023 and in 2024, corporate clients become more important, especially in the field of top-quality banking services for regulated brokers, E-money companies, and other PSPs.

The involvement and development of the Bank's in crypto related activities remains one of the main strategic growth areas together with retail banking activities. More than 6.6 million Dukascoins were issued by the end of year 2023. Dukascopy Bank has developed rich crypto-fiat functionality over the last several years.

DUKASCOPY GROUP

As can be seen in the consolidated financial statements, the Group figures do not significantly deviate from those of the Dukascopy Bank because the Bank remains the prominent element of Dukascopy Group. In 2023, all consolidated subsidiaries of Dukascopy Group were profitable.

Dukascopy Europe's net profit for 2023 was CHF 24.9 thousand. The Company is stably profitable. Operating expenses were in line with 2022. The Outsourcing agreements ensures stable operation of the bank and provides a stable income to Europe.

The Dukascopy Japan's net profit for 2023 was CHF 131.5 thousand. The Company have a stable positive result. Operating expenses were decreased by 6.7% compared to 2022. The Company is stably profitable due to the implementation of the new marketing policy and MT4 platform.

SWFX – Swiss FX Marketplace SA is stable profitable. Its net profit 2023 amounts to CHF 138.7 thousand.

CORPORATE GOVERNANCE

The corporate governance framework is defined by the Bank's Articles of Incorporation and governance policies, bodies of the Bank are:

- the General Meeting of shareholders;
- the Board of Directors;
- the Executive Committee;
- the External Auditor.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Bank's supreme body. Its rights and liabilities are governed by the Swiss Civil Code. The shareholders elect the members of the Board and the External Auditor.

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall strategic direction, supervision and control of the Bank and appoints the members of the Executive Committee. In 2017, the Board of Directors created an Audit Committee comprising two members. At the end of 2023, the Board of Directors was composed of six members, all independent as per the FINMA circular 2017/1.

- ***Bogdan Prensilevich*** is the chairman of the Board of Directors since 2009 and is a Board member since the inception of the company. He has also been advising the company in legal matters since its foundation, in 2004. After completing his law studies at the University of Geneva, he was admitted to the Geneva Bar Association in 2002. Since then he advises clients as an independent attorney. In 2007, he co-founded the Law firm "Etude de Cerjat & Prensilevich".

- ***Frank Guemara*** is the vice-chairman of the Board of Directors which he joined in 2009 & the chairman of the Audit Committee since 2018. He obtained a master's degree in economic sciences from the University of Geneva and is also a Swiss Certified Public Accountant. In 1993, after having started his career at Coopers & Lybrand, he joined the bank Lombard Odier where he developed a consulting activity for family companies. In 2002, he founded Triportail SA, a company engaged in the transfer of family companies.

• ***Per Prod'hom*** joined the Board and became a member of the Audit Committee in 2018. After obtaining degrees in law, business administration and EU law at the University of Geneva, he passed the Bar exam and obtained the Swiss Tax Expert diploma. He has been working as tax lawyer for more than 25 years (Deloitte, Baker & McKenzie, Python). He is currently a partner at the law firm Streng SA. He has also been a lecturer to the future tax experts at the Universities of Geneva and Lausanne ("LLM tax" in Geneva and "Master in International Taxation" in Lausanne).

• ***Gérard, Charles William de Cerjat*** is a member of the Board of Directors of the Bank since 2009. He obtained a law degree at the University of Geneva and was admitted to the Geneva Bar association in 1966. Since 1972, he advises clients as an independent lawyer. In 2007, he co-founded the Law firm "Etude de Cerjat & Prensilevich".

• ***Tatiana Pannatier*** was elected member of the Board of Directors in 2020. She has a Master's Degree in Law (Sofia, Bulgaria) and a «Diplôme d'études supérieurs» from the Geneva IUHEI in International law, Economy and History. From 1995 till 2021 she worked at International banks in Geneva, also being a Member of the Committee of Directors.

• ***Enrico Giacoletto*** was elected member of the Board of Directors in 2021. He holds a Master of Science from the Swiss Federal Institute of Technology (EPFL). He is a CFA charterholder and has the FRM (Financial Risk Manager) certification. He teaches risk management and risk regulation in Geneva and Lugano. He started his career in the financial industry in 2003. Before founding easyReg in 2018, he worked for 9 years in the Financial Service Risk Management unit of EY.

EXECUTIVE COMMITTEE

The Executive Committee is responsible for day-to-day operational management of the Bank's business and for the development and implementation of the strategy. At the end of 2023, the Executive Committee was composed of the following five members:

• ***Veronika Duka,*** co-Chief Executive Officer and Chief Administrative Officer, founding shareholder. Graduated as an engineer from the Moscow State Aviation Technological University, she had been the administrative manager of scientific companies for 7 years before leading the Geneva Research Collaboration Foundation. The latter was a Not For Profit organization, active in the scientific field, supporting interdisciplinary research in natural and social sciences, developing novel economic applications in Geneva. Ms Duka has been playing her key executive role in the company since its inception.

• ***Andrey Duka,*** co-Chief Executive Officer and Chief Technology Officer and founding shareholder. He graduated with honours as an engineer from the Moscow State Aviation Technological University and obtained a PhD from the Federal Institute of Aviation Materials of Moscow. After conducting scientific research during his PhD, he worked for 7 years as a general manager in scientific companies, then joined the CERN as a Research Associate and founded the Geneva Research Collaboration Foundation which is presented above in connection with Veronika Duka. Mr Duka has been playing his key executive role in the company since inception.

• ***Irina Kupriyanova Vedeneeva,*** Chief Financial Officer, obtained a certificate of business administration from HEC Lausanne, a Master's degree in Public Administration from IDHEAP. Before joining the company in 2006, she worked for 15 years in the accounting and tax fields.

• ***Andrejs Bagautdinovs,*** Chief Integration Officer, obtained a master's degree from the Riga Civil Aviation University & an MBA in Global Banking and Finance from the European University of Geneva. After working for 4 years as an engineer and a programmer and before joining the company in 2006, he had been working for 14 years in the banking field (Payment, Investment & Treasury operations) at various positions including 3 years at the executive level.

• ***Wajih Raïs,*** Chief Risk Officer, has joined the Bank as a deputy CRO in 2020. He obtained a Master's degree in Business Law from University Paris V, passed the bar exam and holds a Master in Finance and Strategy from Sciences Po Paris, in France. He specialised in financial services first as a banking financial auditor for more than 7 years for KPMG la Defense and for PwC Geneva. He also worked as Head of pricing & research for a financial company.

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FINANCIAL STATEMENTS

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BALANCE SHEET

as at 31 December 2023

ASSETS (CHF)		31.12.2023	31.12.2022
Liquid assets		76 347 446	50 188 954
Amounts due from banks		70 227 523	88 793 552
Amounts due from customers	1	3 214 974	2 398 634
Trading assets	2	6 492 646	3 120 740
Positive replacement values of derivative financial instruments	3	734 141	2 349 761
Financial investments	4	33 284 825	44 949 869
Accrued income and prepaid expenses		2 127 674	1 536 028
Investment in subsidiaries	5	1 608 197	1 608 197
Tangible fixed assets	6	1 126 313	618 786
Other assets	7	630 789	703 390
TOTAL ASSETS		**195 794 528**	**196 267 911**

LIABILITIES (CHF)			
Amounts due to banks		4 229 823	7 292 665
Amounts due in respect of customer deposits		126 647 005	124 008 025
Negative replacement values of derivative financial instruments	3	1 068 796	274 867
Accrued expenses and deferred income		1 832 729	3 465 400
Other liabilities	7	1 241 525	1 941 289
Reserves for general banking risks	10	4 050 000	3 850 000
Bank's capital	11	22 000 000	22 000 000
Statutory retained earnings reserve		1 740 000	1 421 000
Profit carried forward		31 695 665	25 652 174
Profit of the year		1 288 985	6 362 491
TOTAL LIABILITIES		**195 794 528**	**196 267 911**

OFF–BALANCE SHEET

as at 31 December 2023

OFF–BALANCE SHEET COMMITMENTS (CHF)		31.12.2023	31.12.2022
Contingent liabilities	19	443 071	150 215
Irrevocable commitments		1 589 568	1 134 000

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STATEMENT OF INCOME

for the year ended 31 December 2023

RESULT FROM INTEREST OPERATIONS (CHF)		31.12.2023	31.12.2022
Interest and discount income	21	2 037 924	(14 597)
Interest and dividend income from financial investments		465 165	734 428
Interest expense	21	(571 833)	(564 629)
Gross result from interest operations		**1 931 256**	**155 202**
Changes in value adjustments for default risks and losses from interest operations		–	949
Subtotal net result from interest operations		**1 931 256**	**156 151**
RESULT FROM COMMISSION BUSINESS AND SERVICES (CHF)			
Commission income from other services		1 936 201	2 417 122
Commission expense		(779 419)	(985 930)
Subtotal result from commission business and services		**1 156 782**	**1 431 192**
Result from trading activities	**20**	**18 430 594**	**25 871 888**
OTHER RESULT FROM ORDINARY ACTIVITIES (CHF)			
Income from investments		580 000	–
Subtotal other result from ordinary activities		**580 000**	**–**
OPERATING EXPENSES (CHF)			
Personnel expenses	22	(6 218 216)	(6 108 489)
General and administrative expenses	23	(13 503 341)	(13 480 176)
Subtotal operating expenses		**(19 721 557)**	**(19 588 665)**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	6	(416 669)	(333 634)
Changes to provisions and other value adjustments, and losses		(27 343)	1 356
Operating result		**1 933 063**	**7 538 288**
Extraordinary income	24	2	–
Changes in RRBG		(200 000)	–
Taxes	26	(444 080)	(1 175 797)
Profit of the year		**1 288 985**	**6 362 491**

PRESENTATION OF THE STATEMENT OF CHANGES IN EQUITY

as at 31 December 2023

(CHF)	Bank's capital	Retained earnings reserve	Reserves for general banking risks	Profit carried forward	Profit of the period	TOTAL
Equity at start of current period	22 000 000	1 421 000	3 850 000	25 652 174	6 362 491	59 285 665
Allocation of previous year result	–	–	–	–	–	–
- Other allocation to (transfer from) the reserves for general banking risks	–	–	200 000	–	–	200 000
- Allocation to retained earnings reserve	–	319 000	–	–	(319 000)	–
- Allocation to profit carried forward	–	–	–	6 043 491	(6 043 491)	–
Dividendes and other distributions	–	–	–	–	–	–
Profit of the period	–	–	–	–	1 288 985	1 288 985
Equity at end of current period	**22 000 000**	**1 740 000**	**4 050 000**	**31 695 665**	**1 288 985**	**60 774 650**

THE BOARD OF DIRECTORS PROPOSES THE FOLLOWING APPROPRIATION OF AVAILABLE EARNINGS:

(CHF)	2023
Result of the year	1 288 985
Profit carried forward	31 695 665
Amount at the disposal of the Shareholders' general meeting	**32 984 650**

PROPOSED UTILISATION (CHF)	2023
Contribution to the statutory retained earnings reserve	65 000
To be carried forward	32 919 650
Total	**32 984 650**

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

1. Name, legal status and domicile of the bank

Dukascopy Bank SA (hereinafter the "Bank") is a limited company under Swiss law, authorized and regulated by FINMA as a bank and a securities house, which renders online brokerage and online banking services from its head office in Geneva and a branch in Lugano (Switzerland). The Bank has representative offices in Riga, Kiev, Moscow and Hong Kong. The activity of representative office in Moscow was suspended. Bank owns participations (see section Financial Statements).

2. Accounting and valuation principles

2.1. General principles

The financial statements are established in accordance with the Swiss Code of Obligations, the Act on Banks and Saving institutions, its related Ordinance, the FINMA Accounting Ordinance and FINMA circular 2020/1. The financial statements are prepared in accordance with the reliable assessment principle as defined by the FINMA circular 2020/1 and are allowed to include silent reserves. In the notes, certain figures are rounded for publication but the calculations are based on the non-rounded figures, thus small rounding differences can arise.

General valuation principles

The financial statements are prepared on the assumption of a going-concern. The accounting is therefore based on going-concern values. Items are entered in the balance sheet as liabilities if they have arisen due to past events, if a cash outflow is probable and their value can be reliably estimated. If a reliable estimate is not possible, then it is a contingent liability, which is commented on in the notes. The disclosed balance sheet items are valued individually.

In principle, neither assets and liabilities nor expenses and income are offset. Accounts receivable and account payable are offset in the following cases:

- deduction of value adjustments from the corresponding asset item;
- offsetting of positive and negative replacement values of derivative financial instruments with the same counterparty, if there are recognized and legally enforceable netting agreements in place;
- offsetting of price gains and losses from trading activities.

2.2. Changes to accounting principles and valuation method

No changes in 2023.

Financial instruments

a. Liquid assets

Liquid assets are recognized at their nominal value.

b. Amounts due from banks and amounts due from customers

They are recognized at their nominal value less any necessary value adjustments. Amounts due in respect of precious metal account deposits are valued at fair value. Doubtful receivables, i.e. obligations entered with clients for which the debtor is unlikely to meet its future obligations, are valued individually and depreciated by means of individual value adjustments. Impaired receivables and any collateral obtained are valued at their liquidation value, and any adjustments in value are made in light of the debtors' creditworthiness. If the repayment of a loan depends exclusively on the proceeds of the collateral, a value adjustment is made for the entire unsecured portion of the receivable. If a receivable is classed as entirely or partially irrecoverable or a receivable is waived, the receivable is derecognized by booking it against the corresponding value adjustment. If recovered amounts from receivables written off in earlier periods cannot be used immediately for other value adjustments of the same type, they are recognized in “Change in value adjustments for default risk and losses from interest operations” in the statement of income.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

c. Amounts due to banks and amounts due in respect of customer deposits

These items are recognized at their nominal value. Amounts due in respect of precious metal account deposits are valued at fair value.

d. Trading assets

Trading assets comprise positions in crypto-currencies and equity securities held with a trading intent. Trading positions are measured at market value. Trading results are recognized through "Result from trading activities and the fair value option".

e. Positive and negative replacement values of derivative financial instruments

Trading operations comprise execution of client orders and transactions of the Bank for its own account including hedging transactions. The trading assets and liabilities related to trading operations of the Bank are exclusively recognized in the off-balance sheet due to the nature of such transactions (spot forex, spot precious metals and derivatives). Spot trading transactions executed by the Bank are accounted for according to the value date principle. This implies that between the trade date and the value date, spot transactions are disclosed as derivative instruments. Explanations below concerning derivative financial instruments traded by the Bank also apply to such spot trading operations.Trading assets and liabilities are valued and recognized at fair value. Fair value is the price based on a price-efficient and liquid market or the price calculated using a valuation model.
The price gain or loss resulting from the valuation is recorded via the item "Result from trading activities".
Derivative financial instruments are used for trading and for hedging purposes.

Trading purposes

The valuation of derivative financial instruments for trading purposes is done according to the fair value and the positive or negative replacement value is recorded in the corresponding item. The fair value is based on market prices.
The realized result from trading operations and the unrealized result from valuations relating to trading operations are recorded via the item "Result from trading activities".

Hedging purposes

The Bank also uses derivative financial instruments as part of its assets and liabilities management (ALM) to hedge against market risks. Hedging operations are valued and disclosed as trading operations. Derivatives are used for economic hedging purpose and the Bank does not apply hedge accounting.

Use of swaps

The Bank uses currency swaps to rollover spot foreign exchange and precious metal transactions to the next spot settlement date until positions are closed.

Netting

The Bank offsets positive and negative replacement values with the same counterparty within the terms of the recognized and legally enforceable netting agreements.

f. Financial investments

Financial investments include the bonds and the crypto-currencies.
Financial investments count Swiss and US government bonds acquired with the intention to hold them until maturity.
The valuation is based on the acquisition cost principle with the agio/disagio (premium/discount) accrued/deferred over the

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

residual term to maturity (accrual method).
If held-to-maturity financial investments are sold or reimbursed early, the realized gains and losses, which correspond to the interest component, are accrued/deferred over the residual term to maturity of the transaction via the item “Other assets” or “Other liabilities”.
Value adjustments for default risk are recorded immediately under “Changes in value adjustments for default risk and losses from interest operations”.

g. Crypto assets in Financial investments

Dukascoins

Dukascopy Bank books Dukascoins belonging to the Bank in the caption "Financial investments" valued at lower than cost or market. For such tokens issued by the Bank, the latter considers that acquisition cost is zero. As a consequence, Dukascoins belonging to the Bank will remain valued at zero as long as they stay in "Financial investments".
The Bank books Dukascoins belonging to clients in the caption "Financial investments" at fair value on the asset side and in "Amounts due in respect of customer deposits" at fair value on the liabilities side.
According to the Art. 10 Finma Accounting Ordinance, the fair value derives either from a price efficient and liquid market or from a valuation model. According to our analysis, there is currently no efficient price and no liquid market for Dukascoins. To our knowledge, there is no generally accepted valuation methodology for payment tokens. Due to the lack of future cash flows, intrinsic value, highly correlated base assets, which could be used as a benchmark in model, the value of such tokens depends mainly on market demand.
Considering the foregoing, the Bank considered that there is no fair value estimates for Dukascoins and therefore those coins should be valued at cost. Currently, the sole active marketplace is the Dukascoin bulletin board established by the Bank, where prices are set daily for very small volumes.
Value adjustments are recorded under “Other ordinary expenses” or “Other ordinary income”.

Other crypto assets

Dukascopy Bank books other crypto assets belonging to the Bank in the caption "Financial investments". The valuation is based on the acquisition cost principle. The subsequent valuation is based on the lower of cost or market principle.
Trading assets comprises positions in Crypto currencies held with a trading intent are booked in “Trading assets”. Trading positions are measured at market value. Trading results are recognized through “Result from trading activities and the fair value option”.

h. Participations

Participations owned by the Bank include equity securities of companies that are held for long-term purposes, irrespective of any voting rights. They are valued at historical costs minus any value adjustments, if any. Each participation is tested for impairment as of the balance sheet date. This test is based on indicators reflecting a possible impairment of individual assets. If any such indicators exist, the recoverable amount is calculated. The recoverable amount is calculated for each individual asset. The recoverable amount is the higher amount of the net selling price and the value in use.
An asset is impaired if its carrying amount exceeds its recoverable amount. If the asset is impaired, the book value is reduced to match the recoverable amount and the impairment is charged via the item “Value adjustments on participations and amortization of tangible fixed assets and intangible assets”. Realized gains from the sale of participations are recorded via the item “Extraordinary income” and realized losses are recorded via the item “Extraordinary expenses”.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

i. Tangible fixed assets

Investments in tangible fixed assets are capitalized as an asset if they exceed the minimal value for recognition of CHF 1'000. Tangible fixed assets are recognized at acquisition cost minus the scheduled accumulated depreciation over the estimated operating life.

Tangible fixed assets are depreciated at a consistent rate over an estimated operating life via the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets". The estimated operating lives of the different categories of tangible fixed assets and the depreciation methods are as follows:

- Fixtures and fittings	4 years, on a linear basis
- Furniture	4 years, on a linear basis
- IT hardware	3 years, on a linear basis
- Vehicles	5 years, on a linear basis
- Software	5 years, on a linear basis

Acquisition cost of tangible fixed assets acquired during the year are depreciated at the same rate on a prorata basis.Objects used by the Bank as the lessee as part of a finance lease are recorded via the item "Tangible fixed assets" at cash purchase value. The leasing liabilities are disclosed, depending on the counterparty, in the items "Amounts due to banks" or "Other liabilities".

In case an indication arise that the value of a tangible fixed asset is impaired, an additional amortization is recorded in the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets".

The recoverable amount is the higher amount of the net selling price and the value in use. An asset is impaired if its carrying amount exceeds its recoverable amount. If the asset is impaired, the book value is reduced to match the recoverable amount and the impairment is charged via the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets".

Realized gains from the sale of tangible fixed assets are recorded via the item "Extraordinary income" and realized losses are recorded via the item "Extraordinary expenses".

j. Provisions

The Bank records provisions based on its assessment of the risks of loss and probable liabilities, based on past events, of which the amount and due date are uncertain but assessable. Legal and factual obligations are valued regularly. If an outflow of resources is likely and can be reliably estimated, a corresponding provision is created.

Existing provisions are reassessed at each balance sheet date. Based on this reassessment, the provisions are increased, left unchanged or released. Currently, provisions exclusively relate to legal risks. The variation of provisions is recorded in the statement of income via "Changes in provisions and other value adjustments, and losses".

Provisions are released via the statement of income if they are no longer needed on business grounds and cannot be used for other similar purposes except if the Bank decides to maintain them as silent reserves.

k. Reserves for general banking risks

Reserves for general banking risks are prudently created reserves to hedge against the risks in the course of business of the Bank. The creation and release of Reserves for general banking risks are recognized via the item "Changes in reserves for general banking risks" in the statement of income. The Reserves for general banking risks are subject to tax when they exceed certain criteria.

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l. Taxes

Current taxes are recurring, usually annual, taxes on profits, capital and total income (Geneva professional tax). Transaction-related taxes are not included in current taxes.
Liabilities from current tax are disclosed via the item "Accrued liabilities and deferred income".
Expense due to current tax is disclosed in the statement of income via the item "Taxes".

m. Off-balance sheet transactions

Off-balance sheet disclosures are at nominal value. Provisions are created in the liabilities in the balance sheet for foreseeable risks.

n. Pension benefit obligations

The Bank's employees based in Switzerland are insured for retirement, death or disablement through a defined contribution pension scheme. The Bank bears the costs of the occupational benefit plan for employees and survivors as per the legal requirements. The employer contributions arising from the pension scheme are included in "Personnel expenses" on an accrual basis.
Employee benefit obligations mean all commitments resulting from the pension fund to which Bank's employees are insured.
There is an economic benefit if the Bank has the ability to reduce its future employer's contributions. On the contrary, there is a liability if, owing to a shortfall in the pension fund, the Bank wants or has to participate in the financing of the pension fund. The Bank assesses whether there is an economic benefit or economic obligation arising from pension schemes as of the balance sheet date.
The assessment is based on the contracts and financial statements of the pension funds (established under Swiss GAAP FER 26 in Switzerland).
The identified economic benefit (including the employer contribution reserves without a waiver of use) are recorded in "Other assets". If an economic obligation is identified for an individual pension fund, it is recorded in "Provisions". The difference with the corresponding value of the prior period are recorded in the statement of income in "Personnel expenses".

2.3. Recording of business transactions

All business transactions, except trading operations, concluded up to the balance sheet date are recorded as of their trade date (trade date principle) and valued according to the above-mentioned principles. Any trading operations including spot foreign exchange transactions, foreign exchange forwards, swaps or any other derivative financial instrument entered into but not yet fulfilled are recorded in accordance with the settlement date accounting method. Between the trade date and the settlement date, these transactions are disclosed at replacement value via the item "Positive replacement value of derivative financial instruments" or "Negative replacement value of derivative financial instruments".

2.4. Treatment of foreign currencies

Transactions in foreign currencies are converted at the exchange rates of the transaction date. Assets and liabilities carried in foreign currencies are converted at the exchange rates of the balance sheet date. Resulting conversion gains and losses are recorded via the item "Result from trading activities".
At the balance sheet date, the main exchange rates used to convert assets and liabilities in foreign currencies were as follows:

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(CHF)		2023	2022
USD	1.00	0.84164	0.92485
EUR	1.00	0.92891	0.99005
GBP	1.00	1.07166	1.11908
CAD	1.00	0.63523	0.68287
JPY	1.00	0.00597	0.00705
AUD	1.00	0.57327	0.63070
NZD	1.00	0.53174	0.58755
NOK	1.00	0.08272	0.09443
SEK	1.00	0.08341	0.08869
SGD	1.00	0.63774	0.69009

3. Risk Management

As an online bank mainly offering fully automated (Straight-Through-Processing) brokerage services via innovative in-house developed IT solutions, Dukascopy Bank is mostly subject to operational, market and legal risks. Since the Bank is not active in credit activities and only executes client orders based on collateral (client margin deposits and bank guarantees), its credit risk exposure is normally limited to possible default of institutional trading counterparties.

The identification, measurement, monitoring, management of risks and maintenance of the Bank's stability, is a priority for the Bank. The key elements of risk management are the following:

- a comprehensive risk policy and internal regulation defining among others the risk appetite and risk limits which are commensurate with the Bank's risk capacity;
- the permanent monitoring of risk limits and compliance with regulatory capital, risk diversification and liquidity requirements applicable to Swiss banks;
- a risk control function in charge of monitoring the Bank's risk profile and risk management capabilities;
- proper segregation of duties;
- wide application of the four-eyes principle and IT-based controls in business operations;
- three lines of defense: risk management by business units, risk control and compliance functions and internal audit;
- a comprehensive internal reporting on relevant risks.

The Board of Directors is the supreme governing body of the risk management organization. It has established an analysis of the main risks the Bank is exposed to. Based on its risk analysis, the Board of Directors has adopted a Risk Management Concept aiming at limiting and managing the main risks affecting the Bank. The Risk Management Concept defines the risk appetite, the main risk limits and features of the risk measurement and risk management. The Board of Directors monitors compliance with the limits as well as the implementation of the risk policy based on a comprehensive quarterly reporting on risks.

The executive management is responsible for the execution of the Board of Directors' policies. It ensures a suitable risk management organization is in place as well as the use of an adequate risk monitoring system. It monitors the use of limits and ensures that an adequate internal reporting is in place. The risk control function and the compliance function are independent of business operations. They monitor all risks as the second line of defense and establish most of the quarterly reporting about risks to the executive management and the Board of Directors.

Operational risks

Operational risks are defined as the risk of losses due to inadequacy or failure of internal procedures, people and systems

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or due to external events. This definition includes risks related to client data confidentiality and legal risks, including fines by supervisory authorities and settlements. As a bank offering highly automated services accessible through the Internet, Dukascopy Bank much relies on IT systems and Internet connections to operate. Automation brings high efficiency, eliminates human errors but at the same time means dependency on the availability and integrity of IT systems and Internet connections that the Bank protects through advanced security solutions and permanent monitoring of the system components. Cyber and IT risks are among the main risks for the Bank.

The operational risks are measured by calculating the probability and extent of possible financial damages due to negative events such as an error in client order execution or the breach of a regulation (compliance risk). The Bank has documented operational risks and key controls aiming at mitigating such risks (e.g. four eyes principle, reconciliations, automated controls, internal regulation, etc.) in a systematic manner via an internal regulation which is approved annually by the Board of Directors and based on the FINMA circular 2008/21. The operational risk management framework also includes a Business Continuity Management documentation, which rules the maintenance or the resumption of business operations in case of occurrence of critical situations such as a natural disaster affecting the Bank. The effectiveness of the Business Continuity Management is tested annually.

The Bank establishes risk indicators, mainly based on operational incidents and losses which allow the risk control function to report on operational risks in a systematic and objective way to the executive management and the Board of Directors. The management of operational risks is one of the priorities of the Bank since it has a direct effect on its stability and attractiveness as a trusty service provider.

Market risks – trading operations

Due to the Bank's specialization in forex trading, market risks are concentrated on currency risk. Market risks related to other financial instruments offered by the Bank (precious metals, stocks, commodities, equities, etc.) are minor in comparison to currency risks.

The management of market risks deriving from trading operations is a priority risk management activity and a cornerstone of the Bank's financial stability. In particular, the volatility on the forex market may trigger significant impact on the Bank's statement of income due to the Bank's currency risk exposure via the item "Result from trading activities". For various reasons including for benefiting from bid and ask spreads, the Bank permanently keeps a certain portion of market exposure deriving from client order execution.

The Bank applies prudent market risk limits and sophisticated monitoring of market risk exposure via automated hedging logics and 24h human and automated surveillance.

The Bank automatically measures its market risk exposure on a permanent and real time basis. The IT system automatically caps such market risk exposure under the limits decided by the executive management and the Board of Directors. Those limits have been set sufficiently carefully to ensure that Swiss banking capital adequacy requirements are complied with at all times. If deemed necessary, the Bank's advanced technology allows it to fully exclude exposure deriving from trading on all or specific instruments, for instance in anticipation of exceptional market events such as the abandon of a currency peg by a Central Bank.

Market risks – other currency risks

The Bank has a limit applicable to currency risk exposure deriving from currency discrepancies between assets and liabilities. This limit is monitored on a daily basis by the Treasurer who maintains sufficient currency congruence between assets and liabilities through the assets and liabilities management (ALM).

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Market risks – interest rate risks

The Bank is not active in credit or other interest generating activities. The Bank's exposure to interest rate risks mostly derives from government bonds it has bought and deposited with trading counterparties as trading collateral. Since the Bank intends to hold those bonds until maturity, the identified interest rate risks should not materialize in losses. The Bank calculates and reports on interest rate risks on a quarterly basis.

Credit risk

The Bank is not active in credit activities. However, in the frame of its core trading activities, a credit risk exists if clients are not able to honor payment obligations collected during their trading at the Bank (settlement of trading losses and payment of fees). For that reason, the Bank only accepts to trade on a covered basis. The trading platforms automatically monitor the credit risk related to clients by way of margin call and margin cut functionalities which shall ensure that the Bank remains covered by sufficient collateral at any time. In some circumstances, the margin call and margin cut functionalities of the Bank may not suffice to fully prevent certain client accounts to become negative. In such cases, the Bank collects unsecured receivables. Also, the Bank may grant short term unsecured loans and advances to the Bank's employees.

Counterparty risk in interbank business

The Bank deposits its liquidity and trades (mainly to hedge client transactions) with more than 40 different banks and other institutional trading counterparties external to its ECN marketplace such as brokers and other marketplaces. Counterparty and default risks relating to banks and other trading counterparties are mitigated by the fixation of exposure limits within the competences set by the Board of Directors. The respect of the risk limits is controlled on a daily basis and limits are adapted as often as deemed necessary.

In principle, the Bank works only with first-class counterparties. Before entering into a business relationship with a counterparty in interbank business, the Bank performs an assessment of the counterparty risk and sets a risk exposure limit accordingly. The limit depends significantly on the rating, if any, and on the capital adequacy of the counterparty which are reassessed on an annual basis or more frequently if deemed necessary. The Bank is attentive to financial news and public information circulating about its counterparties. In case of negative information concerning the stability of a counterparty, its creditworthiness is verified by the Bank. If deemed necessary, risk limits and credit risk exposures are adjusted or suppressed by the executive management and the risk control function. The Treasurer monitors compliance with the limits on a daily basis.

Liquidity

Due to the nature of its business activities, the Bank has abundant liquidities and no long term monetary commitment. The Bank is exclusively financed by its own capital, client deposits and therefore does not need to raise funds on the money market. As a result, the liquidity risk of the Bank is low and requires limited monitoring. The liquidity risk management strategy of the Bank and an emergency liquidity plan have been approved by the Board of Directors. They identify reserves of liquidity, liquidity risk indicators and steps necessary to maintain sufficient liquidity, including in case of liquidity stress situation. The Treasurer ensures that the limits are complied with. The liquidity situation and concentration risks are monitored by the risk control function and reported quarterly to the executive management and to the Board of Directors.

4. Methods used for identifying default risks and determining the need for value adjustments

4.1. Amounts due from customers

With regard to receivables covered by bank guarantees, the credit risk mostly relates to banks having issued such guarantees and the default risk is determined as explained in section 4.2. below. If a bank guarantee issuer defaults, the

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receivable becomes unsecured and default risks are assessed like for unsecured loans or advances to Bank's employees. The Bank considers that a risk of default exists on unsecured receivables if a payment of interests or a reimbursement of the principal is not honored in due date or if the debtor disputes such payment obligations or indicates that he/she will not be able to honor them. In such cases, the Bank enquires about the debtor's intentions and financial situation and evaluates the chances of recovering the receivable. A value adjustment is recorded for the portion of receivable whose recovery is considered uncertain.

4.2. Amounts due from banks

In principle, the Bank only takes credit risk exposure towards counterparties having sound creditworthiness. The Bank considers that a counterparty is defaulting in case the latter refuses to honor a payment order in due time, or is declared bankrupted or placed under special administration due to insolvency/going-concern issues. In such cases, the counterparty's situation is evaluated by the Bank. A value adjustment is recorded for the portion of receivable whose recovery is considered uncertain.

4.3. Process for determining value adjustments and provisions

Value adjustments and provisions are reassessed at each balance sheet date. Changes in value adjustments and provisions are approved by the executive management unless they simply result from a use of provision in conformity with its purpose or the recovery of an impaired receivable. Value adjustments on non-impairment credit exposures are determined individually or on a portfolio basis according to Art. 25 para 1 let. c FINMA Accounting Ordinance.

5. Valuation of collateral

Collateral provided by clients is normally made of cash deposited with Dukascopy Bank, in any currency accepted in deposit by the Bank. Collateral also may comprise up to 80% of bank guarantees issued by Swiss or European banks having a Baa or superior Long-Term senior debt Moody's rating. With the joint approval of the risk control function and executive management, the Bank may accept bank guarantees derogating the above criteria. Bank guarantees must be denominated in the same currency as the client account reference currency. Collateral is valued at nominal value of the cash or bank guarantees. The Bank applies no haircut to collateral and grants a leverage for the trading of certain instruments.

6. Business policy regarding the use of derivative financial instruments and hedge accounting

Trading of OTC financial instruments with clients, including trading of certain financial derivatives (CFD and binary options), is the core business of the Bank. As per Swiss legislation, the main instrument offered by the Bank, namely leveraged margin trading on currencies and precious metals without delivery, while it is often regarded as a CFD instrument in other jurisdictions. Therefore, depending on the qualification of leveraged margin trading, the Bank may be seen as a pure provider of financial derivative instruments. The Bank does not trade credit derivatives.

The Bank executes all trading operations in full STP (Straight-through-Processing) mode and always acts as a principal in trades, including on its ECN (Electronic Communication Network) trading environment.

The Bank also uses derivative financial instruments for risk management purposes, mainly to hedge against market risks (including currency risk) mostly deriving from clients trading operations. Hedging operations are executed by the Bank either with external institutional counterparties or with clients. The Bank does not use hedge accounting.

7. Significant subsequent event after the balance sheet date

No material event occurred after the balance sheet date that could have a material impact on the financial position of the Bank as of 31 December 2023.

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1. Presentation of collateral posted for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

LOANS (CHF) (before netting with value adjustments)	Secured by mortgages	Secured by other collateral	Unsecured	Total
Amounts due from customers	–	42 950	3 172 024	3 214 974
Total at 31 December 2023 (before netting with value adjustments)	–	**42 950**	**3 172 024**	**3 214 974**
Total at 31 December 2022 (before netting with value adjustments)	–	38 732	2 359 901	2 398 633
Total at 31 December 2023 (after netting with value adjustments)	–	**42 950**	**3 172 024**	**3 214 974**
Total (after netting with value adjustments) at 31 December 2022	–	38 732	2 359 901	2 398 633

OFF-BALANCE SHEET COMMITMENTS (CHF)	Secured by mortgages	Secured by other collateral	Unsecured	Total
Contingent liabilities*	–	443 071	–	443 071
Irrevocable commitments	–	–	1 589 568	1 589 568
Total at 31 December 2023	–	**443 071**	**1 589 568**	**2 032 639**
Total at 31 December 2022	–	150 215	1 134 000	1 284 215

*Contingent liabilities are bank guarantees issued by the Bank on behalf of clients, fully secured by client cash deposits.

BREAKDOWN OF IMPAIRED LOANS/RECEIVABLES (CHF)	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Total at 31 December 2023	–	–	–	–
Total at 31 December 2022	–	–	–	–

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2. Breakdown of trading transactions and other financial instruments at fair value (assets and liabilities)

ASSETS (CHF)	2023	2022
Equity securities	3 122 085	1 161 044
Other trading portfolio assets (crypto-currencies)	3 370 561	1 959 696
Total trading assets	**6 492 646**	**3 120 740**
Total assets	**6 492 646**	**3 120 740**
– of which determined using a valuation model	–	–
– of which, securities eligible for repo transactions in accordance with liquidity requirements	–	–

3. Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments		
OTC TRADING TRANSACTIONS (CHF)	Positive replacement values	Negative replacement values	Contract volumes
Interest-rate instruments:			
– Certificate For Difference	1 276	776	848 872
Total interest instruments	**1 276**	**776**	**848 872**
Currencies:			
– forward contracts*	165 572	140 213	102 472 582
– swaps	183 084	333 601	347 431 457
Total currencies	**348 656**	473 814	**449 904 039**
Precious metals:			
– forward contracts*	1 950	1 094	758 721
– swaps	4 143	26 438	18 604 542
Total precious metals	**6 093**	**27 532**	**19 363 263**
Equity securities and indices:			
– Certificate For Difference	140 854	429 583	36 644 393
Total equity securities and indices	**140 854**	**429 583**	**36 644 393**
Others:			
– Certificate For Difference	500 969	400 555	12 145 472
– futures	107	350	413 672
Total others	**501 076**	**400 905**	**12 559 144**
Total at 31 December 2023 before impact of netting agreement contracts	**997 955**	**1 332 610**	**519 319 711**
of which determined using a valuation model	–	–	–
Total at 31 December 2022 before impact of netting agreement contracts	3 146 683	1 071 789	548 458 073
of which determined using a valuation model	–	–	–
Total at 31 December 2023 after impact of netting agreement contracts	**734 141**	**1 068 796**	
Total at 31 December 2022 after impact of netting agreement contracts	2 349 761	274 867	

* Represent the spot trading transactions which are accounted for according to the value date principle.

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Breakdown by counterparty

POSITIVE REPLACEMENT VALUES AFTER IMPACT OF NETTING AGREEMENT CONTRACTS (CHF)	Central clearing houses	Banks & securities dealers	Others customers	Total
Total at 31 December 2023	–	**129 907**	**604 234**	**734 141**
Total at 31 December 2022	–	283 097	2 066 664	2 349 761

4. Breakdown of financial investments

	Book value		Fair value	
(CHF)	**2023**	**2022**	**2023**	**2022**
Debt securities held to maturity	33 284 823	44 949 868	34 110 584	44 560 235
Crypto-currencies	2	1	2	1
Total	**33 284 825**	**44 949 869**	**34 110 586**	**44 560 236**
including securities eligible for repo transactions in accordance with liquidity regulations	33 284 823	*33 851 728*	34 110 584	*33 463 612*

Breakdown of contreparties by ratings

DEBT SECURITIES: BOOK VALUE OF BONDS HELD TO MATURITY (CHF)	2023	2022
AAA to AA-	33 284 823	44 949 868
A+ to A-	–	–
BBB+ to BBB-	–	–
BB+ to B-	–	–
Lower than B-	–	–
Without rating	–	–

We use Fitch rating.

5. Presentation of participations

	2022			2023			
PARTICIPATIONS (CHF)	**Cost value**	**Value adjustment**	**Book value at end of year**	**Additions**	**Disposals Reimbursement**	**Value adjustment**	**Book value at end of year**
Without listed value	3 751 344	(2 143 147)	1 608 197	–	–	–	1 608 197
Total participations	**3 751 344**	**(2 143 147)**	**1 608 197**	–	–	–	**1 608 197**

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Disclosure of companies in which the Bank holds a permanent direct or indirect significant participation

		2023				
PARTICIPATIONS	**Activity**	**Share capital (CHF)**	**Head office**	**Share of capital**	**Voting right**	**Direct holding**
SWFX SA	IP service	100 000	Geneva	100%	100%	100%
Dukascopy Europe IBS AS	brokerage	1 933 921	Riga	100%	100%	100%
Dukascopy Community SA	social media	100 000	Geneva	100%	100%	100%
Dukascopy Japan K.K.	brokerage	792 347	Tokyo	100%	100%	100%

		2022				
SWFX SA	IP service	100 000	Geneva	100%	100%	100%
Dukascopy Europe IBS AS	brokerage	1 933 921	Riga	100%	100%	100%
Dukascopy Community SA	social media	100 000	Geneva	100%	100%	100%
Dukascopy Japan K.K.	brokerage	792 347	Tokyo	100%	100%	100%

6. Presentation of tangible fixed assets

	2022			2023			
(CHF)	**Acquisition cost**	**Accumulated depreciation**	**Book value at end of year**	**Additions**	**Disposals**	**Depreciation**	**Book value at end of year**
Softwares	23 298 847	(23 206 804)	92 043	–	–	(53 098)	38 945
Other fixed assets	10 453 112	(9 926 369)	526 743	924 196	–	(363 571)	1 087 368
Total fixed assets	**33 751 959**	**(33 133 173)**	**618 786**	**924 196**	**–**	**(416 669)**	**1 126 313**

In 2023, there was a release from Inventary of CHF 9'222'416 of other fixed assets fully depreciated.

Leasing

(CHF)	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Future leasing installments arising from operating leases	**1 101 335**	**521 720**	**267 548**	**188 081**	**165 740**	**165 740**	**165 740**	**27 623**
of which, may be terminated within one year	*44 904*	-	-	-	-	-	-	-

They correspond to rental costs.

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7. Breakdown of other assets and other liabilities

OTHER ASSETS (CHF)	2023	2022
Wire transfers	225 414	180 097
Accrued Interests on Bonds	242 625	360 543
Indirect taxes to be reimbursed	162 750	162 750
Total other assets	**630 789**	**703 390**

OTHER LIABILITIES (CHF)		
Wire transfers	952 475	1 697 595
Indirect taxes to be paid	288 964	243 612
Others	86	82
Total other liabilities	**1 241 525**	**1 941 289**

8. Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

	2023		2022	
(CHF)	Book value of pledged assets & assets assigned as collateral	Effective commitments	Book value of pledged assets & assets assigned as collateral	Effective commitments
Swiss bonds	13 614 045	1 150 326	14 076 301	565 868
Margin accounts assigned as collateral	21 585 266	191 132	22 281 310	124 115
Deposits made with banks to secure guarantees	1 014 546	1 014 546	219 530	219 530
Total	**36 213 857**	**2 356 004**	**36 577 141**	**909 513**

9. Disclosure of economic situation own the institutions of employee benefit funds

A collective pension fund plan exists for the employees based in Switzerland (Caisse Inter-Entreprises-CIEPP). This fund is a defined contribution scheme. There is no employer contribution reserve and there is no identifiable economic benefit to be capitalised in the balance sheet (2022: nil). The pension fund unaudited accounts as of 31 December 2023 present a coverage ratio of 113.5%. Based on the last audited financial statements of the Caisse Inter-Entreprises-CIEPP as at 31 December 2022, the coverage ratio was 109.1%.

There is no pension fund for the other foreign representation offices of the Bank.

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Presentation of economic benefit / obligation and the pension expenses

(CHF)	Over or underfunding 31.12.2023	Economic interest of the Bank 2023	Economic interest of the Bank 2022	Change in economic interest versus prior year	Contributions paid for 2023	Pension expenses in personnel expenses 2023	Pension expenses in personnel expenses 2022
Pension plans with overfunding	–	–	–	–	267 635	267 635	255 561

10. Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

(CHF)	Balance at 31.12.2022	Use in conformity with designated purpose	Reclassifi-cations	Currency differences	Recoveries, past due interest	New creations charged to income	Releases to income	Balance at 31.12.2023
Provisions for other business risks	–	–	–	–	–	–	–	–
Total provisions	–	–	–	–	–	–	–	–
Reserves for general banking risks	**3 850 000**	–	–	–	–	200 000	–	**4 050 000**
Value adjustments for default								
risks and country risks **–** *of which, value adjustments for default risks in respect of impaired loans/receivables*	–	–	–	–	–	–	–	–

Provisions are valued according to the best estimate principle. Reserves for general banking risks have not been taxed.

11. Presentation of the Bank's capital

	2023			2022		
(CHF)	Nominal value	Number of shares	Capital eligible for dividend	Nominal value	Number of shares	Capital eligible for dividend
Share capital	22 000 000	21 712 000	22 000 000	22 000 000	21 712 000	22 000 000
Registered shares	22 000 000	21 712 000	22 000 000	22 000 000	21 712 000	22 000 000
of which, paid up	*22 000 000*	*21 712 000*	*22 000 000*	*22 000 000*	*21 712 000*	*22 000 000*
Total Bank's capital	**22 000 000**	**21 712 000**	**22 000 000**	**22 000 000**	**21 712 000**	**22 000 000**

The share capital consists of 21 680 000 shares with a nominal value of CHF 1 and of 32 000 shares with a nominal value of CHF 10.

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12. Disclosure of amounts due from/to related parties

	2023		2022	
(CHF)	Amounts due from	Amounts due to	Amounts due from	Amounts due to
Holders of qualified participations	2 162 144	41 076	1 605 165	42 063
Group companies	3 187 924	2 828 613	1 959 035	3 739 105
Affiliated companies	–	–	–	–
Members of governing bodies	–	13 975	–	19 108
Other related parties	–	24 250	4 998	26 134

Dukascopy Bank SA is engaged into transactions with related parties in the normal course of its business. These transactions mainly include outsourcing, marketing services and copyright agreements. Besides, all the subsidiaries of the Bank hedge their trading operations with Dukascopy Bank.

Transactions with related parties are conducted at arm's length.

13. Disclosure of holders of significant participations

	2023			
With voting rights	Nominal value (CHF)	Number of shares	% of equity in %	Capital eligible for dividend (CHF)
Dr. Andrey Duka	10 890 000	10 746 000	49.5	10 890 000
Veronika Duka	10 890 000	10 746 000	49.5	10 890 000

	2022			
With voting rights	Nominal (CHF)	Number of shares	% of equity in %	Capital eligible for dividend (CHF)
Dr. Andrey Duka	10 890 000	10 746 000	49.5	10 890 000
Veronika Duka	10 890 000	10 746 000	49.5	10 890 000

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14. Presentation of the maturity structure of financial instruments

			Due					
ASSETS (CHF)	**At sight**	**Cancellable**	**Within 3 months**	**Within 3 to 12 months**	**Within 1 to 5 years**	**Over 5 years**	**No maturity**	**Total**
Liquid assets	75 552 662	–	–	–	794 784	–	–	76 347 446
Amounts due from banks	70 007 761	219 762	–	–	–	–	–	70 227 523
Amounts due from customers	3 186 098	28 876	–	–	–	–	–	3 214 974
Trading assets	6 492 646	–	–	–	–	–	–	6 492 646
Positive replacement values of derivative financial instruments	734 141	–	–	–	–	–	–	734 141
Financial investments	2	–	–	–	13 614 045	19 670 778	–	33 284 825
Total current assets at 31 December 2023	**155 973 310**	**248 638**	**–**	**–**	**14 408 829**	**19 670 778**	**–**	**190 301 555**
Total current assets at 31 December 2022	146 608 860	242 782	11 098 140	–	14 076 301	19 775 427	–	191 801 510
LIABILITIES (CHF)								
Amounts due to banks	4 229 823	–	–	–	–	–	–	4 229 823
Amounts due in respect of customer deposits	126 647 005	–	–	–	–	–	–	126 647 005
Negative replacement values of derivative financial instruments	1 068 796	–	–	–	–	–	–	1 068 796
Total liabilities at 31 December 2023	**131 945 624**	–	–	–	–	–	–	**131 945 624**
Total liabilities at 31 December 2022	131 575 557	–	–	–	–	–	–	131 575 557

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

15. Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

	2023			2022		
ASSETS (CHF 000)	**Domestic**	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**
Liquid assets	76 347	–	76 347	50 189	–	50 189
Amounts due from banks	19 351	50 876	70 227	40 467	48 326	88 793
Amounts due from customers	96	3 119	3 215	1 662	737	2 399
Trading assets	3 186	3 307	6 493	1 810	1 310	3 120
Positive replacement values of derivative financial instruments	92	643	735	179	2 171	2 350
Financial investments	33 285	–	33 285	33 852	11 098	44 950
Accrued income and prepaid expenses	1 656	472	2 128	976	561	1 537
Investment in subsidiaries	200	1 408	1 608	200	1 408	1 608
Tangible fixed assets	1 056	70	1 126	505	114	619
Other assets	631	–	631	703	–	703
Total assets	**135 900**	**59 895**	**195 795**	**130 543**	**65 725**	**196 268**
LIABILITIES (CHF 000)						
Amounts due to banks	–	4 230	4 230	–	7 293	7 293
Amounts due in respect of customer deposits	6 115	120 532	126 647	6 975	117 033	124 008
Negative replacement values of derivative financial instruments	107	961	1 068	49	226	275
Accrued expenses and deferred income	1 434	398	1 832	2 993	473	3 466
Other liabilities	1 242	1	1 243	1 940	1	1 941
Reserves for general banking risks	4 050	–	4 050	3 850	–	3 850
Bank's capital	22 000	–	22 000	22 000	–	22 000
Statutory retained earnings reserve	1 740	–	1 740	1 421	–	1 421
Profit carried forward	31 696	–	31 696	25 652	–	25 652
Result of the year	1 289	–	1 289	6 362	–	6 362
Total liabilities	**69 673**	**126 122**	**195 795**	**71 242**	**125 026**	**196 268**

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

16. Breakdown of total assets by country or group of countries (domicile principle)

	2023		2022	
ASSETS	**Absolute (CHF 000)**	**Share %**	**Absolute (CHF 000)**	**Share %**
Switzerland	135 898	69.5	130 543	66.5
Europe excluding Switzerland	49 183	25.1	45 921	23.4
USA and Canada	6 339	3.2	15 432	7.9
Others	4 375	2.2	4 372	2.2
Total	**195 795**	**100.0**	**196 268**	**100.0**

17. Breakdown of total assets by credit rating of country groups (risk domicile view)

	2023		2022	
SERV Rating*	**Absolute (CHF 000)**	**Share %**	**Absolute (CHF 000)**	**Share %**
1	56 981	95.1	62 605	95.2
2	0	0.0	2	0.0
3	272	0.5	709	1.1
4	45	0.1	114	0.2
5	22	0.0	1 293	2.0
6	48	0.1	295	0.4
7	323	0.5	638	1.0
without rating	2 204	3.7	69	0.1
Total	**59 895**	**100.0**	**65 725**	**100.0**

*SERV is the rating issued by OECD. Exposure is excluded Switzerland.

The Bank does not use an internal rating system for country risk management.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

18. Presentation of assets and liabilities broken down by the most significant currencies of the Bank

ASSETS (CHF 000)	CHF	EUR	USD	JPY	Others	Total
Liquid assets	76 338	9	–	–	–	76 347
Amounts due from banks	3 691	32 333	24 557	2 951	6 695	70 227
Amounts due from customers	2 240	518	372	–	85	3 215
Trading assets	–	–	–	–	6 493	6 493
Positive replacement values of derivative financial instruments	735	–	–	–	–	735
Financial investments	33 285	–	–	–	–	33 285
Accrued income and prepaid expenses	1 604	163	302	–	59	2 128
Investment in subsidiaries	1 608	–	–	–	–	1 608
Tangible fixed assets	1 126	–	–	–	–	1 126
Other assets	418	76	97	–	40	631
Total assets	**121 045**	**33 099**	**25 328**	**2 951**	**13 372**	**195 795**
Claims arising from spot exchange and swap transactions	75 750	73 066	225 622	23 134	121 748	519 320
Total at 31 December 2023	**196 795**	**106 165**	**250 950**	**26 085**	**135 120**	**715 115**
LIABILITIES (CHF 000)						
Amounts due to banks	157	3 400	465	72	136	4 230
Amounts due in respect of customer deposits	14 130	43 605	55 786	334	12 792	126 647
Negative replacement values of derivative financial instruments	1 068	–	–	–	–	1 068
Accrued expenses and deferred income	906	803	84	19	20	1 832
Other liabilities	306	475	408	–	54	1 243
Reserves for general banking risks	4 050	–	–	–	–	4 050
Bank's capital	22 000	–	–	–	–	22 000
Statutory retained earnings reserve	1 740	–	–	–	–	1 740
Profit carried forward	31 696	–	–	–	–	31 696
Result of the year	1 289	–	–	–	–	1 289
Total liabilities	**77 342**	**48 283**	**56 743**	**425**	**13 002**	**195 795**
Delivery obligations arising from spot exchange and swap transactions	97 458	57 950	214 199	30 962	119 086	519 655
Total at 31 December 2023	**174 800**	**106 233**	**270 942**	**31 387**	**132 088**	**715 450**
Net position by currency	**21 995**	**(68)**	**(19 992)**	**(5 302)**	**3 032**	**(335)**

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

19. Breakdown of contingent assets and contingent liabilities

CONTINGENT ASSETS (CHF)	2023	2022
Other contingent assets	–	–
Total contingent assets	–	–

CONTINGENT LIABILITIES (CHF)		
Other contingent liabilities	443 071	150 215
Total contingent liabilities	**443 071**	**150 215**

20. Breakdown of the result from trading activities

TRADING INCOME (CHF)	2023	2022
Leveraged margin trading	18 091 951	25 516 059
Binary options	338 643	355 829
Total	**18 430 594**	**25 871 888**

Breakdown by underlying risk

RESULT (CHF) FROM TRADING ACTIVITIES FROM:	2023	2022
Equity securities	2 836 988	3 448 746
Foreign currency	12 075 852	17 648 400
Commodities / precious metals	3 340 649	3 659 613
Crypto-currencies	177 105	1 115 129
Total	**18 430 594**	**25 871 888**

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

21. Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

NEGATIVE INTEREST (CHF)	2023	2022
Negative interest on credit operations	503	248 094
Negative interest on deposits	1 693	3 331

Negative interest on credit operations are disclosed as a reduction in Interest and discount income.
Negative interest on deposits are disclosed as a reduction in Interest expense.

22. Breakdown of personnel expenses

PERSONNEL EXPENSES (CHF)	2023	2022
Salaries	5 198 959	5 047 548
of which, expenses relating to share-based compensation and alternative forms of variable compensation	-	–
Benefits	971 534	966 614
Other personnel expenses	47 723	94 327
Total personnel expenses	**6 218 216**	**6 108 489**

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

23. Breakdown of general and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (CHF)	2023	2022
Premises	1 789 985	1 735 919
IT related expenses	2 586 443	2 011 818
Copyright agreement	3 169 095	3 385 302
Legal and consulting	1 839 645	1 888 419
Post, telecommunications and data	606 884	599 791
Expenses for vehicles	74 136	65 616
Office supply	82 845	173 061
Audit fees	226 470	304 893
of which for financial and regulatory audits	*226 470*	*304 893*
of which for other services	–	–
Marketing and communication	1 887 836	2 165 855
Travels	919 375	891 221
Others	320 627	258 281
Total general and administrative expenses	**13 503 341**	**13 480 176**

24. Explanations regarding extraordinary income and expenses

EXTRAORDINARY INCOME (CHF)	2023	2022
Disposal of fully depreciated fixed assets	2	–
Total extraordinary income	**2**	**–**

There was no extraordinary expense in 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2023

25. Presentation of operating result broken down according to domestic and foreign origin,according to the principle of permanent establishment

	2023		2022	
(CHF)	**Domestic**	**Foreign**	**Domestic**	**Foreign**
Subtotal net result for interest operations	1 931 256	–	156 151	–
Subtotal result from commission business and services	1 156 782	–	1 431 192	–
Result from trading activities	18 430 594	–	25 871 888	–
Subtotal other result from ordinary activities	580 000	–	–	–
Personnel expenses	(5 459 404)	(758 812)	(5 266 131)	(842 358)
General and administrative expenses	(4 209 373)	(9 293 968)	(4 266 483)	(9 213 693)
Subtotal operating expenses	**(9 668 777)**	**(10 052 780)**	**(9 532 614)**	**(10 056 051)**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(347 414)	(69 255)	(262 890)	(70 744)
Changes to provisions and other value adjustments and losses	(23 214)	(4 129)	(7 419)	8 775
Operating result	**12 059 227**	**(10 126 164)**	**17 656 308**	**(10 118 020)**

26. Presentation of current taxes, deferred taxes and disclosure of tax rate

(CHF)	**2023**	**2022**
Current tax expenses	(444 080)	(1 175 797)
Total taxes	**(444 080)**	**(1 175 797)**

(CHF)	**2023**	**2022**
Average tax rate	**23.0%**	**15.6%**

Taxes consist of tax on profit and capital, as well as professional tax. The fluctuation observed in the tax rate is due to the Geneva professional tax because the latter is not proportionate to the profit but to the total gross income.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING of Dukascopy Bank SA, Meyrin

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dukascopy Bank SA (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 12 to 39) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

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

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

Other Information

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

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

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

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

Board of Directors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

KPMG SA

Philippe Ruedin
Licensed Audit Expert
Auditor in Charge

Philippine Bouvard
Licensed Audit Expert

Geneva, 24 April 2024

Enclosure:
– Financial statements (balance sheet, income statement, statement of changes in equity and notes);
– Proposed appropriation of available earnings.

DUKASCOPY
Swiss Banking Group

KEY METRICS FOR DISCLOSURE TO THE FINANCIAL STATEMENTS

as at 31 December 2023

KM1: Key regulatory figures

	AVAILABLE CAPITAL AMOUNTS (CHF 000) (2022 Audited)	2023	2023Q3	2023Q2	2023Q1	2022
1	Common Equity Tier 1 (CET1)	56 676				50 702
1a	Fully loaded ECL accounting model CET1					
2	Tier 1	56 676				50 702
2a	Fully loaded ECL accounting model Tier 1					
3	Total capital	56 676				50 702
3a	Fully loaded ECL accounting model Total capital					
	RISK-WEIGHTED ASSETS AMOUNTS (2022 Audited)					
4	Total risk-weighted assets (RWA)	156 175				161 582
4a	Minimum capital requirements (000 CHF)	12 494				12 927
	RISK-BASED CAPITAL RATIOS (as a percentage % of RWA) (2022 Audited)					
5	CET1 ratio (%)	36.29%				31.38%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)					
6	T1 ratio (%)	36.29%				31.38%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
7	Total capital ratio (%)	36.29%				31.38%
7a	Fully loaded ECL accounting model total capital ratio (%)					
	ADDITIONAL CET1 REQUIREMENTS (buffers as a percentage of RWA) (2022 Audited)					
8	Capital conservation buffer requirement according to Basel minimum requirements (%)	2.50%				2.50%
9	Countercyclical buffer requirement according to Basel minimum requirements (%)	0.00%				0.00%
10	Bank G-SIB and/or D-SIB additional requirements	0.00%				0.00%
11	Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	2.50%				2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	28.29%				23.38%
	TARGET CAPITAL RATIOS ACCORDING TO ANNEX 8 OF THE CAPITAL ADEQUACY ORDINANCE (CAO) (% of RWA) (2022 Audited)					
12a	Capital conservation buffer according to CAO, Annex 8 (%)	2.50%				2.50%
12b	Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.00%				0.00%
12c	CET1 capital target (%) accord. to CAO, Annex 8+countercyclical buffer accord. to CAO, Art. 44 & 44a	7.00%				7.00%
12d	T1 capital target according to CAO, Annex 8+countercyclical buffer accord. to CAO, Art. 44 and 44a	8.50%				8.50%
12e	Total capital target according to CAO, Annex 8+contercyclical buffer accord. to CAO, Art. 44 and 44a	10.50%				10.50%
	BASEL III LEVERAGE RATIO (2022 Audited)					
13	Total Basel III leverage ratio exposure measure (000 CHF)	203 783				202 877
14	Basel IIII Leverage Ratio	27.81%				24.99%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	0%				0%
	MEDIUM SHORT-TERM LIQUIDITY COVERAGE RATIO LCR					
15	LCR Numerator: total stock of high quality liquid assets (000 CHF)	95 774	91 102	90 267	88 113	79 855
16	LCR Denumerator: total cash outflow (000 CHF)	5 789	4 977	5 126	5 331	5 245
17	Liquidity coverage ratio (%)	1 654%	1 830%	1 761%	1 653%	1 523%
	NET STABLE FUNDING RATIO NSFR					
18	Available stable refinancings (000 CHF)	168 639		165 389		163 622
19	Required stable refinancings (000 CHF)	26 973		24 942		25 435
20	Net stable funding ratio NSFR (%)	625%		663%		643%

DUKASCOPY
Swiss Banking Group

KEY METRICS DISCLOSURES FOR THE FINANCIAL STATEMENTS

as at 31 December 2023

OV1: Overwiew of risk-weighted assets

	(CHF 000)	RWA 2023	RWA 2022 (Audited)	Min. capital requirements 2023
1	Credit risk	28 288	31 315	2 263
20	Market risk*	70 100	65 825	5 608
24	Operational risk	44 863	56 388	3 589
24a	Risks without counterparty	7 263	6 751	581
25	Amounts below the thereshold 3 (subject to 250% risk weight)	–	–	–
26	Others	5 663	1 299	453
27	**Total (1 + 20 + 24 + 25)**	**156 175**	**161 582**	**12 494**

To determine minimum capital requirement we use:
– credit risk: standard approach;
– market risk: standard approach;
– operational risk: basic indicator approach;
– others: crypto-currencies.
*Market risk decreased due to a reduction in open positions in currencies

LIQA: Liquidity risk management

In general, Dukascopy Bank has a very low liquidity risk appetite. Therefore, Dukascopy Bank and its Group have abundant liquidity, which resulted from the vast majority of its assets being allocated into high quality liquid assets and bank deposits at sight. High quality liquid assets are constituted of high-grade government bonds and deposits with the Swiss National Bank. The bank deposits are mostly held with top rank Swiss, German, UK and US banks. Liquidity risk management is oriented to limit the liquidity risk and to ensure that the Bank has sufficient liquid assets in order to be able to meet its payment obligations in stress situations and at all times. The Treasurer of the Bank is responsible for managing the liquidity of the Bank as well as for its compliance with the regulatory requirements. The Finance department of the Bank is in charge of the independent measurement and monitoring of the liquidity requirements and limits and is responsible for the regular risk reporting to the attention of the Executive Committee and to the Board of Directors of the Bank.

The Executive Committee of the Bank is responsible for ensuring the risk tolerance and liquidity limits of the Bank as well as of the Group. It is in charge of implementing and observing the risk policy principles and requirements for identification, measurement, evaluation, management, monitoring and reporting of the liquidity risk. Furthermore, it reports to the Board of Directors and its committees. The Board of Directors of the Bank determines the risk tolerance and liquidity limits of the Group. Moreover, it defines the requirements for identification, measurement, evaluation, management, monitoring and reporting of the liquidity risk. On a quarterly basis, the Chief Risk Officer issues a Risk Report to the Audit Committee and the Board of Directors that includes the liquidity risk situation.

To measure the liquidity risk, the Finance department regularly conducts liquidity stress tests to verify the compliance with the regulatory requirements through internal liquidity stress scenarios. The stress scenarios include a market.

KEY METRICS DISCLOSURES FOR THE FINANCIAL STATEMENTS

as at 31 December 2023

CR1: Credit risk – credit quality of assets

(CHF 000)		Gross carrying values of		Value adjustments/ impairments	Net values
		Defaulted exposures	Non-Defaulted exposures		
1	Loans (excluding debt securities)	–	153 283	–	153 283
2	Debt securities	–	33 285	–	33 285
3	Off-balance sheet exposures	–	2 033	–	2 033
24	**Total**	–	**188 601**	–	**188 601**

A situation of "default" is recognised when the debtor has failed to pay interests or to reimburse the loan at the contractually agreed maturity date.

CR 3: Credit risk – overview of credit risk mitigation techniques

(CHF 000)	Unsecured exposures/carrying values	Exposures secured by collateral/ carrying values	Exposures secured by financial guarantees or credit derivatives/ the amounts effectively covered
Loans (Debt securities included)	186 525	–	43
Off-balance sheet exposures	1 590	443	–
Total	**188 115**	**443**	**43**
of which defaulted	–	–	–

ORA: Operational risks

Operational risks include IT, cyber, confidentiality, fraud, compliance and legal risks. The Bank is particularly exposed to IT and cyber risks due to its reliance on technological solutions connected to the Internet. The identification, measurement, management, monitoring and reporting of the Bank's risks are organised in a comprehensive Risk Management Concept complemented by specific concepts on cyber-security, data confidentiality and operational risk management and by other internal regulation. Compliance risks are specifically subject to a Compliance Risk Analysis and Action Plan. All this documentation is reviewed annually by the relevant specialised committees of the Bank: the Risk Committee, the Compliance Committee and the IT Steering Committee. The Bank makes sure that each identified operational risk remains within the limits of its appetite and keeps under scrutiny the internal controls which allow to keep those risks at acceptable level. Quarterly, the Board of Directors and the Executive Committee are informed of the evolutions in the Bank and Group's risk profile, receive operational risk indicators allowing them to monitor the situation of risks and their compliance with the Bank's objectives. For determining capital requirements applicable to operational risks the Bank uses the basic indicator method.

KEY METRICS DISCLOSURES FOR THE FINANCIAL STATEMENTS

as at 31 December 2023

IRRBBA: Interest-rate risk – measuring, managing, monitoring and controlling interest rate risks

Definition of interest rate risk in the banking book. Interest rate risk in the banking book is defined as the potential loss in the net interest income (NII) or in the economic value of equity (EVE) arising from the effect of adverse interest rate changes. The Bank could be exposed to the interest rate risk by offering CFD trading on debt instruments. In such case, the Bank's exposure to the interest rate risk would much fluctuate depending on the clients trading positions. Therefore, the Bank fully hedges this trading flow. The Bank's business activities hardly expose it to the interest rate risk because it basically has no interest based business: the Bank neither charges or pay interests to its clients.

The main source of interest rate risk of the Bank in the bonds it hold as collateral for trading counterparties. However, since these bonds are aimed to be held until maturity, the risk is not expected to materialize into losses.

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

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

The Bank do not pay interest on customers' accounts. Nevertheless, it can review that policy at any time if consider it necessary. Therefore, repricing maturities for all due to customers match with repricing maturities of interest rates sensitive assets. Since the Bank does not place deposits on term with banks and do not issue loans to customers, all due from banks have 1 month and due from customers have 9 month repricing maturities.

Risk measurement mechanisms regarding the interest rate risk modelling are aligned with the business model of the Bank. Finance Department performs quarter-end stress tests to monitor the net interest income (NII) and the economic value of equity (EVE). These stress tests are measured for each currency using the own base scenario (100 basis point change in interests) and the six standardised interest rate shock scenarios prescribed by the FINMA (Circular 2019/2 "Interest rate risk – banks). For each standardised scenario, FINMA defines the amount in basis points of interest rate shock per currency (CHF, USD, EUR) and per maturity bucket (from overnight up to more than 20 years).

KEY METRICS DISCLOSURES FOR THE FINANCIAL STATEMENTS

as at 31 December 2023

FINMA prescribed scenarios

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

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

To measure its ability to withstand extreme changes in interest rates, the Bank also may conduct ad hoc stress tests response to market conditions. The details of the various standardised scenarios are provided in the circular.

Change in economic value of equity (EVE)

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

Change in net interest income (NII)

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

KEY METRICS DISCLOSURES FOR THE FINANCIAL STATEMENTS

as at 31 December 2023

IRRBBA1: Interest-rate risk - quantitative information on the structure of positions and maturity repricing as of 31 December 2023

	Volume (in CHF millions)			**Average interest rate reset period** (in years)	
Positions with an defined interest rate reset date	Total	of which CHF	of which other significant currencies*	Total	of which CHF
Financial investments	33	33	–	5,21	5,21
Positions with an undefined interest rate reset date					
Amounts due from banks	70	4	60	0,04	0,04
Amounts due from customers	3	2	1	0,62	0,62
Sight liabilities in personal and current accounts	(127)	(14)	(100)	0,04	0,04
Other liabilities	(1)	0	(1)	0,04	0,04
Total	**(22)**	**25**	**(40)**	**–**	**–**

*Significant currencies are those that make up more than 10% of assets or liabilities of total assets (ie USD, EUR and JPY).

KEY METRICS DISCLOSURES FOR THE FINANCIAL STATEMENTS

as at 31 December 2023

IRRBB1: Information on the economic value of equity and net interest income

	Δ EVE (change in the net present value)		Δ NII (change in the discounted earning value)	
Period (CHF millions)	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Parallel upward shift	(2,1)	(2.0)	0	0
Parallel downward shift	2,3	2.0	0	0
Steepener shock	(0,6)	(0.8)	–	–
Flattener shock	0,2	0.4	–	–
Upward short-term interest rate shock	(0,6)	(0.5)	–	–
Downward short-term interest rate shock	0,6	0.5	–	–
Maximum	2,3	2.0	0	0
Total eligible capital	**56,7**	**50.7**	–	–

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

The Bank's business activities hardly expose it to the interest rate risk because it basically has no interest based business: the Bank neither charges orpay interests to its clients. Nevertheless, it can review that policy at any time if consider it necessary. Therefore, repricing maturities for all due to customers match with repricing maturities of interest rates sensitive assets. Since the Bank does not placedeposits on term with banks and do not issue loans to customers, all due from banks have 1 month and due from customers have 9 month repricing maturities.

The Bank could be exposed to the interest rate risk by offrering CFD trading on debt instruments. In such case, the Bank's exposure to the interest rate risk would much fluctuate depending on the clients trading positions. Therefore, the Bank fully hedges this trading flow.The main source of interest rate risk of the Bank in the bonds it hold as collateral for trading counterparties. However, since these bonds are aimed to be held until maturity, the risk is not expected to materialize into losses.

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Swiss Banking Group

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

as at 31 December 2023

ASSETS (CHF)		31.12.2023	31.12.2022
Liquid assets		76 347 446	50 188 954
Amounts due from banks		78 257 896	96 816 043
Amounts due from customers	1	3 251 918	2 443 336
Trading assets	2	6 492 646	3 120 740
Positive replacement values of derivative financial instruments	3	739 531	2 356 475
Financial investments	4	33 284 825	44 949 869
Accrued income and prepaid expenses		2 150 080	1 575 770
Non-consolidated investment and subsidiaries	5	100 000	100 000
Tangible fixed assets	6	1 126 313	620 366
Other assets	7	642 008	758 108
Total assets		**202 392 663**	**202 929 661**

LIABILITIES (CHF)			
Amounts due to banks		2 165 048	4 779 810
Amounts due in respect of customer deposits		134 585 787	132 103 550
Negative replacement values of derivative financial instruments	3	1 070 466	283 453
Accrued expenses and deferred income		1 892 175	3 503 799
Other liabilities	7	1 346 289	2 044 300
Provisions	10	648 000	616 000
Reserves for general banking risks	10	3 402 000	3 234 000
Bank's capital	11	22 000 000	22 000 000
Retained earnings reserve		34 391 113	27 655 569
Currency translation reserve		(242 305)	(26 364)
Consolidated profit of the year		1 134 090	6 735 544
Total liabilities		**202 392 663**	**202 929 661**

OFF–BALANCE SHEET

as at 31 December 2023

OFF–BALANCE SHEET COMMITMENTS (CHF)		31.12.2023	31.12.2022
Contingent liabilities	19	443 071	150 215
Irrevocable commitments		1 589 568	1 134 000

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CONSOLIDATED STATEMENT OF INCOME

as at 31 December 2023

RESULT FROM INTEREST OPERATIONS (CHF)		31.12.2023	31.12.2022
Interest and discount income	21	2 037 924	(14 597)
Interest and dividend income from financial investments		465 165	734 428
Interest expense	21	(571 833)	(564 629)
Gross result from interest operations		**1 931 256**	**155 202**
Changes in value adjustments for default risks and losses from interest operations		–	949
Subtotal net result from interest operations		**1 931 256**	**156 151**

RESULT FROM COMMISSION BUSINESS AND SERVICES (CHF)			
Commission income from other services		2 034 977	2 455 427
Commission expense		(859 740)	(1 075 160)
Subtotal result from commission business and services		**1 175 237**	**1 380 267**
Result from trading activities	20	**19 143 462**	**26 789 140**

OTHER RESULT FROM ORDINARY ACTIVITIES (CHF)			
Income from investments		130 000	–
Subtotal other result from ordinary activities		**130 000**	**–**

OPERATING EXPENSES (CHF)			
Personnel expenses	22	(7 027 268)	(7 002 154)
General and administrative expenses	23	(13 074 798)	(12 979 005)
Subtotal operating expenses		**(20 102 066)**	**(19 981 159)**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	6	(418 105)	(335 785)
Changes to provisions and other value adjustments, and losses		(27 343)	1 346
Operating result		**1 832 441**	**8 009 960**
Extraordinary income	24	71	–
Changes in reserves for general banking risks		(168 000)	–
Taxes	26	(530 422)	(1 274 416)
Consolidated profit of the year		**1 134 090**	**6 735 544**

PRESENTATION OF THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2023

(CHF)	Bank's capital	Reserves for general banking risks	Currency translation reserve	Retained earning reserve	Consolidated profit for the year	TOTAL
Equity at start of current period	22 000 000	3 234 000	(26 364)	27 655 569	6 735 544	59 598 749
Allocation of previous year result	–	–	–	–	–	–
Other allocations to (transfer from) the reserves for general banking risks	–	168 000	–	–	–	168 000
Allocation to retained earnings reserve	–	–	–	6 735 544	(6 735 544)	–
Currency translation differences	–	–	(215 941)	–	–	(215 941)
Profit of the period	–	–	–	–	1 134 090	1 134 090
Equity at end of current period	**22 000 000**	**3 402 000**	**(242 305)**	**33 941 113**	**1 134 090**	**60 684 898**

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Swiss Banking Group

CONSOLIDATED CASH FLOW STATEMENT

as at 31 December 2023

CASH FLOW FROM OPERATING ACTIVITIES (internal financing) in CHF 000	2023		2022	
	Cash in-flow	Cash out-flow	Cash in-flow	Cash out-flow
Result of the year	1 134	–	6 736	–
Changes in reserves for general banking risks	168	–	–	–
Value adjustement on participations, depreciation and amortisation of tangible fixed assets and intangible assets	418	–	336	–
Provisions and other value adjustments	32	–	–	–
Accrued income and prepaid expenses	–	574	–	351
Accrued expenses and differred income	–	1 611	612	–
Other items	–	582	121	–
Subtotal	**2 202**	**2 767**	**7 805**	**351**
CASH FLOW FROM SHAREHOLDER'S EQUITY TRANSACTIONS				
Recognised in reserves	–	216	–	157
Change of scope of consolidation	–	–	–	–
Subtotal	**–**	**216**	**–**	**157**
CASH FLOW FROM TRANSACTIONS IN RESPECT OF PARTICIPATIONS, TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS				
Participations	–	–	–	–
Other tangible fixed assets	–	924	–	115
Subtotal	**–**	**924**	**–**	**115**
CASH FLOW FROM BANKING OPERATIONS MEDIUM AND LONG-TERM BUSINESS (> 1 YEAR)				
Financial instruments	567	–	569	–
SHORT-TERM BUSINESS				
Amounts due to banks	–	2 615	–	4 300
Amounts due in respect of customer deposits	2 482	–	10 946	–
Negative replacement values of derivative financial instuments	787	–	–	999
Amounts due from banks	18 558	–	–	728
Amounts due from customers	–	809	–	653
Trading assets	–	3 372	2 135	–
Positive replacement values of derivative financial instuments	1 617	–	–	1 506
Financial instruments	11 098	–	–	177
LIQUIDITY				
Liquid assets	–	26 158	–	12 469
Subtotal	**35 109**	**32 954**	**13 650**	**20 832**
TOTAL	**36 861**	**36 861**	**21 455**	**21 455**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

1. Name and legal status of the Group

Dukascopy Group (hereinafter the "Group") is headed by Dukascopy Bank SA (hereinafter the "Bank"), a limited company under Swiss law which renders online brokerage and online banking services from its head office in Geneva and branch in Lugano (Switzerland). The Bank fully owns two subsidiaries offering similar online brokerage services as the Bank, namely, Dukascopy Europe IBS AS, a European regulated broker based in Riga and Dukascopy Japan K.K., a Type-1 licensed brokerage company located in Tokyo. These two subsidiaries are included in the consolidated financial statements of the Group. SWFX SA offers intellectual property services and is consolidated as at 31 December 2023 as well.

The Group's scope of consolidation comprises all companies owned and controlled, either directly or indirectly, over 50% of the capital or voting rights by the Bank, at the exception of Group companies which are insignificant with regard to the size of the Group. Dukascopy Community SA and its subsidiaries, if any, are not consolidated in the Group's consolidated financial statements because they are of very small size.

2. Accounting and valuation principles

2.1. General principles

The Group's financial statements are established in accordance with the Swiss Code of Obligations, the Act on Banks and Saving institutions, its related Ordinance, the FINMA Accounting Ordinance and FINMA circular 2020/1. In the notes, certain figures are rounded for publication but the calculations are based on the non-rounded figures, thus small rounding differences can arise. The consolidated financial statements have been complied to present a true and fair view of the Group's assets, financial position and results.

Consolidation method

Entities either directly or indirectly controlled by the Bank or over which the Bank exercises a dominant influence are consolidated according to the full consolidation method. This means assets, liabilities, off-balance sheet transactions, income and expenses of fully consolidated companies are included in the Group's consolidated financial statements. All material business relations between consolidated companies are eliminated from assets, liabilities, income and expenses. Net assets of Group companies are consolidated according to the purchase method. In the case of combined entities, the combination is an amalgamation of the accounts, performed in compliance with the same rules as described above. If a significant influence is exercised over a company, the equity method is used for consolidation purposes. If the year-end closing date for consolidated companies' accounts is not 31 December, interim financial statements are compiled.

Entities are consolidated as from the date effective control over them passed to the Group; they are removed from the scope of consolidation as from the date such control ceases.

General valuation principles

The consolidated financial statements are prepared on the assumption of a going-concern. The accounting is therefore based on going-concern values.

Items are entered in the consolidated balance sheet as liabilities if they have arisen due to past events, if a cash outflow is probable and their value can be reliably estimated. If a reliable estimate is not possible, then it is a contingent liability, which is commented on in the notes.

The disclosed consolidated balance sheet items are valued individually. In principle, neither assets and liabilities nor expenses and income are offset. Accounts receivable and accounts payable are offset in the following cases:

- deduction of value adjustments from the corresponding asset item;
- offsetting of positive and negative replacement values of derivative financial instruments with the same counterparty, if there are recognized and legally enforceable netting agreements in place;
- offsetting of price gains and losses from trading activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

2.2. Changes to accounting principles and valuation method

No changes in 2023.

Financial instruments

a. Liquid assets

Liquid assets are recognized at their nominal value.

b. Amounts due from banks and amounts due from customers

They are recognized at their nominal value less any necessary value adjustments. Amounts due in respect of precious metal account deposits are valued at fair value.

Doubtful receivables, i.e. obligations entered with clients for which the debtor is unlikely to meet its future obligations, are valued individually and depreciated by means of individual value adjustments. Impaired receivables and any collateral obtained are valued at their liquidation value, and any adjustments in value are made in light of the debtors' creditworthiness. If the repayment of a loan depends exclusively on the proceeds of the collateral, a value adjustment is made for the entire unsecured portion of the receivable.

If a receivable is classed as entirely or partially irrecoverable or a receivable is waived, the receivable is derecognized by booking it against the corresponding value adjustment.

Recovered amounts from receivables written off in earlier periods are recognized in “Change in value adjustments for default risk and losses from interest operations” in the consolidated statement of income.

c. Amounts due to banks and amounts due in respect of customer deposits

These items are recognized at their nominal value. Amounts due in respect of precious metal account deposits are valued at fair value.

d.Trading assets

Trading assets comprise positions in crypto-currencies and equity securities held with a trading intent. Trading positions are measured at market value. Trading results are recognized through “Result from trading activities and the fair value option”.

e. Positive and negative replacement values of derivative financial instruments

Trading operations comprise execution of client orders and transactions of the Bank for its own account including hedging transactions.

The trading portfolio and liabilities related to trading operations of the Group are exclusively recognized in the consolidated off-balance sheet due to the nature of such transactions (spot forex, spot precious metals and derivatives). Spot trading transactions executed by the Group are accounted for according to the value date principle. This implies that between the trade date and the value date, spot transactions are disclosed as derivative instruments. Explanations below concerning derivative financial instruments traded by the Group also apply to such spot trading operations.

Trading assets and liabilities are valued and recognized at fair value. Fair value is the price based on a price-efficient and liquid market or the price calculated using a valuation model.

The price gain or loss resulting from the valuation is recorded via the item “Result from trading operations”.

Derivative financial instruments are used for trading and for hedging purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

Trading purposes

The valuation of derivative financial instruments for trading purposes is done according to the fair value and the positive or negative replacement value is recorded in the corresponding item. The fair value is based on market prices or option pricing models.The realized result from trading operations and the unrealized result from valuations relating to trading operations are recorded via the item “Result from trading operations”.

Hedging purposes

The Group also uses derivative financial instruments as part of its assets and liabilities management (ALM) to hedge against market risks. The Bank’s subsidiaries active in brokerage activities have the obligation to hedge all their trading operations with the Bank. Hedging operations are valued and disclosed as trading operations.

Use of swaps

The Group uses currency swaps to rollover spot foreign exchange and precious metal transactions to the next spot settlement date until positions are closed.

Netting

The Group offsets positive and negative replacement values with the same counterparty within the terms of the recognized and legally enforceable netting agreements.

f. Financial investments

Financial investments include the bonds and the crypto-currencies.

Financial investments count Swiss and US government bonds acquired with the intention to hold them until maturity. The valuation is based on the acquisition cost principle with the agio/disagio (premium/discount) accrued/deferred over the residual term to maturity (accrual method).

If held-to-maturity financial investments are sold or reimbursed early, the realized gains and losses, which correspond to the interest component, are accrued/deferred over the residual term to maturity of the transaction via the item “Other assets” or “Other liabilities”. Value adjustments for default risk are recorded immediately under “Changes in value adjustments for default risk and losses from interest operations”.

g. Crypto assets in Financial investments

Dukascoins

Dukascopy Bank books Dukascoins belonging to the Bank in the caption "Financial investments" valued at lower than cost or market. For such tokens issued by the Bank, the latter considers that acquisition cost is zero. As a consequence, Dukascoins belonging to the Bank will remain valued at zero as long as they stay in "Financial investments".

The Bank books Dukascoins belonging to clients in the caption "Financial investments" at fair value on the asset side and in "Amounts due in respect of customer deposits" at fair value on the liabilities side.

According to the Art. 10 Finma Accounting Ordinance, the fair value derives either from a price efficient and liquid market or from a valuation model. According to our analysis, there is currently no efficient price and no liquid market for Dukascoins.

To our knowledge, there is no generally accepted valuation methodology for payment tokens. Due to the lack of future cash flows, intrinsic value, highly correlated base assets, which could be used as a benchmark in model, the value of such tokens depends mainly on market demand.

Considering the foregoing, the Bank considered that there is no fair value estimates for Dukascoins and therefore

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

those coins should be valued at cost. Currently, the sole active marketplace is the Dukascoin bulletin board established by the Bank, where prices are set daily for very small volumes.
Value adjustments are recorded under “Other ordinary expenses” or “Other ordinary income”.

Other crypto assets

Dukascopy Bank books other crypto assets belonging to the Bank in the caption "Financial investments". The valuation is based on the acquisition cost principle. The subsequent valuation is based on the lower of cost or market principle.
Trading assets comprises positions in Crypto currencies held with a trading intent are booked in “Trading assets”. Trading positions are measured at market value. Trading results are recognized through “Result from trading activities and the fair value option”.

h. Non-consolidated Participations

Participations owned by the Bank which are not consolidated include equity securities of companies that are held for long-term purposes, irrespective of any voting rights. They are valued at historical costs minus any value adjustments, if any.
Each non-consolidated participation is tested for impairment as of the consolidated balance sheet date. This test is based on indicators reflecting a possible impairment of individual assets. If any such indictors exist, the recoverable amount is calculated. The recoverable amount is calculated for each individual asset. The recoverable amount is the higher amount of the net selling price and the value in use.
An asset is impaired if it carrying amount exceeds its recoverable amount. If the asset is impaired, the book value is reduced to match the recoverable amount and the impairment is charged via the item “Value adjustments on participations and depreciation of tangible fixed assets and intangible assets”.
Realized gains from the sale of non-consolidated participations are recorded via the item “Extraordinary income” and realized losses are recorded via the item “Extraordinary expenses”.

I. Tangible fixed assets

Investments in tangible fixed assets are capitalized as an asset if they exceed the minimal value for recognition of CHF 1’000.
Tangible fixed assets are recognized at acquisition cost minus the scheduled accumulated depreciation over the estimated operating life.
Tangible fixed assets are depreciated at a consistent rate over an estimated operating life via the item “Value adjustments on participations and depreciation of tangible fixed assets and intangible assets”.
The estimated operating lives of the different categories of tangible fixed assets and the depreciation methods are as follows:

- Fixtures and fittings	4 years, on a linear basis
- Furniture	4 years, on a linear basis
- IT hardware	3 years, on a linear basis
- Vehicles	5 years, on a linear basis
- Software	5 years, on a linear basis

Acquisition costs of tangible fixed assets acquired during the year are depreciated at the same rate on a prorata basis.
Objects used by the Group as the lessees as part of a finance lease are recorded via the item “Tangible fixed assets” at cash purchase value. The leasing liabilities are disclosed, depending on the counterparty, in the items “Amounts due to banks” or “Other liabilities”.Each tangible fixed asset is tested for impairment as of the consolidated balance sheet date. This test is based on indicators reflecting a possible impairment of the individual assets impaired. If any such indicators exist, the recoverable amount is calculated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

The recoverable amount is calculated for each individual asset. The recoverable amount is the higher amount of the net selling price and the value in use. An asset is impaired if it carrying amount exceeds its recoverable amount. If the asset is impaired, the book value is reduced to match the recoverable amount and the impairment is charged via the item "Value adjustments on participations and depreciation of tangible fixed assets and intangible assets".
Realized gains from the sale of tangible fixed assets are recorded via the item "Extraordinary income" and realized losses are recorded via the item "Extraordinary expenses".

j. Provisions

The Group records provisions based on its assessment of the risks of loss and probable liabilities, based on past events, of which the amount and due date are uncertain but assessable. Legal and factual obligations are valued regularly. If an outflow of resources is likely and can be reliably estimated, a corresponding provision is created.
Existing provisions are reassessed at each consolidated balance sheet date. Based on this reassessment, the provisions are increased, left unchanged or released. Currently, provisions exclusively relate to legal risks and deferred tax. The variation of provisions is recorded in the consolidated statement of income via "Changes in provisions and other value adjustments, and losses". Provisions are released via the consolidated statement of income if they are no longer needed on business grounds.

k. Reserves for general banking risks

Reserves for general banking risks are prudently created reserves to hedge against the risks in the course of business of the Group. The creation and release of Reserves for general banking risks are recognized via the item "Changes in reserves for general banking risks" in the consolidated statement of income. The Reserves for general banking risks are subject to tax when they exceed certain criteria. The portion of Reserves for general banking risks which is not subject to current tax triggers the recording of deferred tax in the item "Provisions" in the consolidated balance sheet via the item "Taxes" in the consolidated statement of income.

l. Taxes

Current taxes are recurring, usually annual, taxes on profits, capital and total income (Geneva professional tax). Transaction-related taxes are not included in current taxes.
Liabilities from current tax are disclosed via the item "Accrued liabilities and deferred income".
Deferred taxes, stemming from temporary timing differences between the taxable and accounting values of assets and liabilities, are booked as deferred taxes in the item "Provisions" on the liabilities side of the consolidated balance sheet. Deferred taxes are calculated based on the tax rate applied to the Bank. Expenses due to current and deferred taxes are disclosed in the consolidated statement of income via the item "Taxes".

m. Off-balance sheet transactions

Off-balance sheet disclosures are at nominal value. Provisions are created in the liabilities in the consolidated balance sheet for foreseeable risks.

n. Pension benefit obligations

The Group's employees based in Switzerland are insured for retirement, death or disablement through a defined contribution pension scheme. The Group bears the costs of the occupational benefit plan for employees and survivors as per the legal requirements. The employer contributions arising from the pension scheme are included in "Personnel expenses" on an accrual basis.
The treatment of pension commitments is based on the Swiss GAAP FER 16 rules. Employee benefit obligations mean all commitments resulting from the pension fund to which Group's employees are insured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

There is an economic benefit if, due to contribution reserves, the Group has the ability to reduce its future employer's contributions. On the contrary, there is a liability if, owing to a shortfall in the pension fund, the Group wants or has to participate in the financing of the pension fund.
The Group assesses whether there is an economic benefit or economic obligation arising from pension schemes as of the consolidated balance sheet date. The assessment is based on the contracts and financial statements of the pension funds (established under Swiss GAAP FER 26 in Switzerland).
The identified economic benefits (including the employer contribution reserves without a waiver of use) are recorded in "Other assets". If an economic obligation is identified for an individual pension fund, it is recorded in "Provisions". The differences with the corresponding value of the prior period are recorded in the consolidated statement of income in "Personnel expenses".

2.3. Recording of business transactions

All business transactions concluded up to the consolidated balance sheet date are recorded as of their trade date (trade date principle) and valued according to the above-mentioned principles. Any foreign exchange spot transactions, foreign exchange forwards, swaps or any other derivative financial instrument entered into but not yet fulfilled are recorded in accordance with the settlement date accounting method. Between the trade date and the settlement date, these transactions are disclosed at replacement value via the item "Positive replacement value of derivative financial instruments" or "Negative replacement value of derivative financial instruments".

2.4. Treatment of foreign currencies

For each Group company, income and expenses denominated in foreign currencies are converted, in the individual company accounts, at the exchange rate prevailing on the transaction date. Assets and liabilities in foreign currencies are converted at the exchange rate applicable on the period-closing date. Currency gains and losses resulting from currency translation are included in the respective statement of income of individual companies.
On consolidation, assets and liabilities of Group companies are converted into Swiss francs at the exchange rate of the consolidated balance sheet date at the exception of the shareholders' equity which is converted at historical rate. Income and expenses of Group companies are converted at the exchange rate averaged over the reporting period. Exchange differences resulting from conversion into Swiss francs of individual financial statements are recognized in the consolidated balance sheet in the item "Currency translation reserve".
At the consolidated balance sheet date, the main exchange rates used to convert assets and liabilities in foreign currencies were as follows:

(CHF)		2023	2022
USD	1.00	0.84164	0.92485
EUR	1.00	0.92891	0.99005
GBP	1.00	1.07166	1.11908
CAD	1.00	0.63523	0.68287
JPY	1.00	0.00597	0.00705
AUD	1.00	0.57327	0.63070
NZD	1.00	0.53174	0.58755
NOK	1.00	0.08272	0.09443
SEK	1.00	0.08341	0.08869
SGD	1.00	0.63774	0.69009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

The average exchange rates over the reporting period for the conversion of income and expenses of Group companies were as follows:

(CHF)		2023	2022
EUR	1.00	0.97154	1.00495
JPY	1.00	0.00641	0.00730

3. Risk Management

Due to its core business consisting in offering fully automated (Straight-Through-Processing) brokerage services via innovative in-house developed IT solutions, the Group is mostly subject to operational, market and legal risks. The Bank provides IT and trading technology to all Group companies under white labeling agreements. Besides, the Bank is the sole Group company which is allowed to take market risks. As a consequence, operational and market risks of the Group are concentrated at the Bank.

Since the Group is not active in credit activities and only executes client orders based on collateral (client margin deposits and bank guarantees), its credit risk exposure is normally limited to possible default of institutional trading counterparties.

The identification, measurement, monitoring, management of risks and maintenance of the Group's stability, is a priority for the Bank. The key elements of risk management and Group consolidated supervision are the following:

- a comprehensive risk policy and internal regulation defining among others the risk appetite and risk limits which are commensurate with the Bank's risk capacity;
- the permanent monitoring of risk limits and compliance with applicable regulatory capital, risk diversification and liquidity requirements at local and Group levels;
- a risk control function and a risk officer in charge of monitoring the Bank's and Group's risk profile and risk management capabilities;
- proper segregation of duties;
- wide application of the four-eyes principle and IT-based controls in business operations;
- three lines of defense: risk management by business units, risk control and compliance functions and internal audit at local and Group levels;
- a comprehensive internal reporting on relevant risks.

The Bank's Board of Directors is the supreme governing body of the risk management organization of the Group. It has established an analysis of the main risks the Bank and the Group are exposed to. Based on its risk analysis, the Board of Directors has adopted a Risk Management Concept aiming at limiting and managing the main risks affecting the Bank where most of the Group's risks are concentrated. In addition, the Board of Directors has adopted Group risk limits and an internal regulation governing the consolidated supervision of the Group by the Bank. The Risk Management Concept defines the risk appetite, the main risk limits and features of the risk measurement and risk management of the Bank. The Board of Directors monitors compliance with the limits as well as the implementation of the risk policy based on a comprehensive quarterly reporting on risks and Group consolidated supervision.

The executive management of each Group company is responsible for the execution of the Group and local policies. It ensures a suitable risk management organization is in place as well as the use of an adequate risk monitoring system. It monitors the use of limits and ensures that an adequate internal reporting is in place, including to the attention of the Bank's officers in charge of the Group consolidated supervision. The Group and local risk control and compliance functions are independent of business operations. They monitor all risks as the second line of defense and establish most of the quarterly reporting about risks to the local and Bank's executive management and the Board of Directors.

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Operational risks

Operational risks are defined as the risk of losses due to inadequacy or failure of internal procedures, people and systems or due to external events. This definition includes risks related to client data confidentiality and legal risks, including fines by supervisory authorities and settlements. As a Group offering highly automated services accessible through the Internet, the Group much relies on IT systems and Internet connections to operate. Automation brings high efficiency, eliminates human errors but at the same time means dependency on the availability and integrity of IT systems and Internet connections that the Group protects through advanced security solutions and permanent monitoring of the system components. Cyber and IT risks are among the main risks for the Bank.

The operational risks are measured by calculating the probability and extent of possible financial damages due to negative events such as an error in client order execution or the breach of a regulation (compliance risk). The Bank has documented operational risks and key controls aiming at mitigating such risks (e.g. four eyes principle, reconciliations, automated controls, internal regulation, etc.) in a systematic manner via an internal regulation which is approved annually by the Board of Directors and based on the FINMA circular 2008/21. The operational risk management framework also includes a Business Continuity Management (BCM) documentation, which rules the maintenance or the resumption of business operations in case of occurrence of critical situations such as a natural disaster affecting the Bank or Group companies. The effectiveness of the Business Continuity Management of the Bank is tested annually. In other Group entities, the BCM documentation is adapted to local operations and applicable regulation.

The Bank establishes risk indicators, mainly based on operational incidents and losses which allow the Bank's risk control function to report on operational risks in a systematic and objective way to the Bank's executive management and the Board of Directors. The management of operational risks is one of the priorities of the Group since it has a direct effect on its stability and attractiveness as a trusty service provider.

Market risks – trading operations

Due to the Group's specialization in forex trading, market risks are concentrated on currency risk. Market risks related to other financial instruments offered by the Group (precious metals, stocks, commodities, equities, etc.) are minor in comparison to currency risks. As mentioned above, the Bank is the sole Group company which accepts and manages market risks on trading activities.

The management of market risks deriving from trading operations is a priority risk management activity and a cornerstone of the Group's financial stability. In particular, the volatility on the forex market may trigger significant impact on the Group's financial situation due to the Bank's currency risk exposure via the item "Result from trading activities". For various reasons including for benefiting from bid and ask spreads, the Bank permanently keeps a certain portion of market exposure deriving from client order execution.

The Bank applies prudent market risk limits and sophisticated monitoring of market risk exposure via automated hedging logics and 24h human and automated surveillance.

The Bank automatically measures its market risk exposure on a permanent and real time basis. The IT system automatically caps such market risk exposure under the limits decided by the executive management and the Board of Directors. Those limits have been set sufficiently carefully to ensure that Swiss banking capital adequacy requirements are complied with at all times. If deemed necessary, the Bank's advanced technology allows it to fully exclude exposure deriving from trading on all or specific instruments, for instance in anticipation of exceptional market events such as the abandon of a currency peg by a Central Bank.

Market risks – other currency risks

The Group entities have limits applicable to currency risk exposure deriving from currency discrepancies between assets and liabilities. These limits are monitored on a regular basis and sufficient currency congruence is maintained between assets and liabilities through the assets and liabilities management (ALM).

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Market risks – interest rate risks

The Group is not active in credit or other interest generating activities. The Group's exposure to interest rate risks mostly derives from government bonds bought and deposited by the Bank with trading counterparties as trading collateral. Only the Bank is exposed to interest rate risks. Since the Bank intends to hold those bonds until maturity, the identified interest rate risks should not materialize in losses. The Bank calculates and reports on interest rate risks on a quarterly basis.

Credit risk

The trading platforms automatically monitor the credit risk related to clients by way of margin call and margin cut functionalities which shall ensure that the Group remains covered by sufficient collateral at any time. Unsecured loans are short term exceptions such as rent deposits, amounts due from tax authorities and loans granted to the Bank's employees.

Counterparty risk in interbank business

The Group deposits its liquidity and trades (mainly to hedge client transactions) with more than 40 different banks and other institutional trading counterparties external to the Bank's ECN marketplace such as brokers and other marketplaces. Counterparty and default risks relating to banks and other trading counterparties are mitigated by the fixation of exposure limits approved by the competent officers including the Bank's Board of Directors. The respect of the risk limits is controlled on a daily basis and limits are adapted as often as deemed necessary.

In principle, the Group works only with first-class counterparties. Before entering into a business relationship with counterparty in interbank business, the Group performs an assessment of the counterparty risk and sets a risk exposure limit accordingly. The limit depends significantly on the rating, if any and on the capital adequacy of the counterparty which are reassessed on an annual basis or more frequently if deemed necessary. In case of extreme market events or negative events affecting certain counterparties, the Bank's executive management and risk control function urgently examine Group exposures and reconsider risk limits.

Liquidity

Due to the nature of its business activities, the Group has abundant liquidities and no long term monetary commitment. The Group is exclusively financed by its own capital, client deposits and therefore does not need to raise funds on the money market. Bank's subsidiaries deposit most of their liquidity with Dukascopy Bank. As a result, the liquidity risk of the Group is low and requires limited monitoring. The liquidity risk management strategy of the Bank and an emergency liquidity plan has been approved by the Board of Directors. The latter identify reserves of liquidity, liquidity risk indicators and steps necessary to maintain sufficient liquidity for the Bank and the Group, including in case of liquidity stress situation.

The Bank's Treasurer monitors the liquidity situation of the Group. He/she ensures that the Group limits are complied with. The Group liquidity situation and concentration risks are monitored by the Bank's risk control function and reported quarterly to the executive management and to the Board of Directors.

4. Methods used for identifying default risks and determining the need for value adjustments

4.1. Amounts due from customers

The Bank is the sole Group company that accepts bank guarantees as collateral. With regard to receivables covered by bank guarantees, the credit risk mostly relates to banks having issued such guarantees and the default risk is determined as explained in section 4.2. below. If the bank having issued the bank guarantee defaults, the receivable becomes unsecured and default risks are assessed as described below, like for all other unsecured receivables.

The Group considers that a risk of default exists on unsecured receivables if a payment of interests or a reimbursement of the principal is not honored in due date or if the debtor disputes such payment obligations or indicates that he/she will not be able to honor them. In such cases, the Group enquires about the debtor's intentions and financial situation and evaluates

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the chances of recovering the receivable. A value adjustment is recorded for the portion of receivable whose recovery is considered uncertain.

4.2. Amounts due from banks

In principle, the Group only takes credit risk exposure towards counterparties having sound creditworthiness. The Group considers that a counterparty is defaulting in case the latter refuses to honor a payment order in due time, or is declared bankrupted or placed under special administration due to insolvency/going-concern issues. In such cases, the counterparty's situation is evaluated. A value adjustment is recorded for the portion of receivable whose recovery is considered uncertain.

4.3. Process for determining value adjustments and provisions

Value adjustments and provisions are reassessed at each balance sheet date. Changes in value adjustments and provisions are approved by the executive management unless they simply result from a use of provision in conformity with its purpose or the recovery of an impaired receivable. Value adjustments on non-impairment credit exposures are determined individually or on a portfolio basis according to Art. 25 para 1 let. c FINMA Accounting Ordinance.

5. Valuation of collateral

Collateral provided by clients is normally made of cash, in any currency accepted in deposit by the Group. As far as the Bank is concerned, collateral also may comprise up to 80% of bank guarantees issued by Swiss or European banks having a Baa or superior Long-Term senior debt Moody's rating. With the joint approval of the Bank's risk control function and executive management, the Bank may accept bank guarantees derogating the above criteria. Bank guarantees must be denominated in the same currency as the client account reference currency. Collateral is valued at nominal value of the cash or bank guarantees. The Bank applies no haircut to collateral and grants a leverage for the trading of certain instruments.

6. Business policy regarding the use of derivative financial instruments and hedge accounting

Trading of OTC financial instruments with clients, including trading of certain financial derivatives (CFD and binary options), is the core business of the Group. As per Swiss legislation, the main instrument offered by the Group, namely leveraged margin trading on currencies and precious metals without delivery, while it is often regarded as a CFD instrument in other jurisdictions. Therefore, depending on the qualification of leveraged margin trading, the Group may be seen as a pure provider of financial derivative instruments. The Group does not trade credit derivatives.

Dukascopy Group executes all trading operations in full STP (Straight-through-Processing).

The Group also uses derivative financial instruments for risk management purposes, mainly to hedge against market risks (including currency risk) mostly deriving from clients trading operations. By policy, the brokerage subsidiaries of the Bank must hedge all their trading operations with Dukascopy Bank, which is their unique trading venue. In its trading activity, including when dealing with its subsidiaries, the Bank always acts as a principal. The Bank hedges its own market risks by entering into hedging trades with external institutional counterparties or with clients. The Bank does not use hedge accounting.

7. Significant subsequent event after the balance sheet date

No material event occurred after the balance sheet date that could have a material impact on the financial position of the Group as of 31 December 2023.

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1. Presentation of collateral posted for loans/receivables and off-balance-sheet transactions, as well as impaired loans/receivables

LOANS (CHF) (before netting with value adjustments)	**Secured by mortgages**	**Secured by other collateral**	**Unsecured**	**Total**
Amounts due from customers	–	42 950	3 208 968	3 251 918
Total as at 31 December 2023 (before netting with value adjustments)	–	**42 950**	**3 208 968**	**3 251 918**
Total as at 31 December 2022 (before netting with value adjustments)	–	38 732	2 404 604	2 443 336
Total as at 31 December 2023 (after netting with value adjustments)	–	**42 950**	**3 208 968**	**3 251 918**
Total as at December 31 2022 (after netting with value adjustments)	–	38 732	2 404 604	2 443 336

OFF-BALANCE SHEET COMMITMENTS (CHF)	**Secured by mortgages**	**Secured by other collateral**	**Unsecured**	**Total**
Contingent liabilities*	–	443 071	–	443 071
Irrevocable commitments	–	–	1 589 568	1 589 568
Total at 31 December 2023	–	**443 071**	**1 589 568**	**2 032 639**
Total at 31 December 2022	–	150 215	1 134 000	1 284 215

*Contingent liabilities are bank guarantees issued by the Bank on behalf of clients, fully secured by client cash deposits.

BREAKDOWN OF IMPAIRED LOANS/RECEIVABLES (CHF)	**Gross debt amount**	**Estimated liquidation value of collateral**	**Net debt amount**	**Individual value adjustments**
Total at 31 December 2023	–	–	–	–
Total at 31 December 2022	–	–	–	–

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2. Breakdown of trading transactions and other financial instruments at fair value (assets and liabilities)

ASSETS (CHF)	2023	2022
Equity securities	3 122 085	1 161 044
Other trading portfolio assets (crypto-currencies)	3 370 561	1 959 696
Total trading assets	**6 492 646**	**3 120 740**
Total assets	**6 492 646**	**3 120 740**
– of which determined using a valuation model	–	–
– of which, securities eligible for repo transactions in accordance with liquidity requirements	–	–

3. Presentation of derivative financial instruments (assets and liabilities)

	Trading instruments		
OTC TRADING TRANSACTIONS (CHF)	Positive replacement values	Negative replacement values	Contract volume
Interest-rate instruments:			
– Certificate For Difference	1 274	787	848 856
Total interest instruments	**1 274**	**787**	**848 856**
Currencies:			
– forward contracts*	165 572	140 213	102 472 582
– swaps	188 188	334 962	347 430 198
Total currencies	**353 760**	**475 175**	**449 902 780**
Precious metals:			
– forward contracts*	1 950	1 094	758 721
– swaps	4 203	26 513	18 604 370
Total precious metals	**6 153**	**27 607**	**19 363 091**
Equity securities and indices:			
– Certificate For Difference	141 107	429 691	36 644 253
Total equity securities and indices	**141 107**	**429 691**	**36 644 253**
Others:			
– Certificate For Difference	500 944	400 670	12 145 322
– futures	107	350	413 672
Total others	**501 051**	**401 020**	**12 558 994**
Total at 31 December 2023 before impact of netting agreement contracts	**1 003 345**	**1 334 280**	**519 317 974**
of which determined using a valuation model	–	–	–
Total at 31 December 2022 before impact of netting agreement contracts	3 153 398	1 080 375	548 464 890
of which determined using a valuation model	–	–	–
Total at 31 December 2023 after impact of netting agreement contracts	**739 531**	**1 070 466**	
Total at 31 December 2022 after impact of netting agreement contracts	2 356 475	283 453	

* Represent the spot trading transactions which are accounted for according to the value date principle.

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Breakdown by counterparty

POSITIVE REPLACEMENT VALUES AFTER IMPACT OF NETTING AGREEMENT CONTRACTS (CHF)	Central clearing houses	Banks & securities dealers	Others customers	Total
Total at 31 December 2023	–	**129 258**	**610 273**	**739 531**
Total at 31 December 2022	–	281 702	2 074 773	2 356 475

4. Breakdown of financial investments

	Book value		Fair value	
(CHF)	2023	2022	2023	2022
Debt securities held to maturity	33 284 823	44 949 868	34 110 584	44 560 235
Crypto-currencies	2	1	2	1
Total	**33 284 825**	**44 949 869**	**34 110 586**	**44 560 236**
including securities eligible for repo transactions in accordance with liquidity regulations	*33 284 823*	*33 851 728*	*34 110 584*	*33 463 612*

Breakdown of contreparties

DEBT SECURITIES: BOOK VALUE OF BONDS HELD TO MATURITY (CHF)	2023	2022
AAA to AA-	33 284 823	44 949 868
A+ to A-	–	–
BBB+ to BBB-	–	–
BB+ to B-	–	–
Lower than B-	–	–
Without rating	–	–

We use Fitch rating.

5. Presentation of non-consolidated participations

	2022			2023			
NON-CONSOLIDATED PARTICIPATIONS (CHF)	Cost value	Value adjustment	Book value at end of year	Additions	Disposals Reimbursement	Value adjustment	Book value at end of year
Without listed value	100 000	–	100 000	–	–	–	100 000
Total non-consolidated participations	**100 000**	–	**100 000**	–	–	–	**100 000**

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Disclosure of companies in which the bank holds a permanent direct or indirect significant participation

		2023				
CONSOLIDATED PARTICIPATIONS	**Activity**	**Share capital (CHF)**	**Head office**	**Share of capital**	**Voting right**	**Direct holding**
Dukascopy Europe IBS AS	brokerage	1 933 921	Riga	100%	100%	100%
Dukascopy Japan K.K.	brokerage	792 347	Tokyo	100%	100%	100%
SWFX SA	IP service	100 000	Geneva	100%	100%	100%
NON-CONSOLIDATED PARTICIPATIONS						
Dukascopy Community SA	social media	100 000	Geneva	100%	100%	100%

		2022				
CONSOLIDATED PARTICIPATIONS						
Dukascopy Europe IBS AS	brokerage	1 933 921	Riga	100%	100%	100%
Dukascopy Japan K.K.	brokerage	792 347	Tokyo	100%	100%	100%
SWFX SA	IP service	100 000	Geneva	100%	100%	100%
NON-CONSOLIDATED PARTICIPATIONS						
Dukascopy Community SA	social media	100 000	Geneva	100%	100%	100%

The Group's scope of consolidation comprises all companies owned, either directly or indirectly, over 50% of the capital or voting rights by the Bank or which are under dominant influence of the Bank by another manner, at the exception of Group company whose integration would not have any significantly influence on the consolidated financial statements as Dukascopy Community SA (total balance sheet CHF 131 575, net profit CHF 1 491). Dukascopy Europe IBS AS, Dukascopy Japan K.K. and SWFX SA are fully integrated in consolidated financial statements of the Group.

6. Presentation of tangible fixed assets

	2022			2023			
(CHF)	**Acquisition cost**	**Accumulated depreciation**	**Book value at end of year**	**Additions**	**Disposals** (difference of change included)	**Depreciation**	**Book value at end of year**
Softwares	23 342 598	(23 250 556)	92 042	–	–	(53 098)	38 944
Other fixed assets	10 502 786	(9 974 463)	528 323	924 196	(144)	(365 007)	1 087 368
Total fixed assets	**33 845 384**	**(33 225 019)**	**620 365**	**924 196**	**(144)**	**(418 105)**	**1 126 312**

In 2023, there was a release from Inventary of CHF 9'222'416 of other fixed assets fully depreciated.

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Leasing

(CHF)	2024	2025	2026	2027	2028	2029	2030	2031
Future leasing installments arising from operating leases	**1 244 993**	**585 754**	**267 632**	**188 165**	**165 740**	**165 740**	**165 740**	**27 623**
of which, may be terminated within one year	*44 904*	-	-	-	-	-	-	-

They correspond to rental costs.

7. Breakdown of other assets and other liabilities

OTHER ASSETS (CHF)	2023	2022
Wire transfers	236 633	234 815
Accrued Interests on Bonds	242 625	360 543
Indirect taxes to be reimbursed	162 750	162 750
Total other assets	**642 008**	**758 108**

OTHER LIABILITIES (CHF)		
Wire transfers	961 419	1 697 699
Indirect taxes to be paid	353 291	308 645
Others	31 579	37 956
Total other liabilities	**1 346 289**	**2 044 300**

8. Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

	2023		2022	
(CHF)	Book value of pledged assets & assets assigned as collateral	Effective commitments	Book value of pledged assets & assets assigned as collateral	Effective commitments
Swiss bonds	13 614 045	1 150 326	14 076 301	565 868
Margin accounts assigned as collateral	21 585 266	191 132	22 281 310	124 115
Deposits made with banks to secure guarantees	1 014 546	1 014 546	219 530	219 530
Total	**36 213 857**	**2 356 004**	**36 577 141**	**909 513**

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9. Disclosure of economic situation own the institutions of employee benefit funds

A collective pension fund plan exists for the employees based in Switzerland (Caisse Inter-Entreprises-CIEPP). This fund is a defined contribution scheme. There is no employer contribution reserve and there is no identifiable economic benefit to be capitalised in the balance sheet (2022: nil). The pension fund unaudited accounts as of 31 December 2023 present a coverage ratio of 113.5%. Based on the last audited financial statements of the Caisse Inter-Entreprises-CIEPP as at 31 December 2022, the coverage ratio was 109.1%.

The employees based in Japan are affilated to a defined contributions scheme pension fund of the Japan state.

This fund does not allow any employer's contribution reserve.

There is no pension funds for the other consolidated entities of the Group.

Presentation of economic benefit / obligation and the pension expenses

(CHF)	Over or underfunding 31.12.2023	Economic interest of the Bank 2023	Economic interest of the Bank 2022	Change in economic interest versus prior year	Contributions paid for 2023	Pension expenses in personnel expenses 2023	Pension expenses in personnel expenses 2022
Pension plans with overfunding	–	–	–	–	284 571	284 571	276 554

10. Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

(CHF)	Balance at 31.12.2022	Use in conformity with designated purpose	Reclassifi-cations	Currency differences	Recoveries, past due interest	New creations charged to income	Releases to income	Balance at 31.12.2023
Provisions for deferred taxes	616 000	–	–	–	–	32 000	–	648 000
Provisions for other business risks	–	–	–	–	–	–	–	–
Total provisions	**616 000**	–	–	–	–	32 000	–	**648 000**
Reserves for general banking risks	**3 234 000**	–	–	–	–	168 000	–	**3 402 000**
Value adjustments for default risks and country risks – *of which, value adjustments for default risks in respect of impaired loans/receivables*	–	–	–	–	–	–	–	–

Provisions are valued according to the best estimate principle. Reserves for general banking risks have not been taxed.

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11. Presentation of the Bank's capital

	2023			2022		
(CHF)	Nominal value	Number of shares	Capital eligible for dividend	Nominal value	Number of shares	Capital eligible for dividend
Share capital	22 000 000	21 712 000	22 000 000	22 000 000	21 712 000	22 000 000
Registered shares	22 000 000	21 712 000	22 000 000	22 000 000	21 712 000	22 000 000
of which, paid up	*22 000 000*	*21 712 000*	*22 000 000*	*22 000 000*	*21 712 000*	*22 000 000*
Total Bank's capital	**22 000 000**	**21 712 000**	**22 000 000**	**22 000 000**	**21 712 000**	**22 000 000**

The share capital consists of 21'680'000 shares with a nominal value of CHF 1 and of 32'000 shares with a nominal value of CHF 10.

12. Disclosure of amounts due from/to related parties

	2023		2022	
(CHF)	Amounts due from	Amounts due to	Amounts due from	Amounts due to
Holders of qualified participations	2 162 144	41 076	1 605 165	42 063
Group companies	–	131 050	–	260 190
Affiliated companies	–	–	–	–
Members of governing bodies	–	13 975	–	19 108
Other related parties	–	24 750	4 998	26 134

Dukascopy Bank is engaged into transactions with related parties in the normal course of its business. These transactions mainly include marketing services. Transactions with related parties are conducted at arm's length.

13. Disclosure of holders of significant participations

	2023			
With voting rights	Nominal value (CHF)	Number of shares	% of equity in %	Capital eligible for dividend (CHF)
Dr. Andrey Duka	10 890 000	10 746 000	49.5	10 890 000
Veronika Duka	10 890 000	10 746 000	49.5	10 890 000

	2022			
With voting rights	Nominal value (CHF)	Number of shares	% of equity in %	Capital eligible for dividend (CHF)
Dr. Andrey Duka	10 890 000	10 746 000	49.5	10 890 000
Veronika Duka	10 890 000	10 746 000	49.5	10 890 000

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14. Presentation of the maturity structure of financial instruments

			Due					
ASSETS (CHF)	**At sight**	**Cancellable**	**Within 3 months**	**Within 3 to 12 months**	**Within 1 to 5 years**	**Over 5 years**	**No maturity**	**Total**
Liquid assets	75 552 662	–	–	–	794 784	–	–	76 347 446
Amounts due from banks	78 038 134	219 762	–	–	–	–	–	78 257 896
Amounts due from customers	3 186 633	65 285	–	–	–	–	–	3 251 918
Trading assets	6 492 646	–	–	–	–	–	–	6 492 646
Positive replacement values of derivative financial instruments	739 531	–	–	–	–	–	–	739 531
Financial investments	2	–	–	–	13 614 045	19 670 778	–	33 284 825
Total current assets at 31 December 2023	**164 009 608**	**285 047**	**11 098 140**	**–**	**14 408 829**	**19 670 778**	**–**	**198 374 262**
Total current assets at 31 December 2022	154 638 631	286 918	–	–	14 076 301	19 775 427	–	199 875 417
LIABILITIES (CHF)								
Amounts due to banks	2 165 048	–	–	–	–	–	–	2 165 048
Amounts due in respect of customer deposits	134 585 787	–	–	–	–	–	–	134 585 787
Negative replacement values of derivative financial instruments	1 070 466	–	–	–	–	–	–	1 070 466
Total liabilities at 31 December 2023	**137 821 301**	**–**	**–**	**–**	**–**	**–**	**–**	**137 821 301**
Total liabilities at 31 December 2022	137 166 813	–	–	–	–	–	–	137 166 813

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15. Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

	2023			2022		
ASSETS (CHF 000)	**Domestic**	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**
Liquid assets	76347	–	76 347	50 189	–	50 189
Amounts due from banks	19 351	58 907	78 258	40 467	56 349	96 816
Amounts due from customers	97	3 155	3 252	1 663	781	2 444
Trading assets	3 186	3 307	6 493	1 810	1 310	3 120
Positive replacement values of derivative financial instruments	92	648	740	179	2 178	2 357
Financial investments	33 285	–	33 285	33 852	11 098	44 950
Accrued income and prepaid expenses	1 678	472	2 150	1 015	561	1 576
Non-consolidated investment in subsidiaries	100	–	100	100	–	100
Tangible fixed assets	1 056	70	1 126	505	115	620
Other assets	642	–	642	758	–	758
Total assets	**135 834**	**66 559**	**202 393**	**130 538**	**72 392**	**202 930**
LIABILITIES (CHF 000)						
Amounts due to banks	–	2 165	2 165	–	4 780	4 780
Amounts due in respect of customer deposits	5851	128 735	134 586	6 472	125 632	132 104
Negative replacement values of derivative financial instruments	108	963	1 071	49	234	283
Accrued expenses and deferred income	1 533	359	1 892	3 055	448	3 503
Other liabilities	1 345	1	1 346	2 043	1	2 044
Provisions	648	–	648	616	–	616
Reserves for general banking risks	3 402	–	3 402	3 234	–	3 234
Bank's capital	22 000	–	22 000	22 000	–	22 000
Retained earnings reserve	34 391	–	34 391	27 656	–	27 656
Currency translation reserve	(242)	–	(242)	(26)	–	(26)
Consolidated profit of the year	977	157	1 134	6 513	223	6 736
Total liabilities	**70 013**	**132 380**	**202 393**	**71 612**	**131 318**	**202 930**

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16. Breakdown of total assets by country or group of countries (domicile principle)

	2023		2022	
ASSETS	**Absolute (CHF 000)**	**Share %**	**Absolute (CHF 000)**	**Share %**
Switzerland	135 831	67.1	130 538	64.3
Europe excluding Switzerland	48 948	24.2	45 674	22.5
USA and Canada	6 340	3.1	15 432	7.6
Others	11 274	5.6	11 286	5.6
Total	**202 393**	**100**	**202 930**	**100**

17. Breakdown of total assets by credit rating of country groups (risk domicile view)

	2023		2022	
SERV Rating*	**Absolute (CHF 000)**	**Share %**	**Absolute (CHF 000)**	**Share %**
1	63 641	95.6	70 484	97.3
2	–	0.0	2	0.0
3	272	0.4	697	1.0
4	45	0.1	95	0.1
5	22	0.0	55	0.1
6	48	0.1	271	0.4
7	325	0.5	718	1.0
without rating	2 206	3.3	70	0.1
Total	**66 559**	**100**	**72 392**	**100**

*SERV is the rating issued by OECD. Exposure is excluded Switzerland.

The Bank does not use an internal rating system for country risk management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

18. Presentation of assets and liabilities broken down by the most significant currencies of the Bank

ASSETS (CHF 000)	CHF	EUR	USD	JPY	Others	Total
Liquid assets	76 338	9	–	–	–	76 347
Amounts due from banks	3 692	32 419	24 562	10 780	6 805	78 258
Amounts due from customers	2 240	535	372	20	85	3 252
Trading assets	–	–	–	–	6 493	6 493
Positive replacement values of derivative financial instruments	740	–	–	–	–	740
Financial investments	33 285	–	–	–	–	33 285
Accrued income and prepaid expenses	1 603	172	302	13	60	2 150
Non-consolidated investment in subsidiaries	100	–	–	–	–	100
Tangible fixed assets	1 126	–	–	1	–	1 127
Other assets	418	76	97	–	50	641
Total assets	119 542	33 211	25 333	10 814	13 493	202 393
Claims arising from spot exchange and swap transactions	75 752	73 066	225 620	23 133	121 747	519 318
Total at 31 December 2023	**195 294**	**106 277**	**250 953**	**33 947**	**135 240**	**721 711**

LIABILITIES (CHF 000)						
Amounts due to banks	37	1 885	135	43	65	2 165
Amounts due in respect of customer deposits	14 246	44 120	56 102	7 136	12 982	134 586
Negative replacement values of derivative financial instruments	1 071	–	–	–	–	1 071
Accrued expenses and deferred income	923	769	102	74	24	1 892
Other liabilities	363	521	408	–	54	1 346
Provisions	648	–	–	–	–	648
Reserves for general banking risks	3 402	–	–	–	–	3 402
Bank's capital	22 000	–	–	–	–	22 000
Retained earnings reserve	34 391	–	–	–	–	34 391
Currency translation reserve	(242)	–	–	–	–	(242)
Consolidated profit of the year	1 134	–	–	–	–	1 134
Total liabilities	77 973	47 295	56 747	7 253	13 125	202 393
Delivery obligations arising from spot exchange and swap transactions	97 458	57 950	214 197	30 960	119 084	519 649
Total at 31 December 2023	**175 431**	**105 245**	**270 944**	**38 213**	**132 209**	**722 042**
Net position by currency	**19 863**	**1 032**	**(19 991)**	**(4 266)**	**3 031**	**(331)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

19. Breakdown of contingent assets and contingent liabilities

CONTINGENT ASSETS (CHF)	2023	2022
Other contingent assets	–	–
Total contingent assets	–	–

CONTINGENT LIABILITIES (CHF)		
Other contingent liabilities	443 071	150 215
Total contingent liabilities	**443 071**	**150 215**

20. Breakdown of the result from trading activities

TRADING INCOME (CHF)	2023	2022
Leveraged margin trading	18 804 819	26 433 311
Binary options	338 643	355 829
Total	**19 143 462**	**26 789 140**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

Breakdown by underlying risk

RESULT (CHF) FROM TRADING ACTIVITIES FROM:	2023	2022
Equity securities	2 862 511	3 510 019
Foreign currency	12 754 785	18 494 757
Commodities / precious metals	3 349 019	3 669 065
Crypto-currencies	177 147	1 115 299
Total	**19 143 462**	**26 789 140**

21. Disclosure of material refinancing income in the item interest and discount income as well as material negative interest

NEGATIVE INTEREST (CHF)	2023	2022
Negative interest on credit operations	503	248 094
Negative interest on deposits	1 693	3 331

Negative interest on credit operations are disclosed as a reduction in Interest and discount income.
Negative interest on deposits are disclosed as a reduction in Interest expense.

22. Breakdown of personnel expenses

PERSONNEL EXPENSES (CHF)	2023	2022
Salaries	5 770 897	5 684 624
of which, expenses relating to share-based compensation and alternative forms of variable compensation	–	–
Benefits	1 175 193	1 181 741
Other personnel expenses	81 178	135 789
Total personnel expenses	**7 027 268**	**7 002 154**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

23. Breakdown of general and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (CHF)	2023	2022
Premises	2 034 205	1 959 385
IT related expenses	2 595 371	2 022 828
Copyright agreement	2 922 513	3 094 942
Legal and consulting	1 210 516	1 259 276
Post, telecommunications and data	627 327	622 423
Expenses for vehicles	74 136	65 616
Office supply	86 469	178 299
Audit fees	236 478	315 761
of which for financial and regulatory audits	*236 478*	*315 761*
of which for other services	–	–
Marketing and communication	1 978 494	2 253 726
Travels	919 744	891 258
Others	389 544	315 491
Total general and administrative expenses	**13 074 798**	**12 979 005**

24. Explanations regarding extraordinary income and expenses

EXTRAORDINARY INCOME (CHF)	2023	2022
Disposal of fully depreciated fixed assets	2	–
Donation from Japanese State	69	–
Total extraordinary income	**71**	–

There was no extraordinary expense in 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

25. Presentation of operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

	2023		2022	
(CHF)	**Domestic**	**Foreign**	**Domestic**	**Foreign**
Subtotal net result for interest operations	1 931 256	–	156 151	–
Subtotal result from commission business and services	1 156 782	18 455	1 431 192	(50 925)
Result from trading activities	18 430 594	712 868	25 871 888	917 252
Subtotal other result from ordinary activities	130 000	–	–	–
Personnel expenses	(5 498 796)	(1 528 473)	(5 305 571)	(1 696 583)
General and administrative expenses	(4 210 258)	(8 864 539)	(4 268 768)	(8 710 237)
Subtotal operating expenses	**(9 709 054)**	**(10 393 012)**	**(9 574 339)**	**(10 406 820)**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(347 414)	(70 691)	(262 890)	(72 895)
Changes to provisions and other value adjustments and losses	(23 214)	(4 129)	(7 419)	8 765
Operating result	**11 568 950**	**(9 736 509)**	**17 614 583**	**(9 604 623)**

26. Presentation of current taxes, deferred taxes and disclosure of tax rate

(CHF)	**2023**	**2022**
Current tax expenses	(530 422)	(1 274 416)
Total taxes	**(530 422)**	**(1 274 416)**

(CHF)	**2023**	**2022**
Average tax rate	**28.9%**	**15.9%**

Taxes consist of tax on profit and capital, as well as professional tax. The fluctuation observed in the tax rate is due to the Geneva professional tax because the latter is not proportionate to the profit but to the total gross income.

DUKASCOPY
Swiss Banking Group

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING of Dukascopy Bank SA, Meyrin

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dukascopy Bank SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cashflows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 49 to 78) give a true and fair view of the financial position of the Group as at 31 December 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with the accounting rules for banks, securities firms, financial groups and conglomerates and comply with Swiss law.

Basis for Opinion

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

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

Other Information

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

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

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

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

Board of Directors' Responsibilities for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG SA

Philippe Ruedin
Licensed Audit Expert
Auditor in Charge

Philippine Bouvard
Licensed Audit Expert

Geneva, 24 April 2024

Enclosure:
– Consolidated Financial statements (balance sheet, income statement, statement of changes in equity and notes).

DUKASCOPY
Swiss Banking Group

KEY METRICS DISCLOSURES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

KM1: Key regulatory figures

	AVAILABLE CAPITAL AMOUNTS (CHF 000) (2022 Audited)	2023	2023Q3	2023Q2	2023Q1	2022
1	Common Equity Tier 1 (CET1)	57 389				51 258
1a	Fully loaded ECL accounting model CET1					
2	Tier 1	57 389				51 258
2a	Fully loaded ECL accounting model Tier 1					
3	Total capital	57 389				51 258
3a	Fully loaded ECL accounting model Total capital					
	RISK-WEIGHTED ASSETS AMOUNTS (2022 Audited)					
4	Total risk-weighted assets (RWA)	152 813				158 330
4a	Minimum capital requirements (000 CHF)	12 225				12 666
	RISK-BASED CAPITAL RATIOS (as a percentage % of RWA) (2022 Audited)					
5	CET1 ratio (%)	37.56%				32.37%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)					
6	T1 ratio (%)	37.56%				32.37%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)					
7	Total capital ratio (%)	37.56%				32.37%
7a	Fully loaded ECL accounting model total capital ratio (%)					
	ADDITIONAL CET1 REQUIREMENTS (buffers as a percentage of RWA) (2022 Audited)					
8	Capital conservation buffer requirement according to Basel minimum requirements (%)	2.50%				2.50%
9	Countercyclical buffer requirement according to Basel minimum requirements (%)	0.00%				0.00%
10	Bank G-SIB and/or D-SIB additional requirements	0.00%				0.00%
11	Total of bank CET1 specific buffer requirements according to Basel minimum requirements (%)	2.50%				2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	29.56%				24.37%
	TARGET CAPITAL RATIOS ACCORDING TO ANNEX 8 OF THE CAPITAL ADEQUACY ORDINANCE (CAO) (% of RWA) (2022 Audited)					
12a	Capital conservation buffer according to CAO, Annex 8 (%)	2.50%				2.50%
12b	Countercyclical capital buffer according to CAO, Art. 44 and Art. 44a (%)	0.00%				0.00%
12c	CET1 capital target (%) accord. to CAO, Annex 8+countercyclical buffer accord. to CAO, Art. 44 & 44a	7.00%				7.00%
12d	T1 capital target according to CAO, Annex 8+countercyclical buffer accord. to CAO, Art. 44 and 44a	8.50%				8.50%
12e	Total capital target according to CAO, Annex 8+contercyclical buffer accord. to CAO, Art. 44 and 44a	10.50%				10.50%
	BASEL III LEVERAGE RATIO (2022 Audited)					
13	Total Basel III leverage ratio exposure measure (000 CHF)	210 381				209 538
14	Basel IIII Leverage Ratio	27.18%				24.46%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	0%				0%
	MEDIUM SHORT-TERM LIQUIDITY COVERAGE RATIO LCR					
15	LCR Numerator: total stock of high quality liquid assets (000 CHF)	95 774	91 102	90 267	88 113	79 855
16	LCR Denumerator: total cash outflow (000 CHF)	5 438	4 696	4 811	4 969	4 809
17	Liquidity coverage ratio (%)	1 761 %	1 940 %	1 876 %	1 773 %	1 661%
	NET STABLE FUNDING RATIO NSFR					
18	Available stable refinancings (000 CHF)	176 497		162 574		171 396
19	Required stable refinancings (000 CHF)	24 012		22 429		23 584
20	Net stable funding ratio NSFR (%)	735 %		725%		727%

DUKASCOPY
Swiss Banking Group

KEY METRICS DISCLOSURES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

OV1: Overwiew of risk-weighted assets

	(CHF 000)	RWA 2023	RWA 2022 (Audited)	Min. capital requirements 2023
1	Credit risk	30 150	33 463	2 412
20	Market risk*	69 263	64 963	5 541
24	Operational risk	46 363	57 975	3 709
24a	Risks without counterparty	1 375	870	110
25	Amounts below the thereshold 3 (subject to 250% risk weight)	–	–	–
26	Others	5 663	1 300	453
27	**Total (1 + 20 + 24 + 25)**	**152 813**	**158 330**	**12 225**

To determine minimum capital requirement we use:
– credit risk: standard approach;
– market risk: standard approach;
– operational risk: basic indicator approach;
– others: crypto-currencies.

*Market risk decreased due to a reduction in open positions in currencies

LIQA: Liquidity risk management

In general, Dukascopy Bank has a very low liquidity risk appetite. Therefore, Dukascopy Bank and its Group have abundant liquidity, which resulted from the vast majority of its assets being allocated into high quality liquid assets and bank deposits at sight. High quality liquid assets are constituted of high-grade government bonds and deposits with the Swiss National Bank. The bank deposits are mostly held with top rank Swiss, German, UK and US banks. Liquidity risk management is oriented to limit the liquidity risk and to ensure that the Bank has sufficient liquid assets in order to be able to meet its payment obligations in stress situations and at all times. The Treasurer of the Bank is responsible for managing the liquidity of the Bank as well as for its compliance with the regulatory requirements. The Finance department of the Bank is in charge of the independent measurement and monitoring of the liquidity requirements and limits and is responsible for the regular risk reporting to the attention of the Executive Committee and to the Board of Directors of the Bank.

The Executive Committee of the Bank is responsible for ensuring the risk tolerance and liquidity limits of the Bank as well as of the Group. It is in charge of implementing and observing the risk policy principles and requirements for identification, measurement, evaluation, management, monitoring and reporting of the liquidity risk. Furthermore, it reports to the Board of Directors and its committees. The Board of Directors of the Bank determines the risk tolerance and liquidity limits of the Group. Moreover, it defines the requirements for identification, measurement, evaluation, management, monitoring and reporting of the liquidity risk. On a quarterly basis, the Chief Risk Officer issues a Risk Report to the Audit Committee and the Board of Directors that includes the liquidity risk situation.

To measure the liquidity risk, the Finance department regularly conducts liquidity stress tests to verify the compliance with the regulatory requirements through internal liquidity stress scenarios. The stress scenarios include a market-wide shock, temporary unavailability of the largest correspondent banks and a massive outflow of clients' deposits. The results of stress testing are periodically communicated as a part of the risk reporting to the attention of the Executive Committee and to the Board of Directors of the Bank.

KEY METRICS DISCLOSURES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

CR1: Credit risk – credit quality of assets

(CHF 000)		Gross carrying values of		Value adjustments/ impairments	Net values
		Defaulted exposures	Non-Defaulted exposures		
1	Loans (excluding debt securities)	–	161 389	–	161 389
2	Debt securities	–	33 285	–	33 285
3	Off-balance sheet exposures	–	2 033	–	2 033
24	**Total**	–	**196 707**	–	**196 707**

A situation of "default" is recognised when the debtor has failed to pay interests or to reimburse the loan at the contractually agreed maturity date.

CR 3: Credit risk – overview of credit risk mitigation techniques

(CHF 000)	Unsecured exposures/carrying values	Exposures secured by collateral/ carrying values	Exposures secured by financial guarantees or credit derivatives/ the amounts effectively covered
Loans (Debt securities included)	194 631	–	43
Off-balance sheet exposures	1 590	443	–
Total	**196 221**	**443**	**43**
of which defaulted	–	–	–

ORA: Operational risks

Operational risks include IT, cyber, confidentiality, fraud, compliance and legal risks. The Bank is particularly exposed to IT and cyber risks due to its reliance on technological solutions connected to the Internet. The identification, measurement, management, monitoring and reporting of the Bank's risks are organised in a comprehensive Risk Management Concept complemented by specific concepts on cyber-security, data confidentiality and operational risk management and by other internal regulation. Compliance risks are specifically subject to a Compliance Risk Analysis and Action Plan. All this documentation is reviewed annually by the relevant specialised committees of the Bank: the Risk Committee, the Compliance Committee and the IT Steering Committee. The Bank makes sure that each identified operational risk remains within the limits of its appetite and keeps under scrutiny the internal controls which allow to keep those risks at acceptable level. Quarterly, the Board of Directors and the Executive Committee are informed of the evolutions in the Bank and Group's risk profile, receive operational risk indicators allowing them to monitor the situation of risks and their compliance with the Bank's objectives. For determining capital requirements applicable to operational risks the Bank uses the basic indicator method.

KEY METRICS DISCLOSURES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

IRRBBA: Interest-rate risk – measuring, managing, monitoring and controlling interest rate risks

Definition of interest rate risk in the banking book. Interest rate risk in the banking book is defined as the potential loss in the net interest income (NII) or in the economic value of equity (EVE) arising from the effect of adverse interest rate changes. The Bank could be exposed to the interest rate risk by offering CFD trading on debt instruments. I such case, the Bank's exposure to the interest rate risk would much fluctuate depending on the clients trading positions. Therefore, the Bank fully hedges this trading flow. The Bank's business activities hardly expose it to the interest rate risk because it basically has no interest based business: the Bank neither charges or pay interests to its clients. The main source of interest rate risk of the Bank in the bonds it hold as collateral for trading counterparties. However, since these bonds are aimed to be held until maturity, the risk is not expected to materialize into losses.

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

On a quarterly basis, the Chief Risk Officer issues a Risk Report to the Audit Committee and the Board of Directors that includes the interest rate risk situation. This Risk Report presents inter alia the results of the stress tests with significant shifts in interest rate curves, the level of use of the risk limits and the distribution of relevant positions per currency and per maturity. The Bank do not pay interest on customers' accounts. Nevertheless, it can review that policy at any time if consider it necessary. Therefore, repricing maturities for all due to customers match with repricing maturities of interest rates sensitive assets. Since the Bank does not place deposits on term with banks and do not issue loans to customers, all due from banks have 1 month and due from customers have 9 month repricing maturities.

Risk measurement mechanisms regarding the interest rate risk modelling are aligned with the business model of the Group. Finance Department performs quarter-end stress tests to monitor the net interest income (NII) and the economic value of equity (EVE). These stress tests are measured for each currency using the own base scenario (100 basis point change in interests) and the six standardised interest rate shock scenarios prescribed by the FINMA (Circular 2019/2 "Interest rate risk – banks). For each standardised scenario, FINMA defines the amount in basis points of interest rate shock per currency (CHF, USD, EUR) and per maturity bucket (from overnight up to more than 20 years).

The interest rate risks of subsidiaries are insignificant compared to the interest rate risks taken by the bank itself. In application of Note 3 of circular FINMA 2019/2 "Interest rate risks – banks", the Bank withdraws from including them in the analysis at the consolidated level.

KEY METRICS FOR DISCLOSURE TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

FINMA prescribed scenarios

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

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

To measure its ability to withstand extreme changes in interest rates, the Bank also may conduct ad hoc stress tests response to market conditions. The details of the various standardised scenarios are provided in the circular.

Change in economic value of equity (EVE)

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

Change in net interest income (NII)

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

KEY METRICS FOR DISCLOSURE TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

IRRBBA1: Interest-rate risk - quantitative information on the structure of positions and maturity repricing as of 31 December 2023

	Volume (in CHF millions)			**Average interest rate reset period** (in years)	
Positions with an defined interest rate reset date	Total	of which CHF	of which other significant currencies*	Total	of which CHF
Financial investments	33	33	–	5.21	5.21
Positions with an undefined interest rate reset date					
Amounts due from banks	70	4	60	0.04	0.04
Amounts due from customers	3	2	1	0.62	0.62
Sight liabilities in personal and current accounts	(127)	(14)	(100)	0.04	0.04
Other liabilities	(1)	0	(1)	0.04	0.04
Total	**(22)**	**25**	**(40)**	–	–

*Significant currencies are those that make up more than 10% of assets or liabilities of total assets (ie USD, EUR and JPY).

KEY METRICS FOR DISCLOSURE TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2023

IRRBB1: Information on the economic value of equity and net interest income

	Δ EVE (change in the net present value)		Δ NII (change in the discounted earning value)	
Period (CHF millions)	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Parallel upward shift	(2,1)	(2.0)	0	0
Parallel downward shift	2,3	2.0	0	0
Steepener shock	(0,6)	(0.8)	–	–
Flattener shock	0,2	0.4	–	–
Upward short-term interest rate shock	(0,6)	(0.5)	–	–
Downward short-term interest rate shock	0,6	0.5	–	–
Maximum	2,3	2.0	0	0
Total eligible capital	**57,4**	**51.3**	–	–

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

The Group's business activities hardly expose it to the interest rate risk because it basically has no interest based business: the Group neither charges orpay interests to its clients. Nevertheless, it can review that policy at any time if consider it necessary.

Therefore, repricing maturities for all due to customers match with repricing maturities of interest rates sensitive assets. Since the Bank does not placedeposits on term with banks and do not issue loans to customers, all due from banks have 1 month and due from customers have 9 month repricing maturities.

The Group could be exposed to the interest rate risk by offrering CFD trading on debt instruments. In such case, the Group's exposure to the interest rate risk would much fluctuate depending on the clients trading positions. Therefore, the Group fully hedges this trading flow.

The main source of interest rate risk of the Group in the bonds it hold as collateral for trading counterparties. However, since these bonds are aimed to be held until maturity, the risk is not expected to materialize into losses.

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