

SWISS BANKERS



Annual Report

2023

Key Figures

Number of employees at the end of the reporting year
(in full-time equivalents: 93)

106

(previous year: 107)



Sales partners in Switzerland, Liechtenstein
and Germany

197

(previous year: 206)



Operating income, in CHF

29 m

(+13.5% compared to previous year)



Profit before taxes, in CHF

2.8 m

(+563% compared to previous year)



Number of cards sold in the reporting year

45,669

(+3.0% compared to previous year)



US dollar card load volume, in CHF

79 m

(+11.6% compared to previous year)



Number of banknote customers

105,000

(+23.5% compared to previous year)



Sales volume of banknote dispatch, in CHF

136.3 m

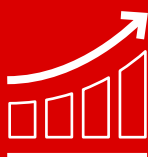
(+8.5% compared to previous year)



Card load volume direct sales, in CHF

53 m

(+19.3% compared to previous year)



Number of transactions outside Europe

1.4 m

(+11.8% compared to previous year)



Swiss Bankers Prepaid Services Group

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Swiss Bankers Prepaid Services Ltd, Grosshöchstetten

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Dear Clients, Shareholders and Employees, Ladies and Gentlemen

In 2023, Swiss Bankers Group generated an operating profit (EBTDA) of CHF 5.2 m (previous year: CHF 3.4 m). This corresponds to an increase of CHF 1.8 m or 51.8 percent compared to the previous year. After depreciation, amortisation and taxes, net profit amounted to CHF 2.2 m (previous year: CHF 0.4 m). This result is particularly positive in light of the less favourable consumer sentiment during the 2023 financial year and the further increase in competition. Nevertheless, the spending restraint of Swiss Bankers customers and the online debit cards introduced by many retail banks have left their mark. Despite the pleasing profit trend, the sales volume – load volume on prepaid cards plus money transfers – fell by CHF 52.9 m or 6.5 percent year-on-year to CHF 761.4 m. It was already apparent in the fourth quarter of 2022 that the Swiss Bankers Group would face these two challenges in 2023.

In the State Secretariat for Economic Affairs SECO's 2023 October survey, consumers continued to take a negative view of their personal financial situation and economic development in future. This sentiment has already characterised the 2023 financial year: the consumer sentiment index was well below the long-term average throughout the year. Geopolitical tensions, high inflation rates in the European Economic Area as well as rising interest rates and the cost of living led to a loss of purchasing power and put pressure on private household budgets. As a result, Swiss Bankers customers spent less on travel and luxury items and loaded correspondingly lower amounts onto their Swiss Bankers cards. In addition, following the post-pandemic "hockey stick effect" in 2022, the broad entry of the online debit card into the Swiss card market in 2023 slowed the volume growth of Swiss Bankers card products in Swiss francs.

The Swiss Bankers Group was already aware of these developments in 2022 and took various measures that made a significant contribution to overcoming these challenges in the 2023 financial year. Following a decline in the first nine months (compared to the previous year), the sales volume stabilised in the fourth quarter of 2023, with both the stabilisation in the retail business and growth in direct sales, including the Swiss Bankers Corporate Card and banknote distribution, contributing to this.

The largest negative deviations compared to 2022 were recorded in particular for card products in Swiss francs, which are primarily suffering from the current depressed market situation. On the other hand, card products in US dollars benefited from the strong Swiss franc and achieved an increase in volume of CHF 8.2 m or 11.6 percent compared to the previous year. Growth rates of 5.3 percent were achieved in non-European countries, while growth rates in Switzerland and Europe declined (–6.9 percent for Switzerland; –13 percent for Europe).

Swiss Bankers customers show a strong desire to get to know other countries and cultures. In particular, the foreign currency banknote dispatch from the current product range met this need of our customers in 2023 and showed the strongest development.



Mr. Bernard Burkhalter (Chairman of the Board of Directors) and Mr. Hans-Jörg Widiger (CEO)

Compared to the previous year, banknote dispatch is particularly remarkable. Despite subdued consumer sentiment, travelling abroad increased again in 2023 due to the need to catch up after the pandemic. Accordingly, these customers made use of the Swiss Bankers Group's foreign currency note delivery service before travelling. The "Money Send" product range increased by CHF 11.5 m or 9.1 percent year-on-year from CHF 126.7 m to CHF 138.2 m. This figure even exceeds the 2019 sales volume (2019: CHF 134.4 m; pre-COVID-19 period). This is also reflected in the number of banknote customers. This has risen by 24 percent from 85,000 to 105,000 customers.

In addition to banknote distribution, the Corporate segment (sale of the Value Prepaid Card to business customers) and the sale of prepaid cards via Swiss Bankers' direct sales organisation developed very positively. In the Corporate segment, the sales volume increased from CHF 28.4 m to CHF 39.8 m. This corresponds to an increase of CHF 11.4 m or 40.2 percent. In direct sales with Life and Travel products, the sales volume increased from CHF 44.4 m to CHF 53 m. This corresponds to an increase of CHF 8.6 m or 19.3 percent. The number of cards in this segment also increased. Compared to the previous year, around 3,500 new prepaid cards were issued in these two sales areas, which equates to an increase of almost 21 percent. In total, over 45,000 new Swiss Bankers prepaid cards were sold in 2023. This corresponds to an increase of 2.7 percent. A large part of the positive trend in new cards is attributable to the aforementioned Corporate segment (sale of the Value Prepaid Card to business customers) and the company's own sales of prepaid cards via direct sales.

FOREWORD

Despite a decline in sales volume, total income increased by 6.6 percent from CHF 36.4 m (2022) to CHF 38.8 m. Of particular note is the “net interest income” item, which contributed to this increase with growth of CHF 0.8 m compared to the previous year, with the end of negative interest rates in 2022 also having a positive impact. The expense items, which comprise commission, personnel and operating expenses as well as losses from customer business, increased slightly by CHF 0.6 m or 1.9 percent from CHF 33 m to CHF 33.6 m. Following a significant decrease in personnel expenses of CHF 1 m from 2021 to 2022, personnel expenses were again reduced by CHF 0.4 m in 2023 compared to the previous year. By contrast, operating expenses rose by CHF 2.2 m in the same period due to the use of external specialists as a result of the difficult situation on the Swiss labour market and for remediation work, which led to an increase in operating expenses of CHF 1.8 m or 8.2 percent compared to the previous year. Commission expenses fell by CHF 1 m due to the lower sales volume. An annual profit of CHF 0.4 m was generated in the previous year. After depreciation, amortisation and taxes, the annual profit for 2023 amounted to CHF 2.2 m. This corresponds to an increase of CHF 1.8 m for the 2023 financial year.

One highlight is the new cooperation with Booking.com, which enables Swiss Bankers customers to benefit from exclusive discounts or special travel offers when using their travel card. Swiss Bankers Travel cardholders receive up to 10 percent cash back on over 28 m offers from Booking.com. The cooperation offers Swiss Bankers customers additional opportunities to use their travel card when travelling worldwide. For Swiss Bankers, this is an opportunity to position the card even more strongly in the market as an attractive and versatile travel payment method.

Since the comprehensive revision of its strategy in 2017 (“Strategy 2022”: transformation from a single-product to a multi-product company), Swiss Bankers has set itself the goal of digitalising its offering in all areas and expanding its card business with additional offerings. As a result, the prepaid business area has been extensively digitalised and modernised in recent years (including additional new products, expansion of the app, digital cards, online onboarding, and new market presence), and the new Remittance and Digital Solutions business areas have been introduced. The next transformation step, which will ensure a sustainably successful market position and enable entry into new growth markets, requires considerable investment in technology, marketing and personnel. After the sale of the Swiss Bankers Group to the DDM Group and Swedish bank Nordiska Kreditmarknadsaktiebolaget failed to materialise in spring 2023 despite the signing (December 2021), new options were examined in the second half of 2023. As the need for substantial investment for the next steps in the transformation process has not changed, the shareholders of Swiss Bankers Group are sticking to their intention to sell. The second sales process has been launched and various interested parties are participating.

With its Life product, Swiss Bankers won the gold medal for prepaid cards in a customer survey conducted by Handelszeitung and Statista in 2023.

This process, including the approval process by the banking supervisory authorities in Switzerland and Liechtenstein, will characterise a significant part of the 2024 financial year. In addition, Swiss Bankers is migrating transaction processing from its existing processor in the US, which is decommissioning its platform, to a new processor in Europe in 2024. This major project involves the entire bank and requires a correspondingly high level of attention from Swiss Bankers' management and employees.

This transformation will drive Swiss Bankers' digitalisation strategy forward and bring the company into alignment with the changed market conditions. The associated growth opportunities are in line with the challenges arising from the rapid changes in payment transactions. These changes require excellently trained and specialised employees as well as a modern and efficient infrastructure. Due to the associated increase in fixed costs, profitability must be improved through higher sales and income volumes as well as margins from new products and markets.

On behalf of the Board of Directors and the Executive Board, I would like to thank our customers, sales partners and shareholders. It is their trust, their loyalty and their enjoyment of our products that spur us on and motivate us to deliver exceptional performance every day. Special thanks go to the driving force behind our innovative strength in the midst of this change: our employees, who work with great commitment every day to proactively expand Swiss Bankers' leading position as a Swiss prepaid and remittance provider.



Bernard Burkhalter

Chairman of the Board of Directors
Swiss Bankers Prepaid Services Ltd

Swiss Bankers Products and Services

The company was founded in 1975 as Swiss Bankers Travelers Cheque Center. In 2008, the company changed its legal form to a public limited company under the name Swiss Bankers Prepaid Services Ltd (“Swiss Bankers” for short) and obtained a banking licence in 2011.

In 2012, the subsidiary Swiss Bankers Prepaid Services (Liechtenstein) Ltd was founded, which is responsible for distribution in Liechtenstein and other foreign markets. In 2020, the e-money licence was renewed in accordance with PSD2.

In 2017, the corporate strategy was fundamentally revised and consistently oriented towards the digitalisation of services and products. Since then, Swiss Bankers has consistently pursued this path, which is reflected in its comprehensive new payment offerings, including mobile payment and money transfer to Mastercard cards.

Prepaid cards from Swiss Bankers – flexible and digital

Swiss Bankers cards can be used at around 70 m Mastercard acceptance points worldwide. The cards are available in the classic physical form or as digital cards. The latter can be easily and flexibly stored for contactless payment on a mobile phone, smartwatch or other wearables.

A major advantage of prepaid cards is that they are easy and uncomplicated to issue, as neither a credit check nor the opening of a bank account is required. The cards can be issued, loaded and used immediately.

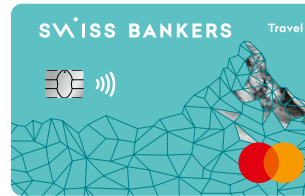
Foreign currency banknote mailing service

Many Swiss banks use the Swiss Bankers banknote dispatch service for their customers. Orders can be placed in more than 70 currencies via branches, the call centre or integration in e-banking. Dispatch is simple, fast and direct to the bank’s customers.

Seamless integration – digital solutions

Financial institutions and companies can also obtain Swiss Bankers products and the Swiss Bankers app as a white-labelling solution, as is the case with a major Swiss bank, for example.

In addition, various APIs (Application Programming Interfaces) are available to enable seamless integration of a wide variety of use cases – whether it be ordering cards and banknotes, instant card top-ups, transferring credit between cards, and the like.



Travel – the prepaid card for travelling

Swiss Bankers Travel is the leading prepaid card in Switzerland and is offered by over 140 distribution partners. These include many Swiss and Liechtenstein banks as well as the SBB.

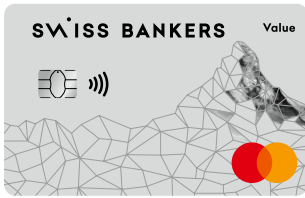
Travel is primarily used by Swiss Bankers clients for travel, whether in e-commerce for travel preparations or for secure payment during the trip. The card is characterised by an attractive pricing model, whereby fees are only charged when the card is actually used. Thanks to co-operations with various partners, Swiss Bankers Travel customers can receive exclusive additional discounts when paying with Travel at selected travel portals and benefit from cashback advantages. This offer is constantly being expanded.

Travel is available in Swiss francs, euros and US dollars. Cards can be loaded easily by bank transfer or payment by credit card or by PostFinance card, or at the points of sale of our sales partner. In the event of loss or theft, the card will be replaced quickly, worldwide and free of charge.



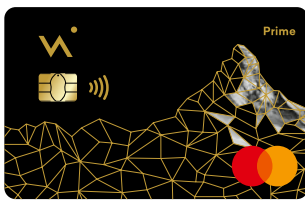
Life – the prepaid card for every day

Swiss Bankers Life is the ideal payment card – for young or old – for everyday use and focuses on an uncomplicated lifestyle. Life can be used at Swiss Bankers or any of the sales outlets quickly and easily. Life has an affordable annual fee and offers free card loading and secure e-commerce purchases.



Value – the prepaid card for businesses

Swiss Bankers Value is the simple solution for business customers to reimburse expenses and outlays via prepaid cards or send flexible amounts of money to employees or special target groups. The card is frequently used by travel and congress organisers, but various UN organisations also use the card, for example to compensate congress participants or to pay for project costs abroad.



Prime – the prepaid card for high demands

Worldwide liquidity even for high payment demands – that's what Swiss Bankers Prime offers. The card is tailored to the special needs of private banking clients. Clients from over 200 countries use this exquisite service. Prime is offered by many private banks, and the trend is rising.



Send – innovative global money transfer

The new money transfer service Send allows money to be transferred easily and inexpensively worldwide. Currently, 49 countries are available to receive money, with new corridors being added continuously.

There is now also the option of transferring money directly to a Mastercard card. Foreign payments can thus be processed more easily, quickly and cheaply than, for example, via SWIFT.

In addition to money transfers to Mastercard cards, the Send service also supports transfers to bank accounts and digital wallets (eWallets). In addition, orders for cash withdrawals or collections can be placed at cash-out stations (cash points) in various countries.

The innovative money transfer service Send is available to all Swiss Bankers card customers of Swiss Bankers Prepaid Services Ltd, Grosshöchstetten. As of recently, the service can now also be used by people who do not have a Swiss Bankers card via the Swiss Bankers app.



Swiss Bankers App – everything simply from one app

The Swiss Bankers app has been an integral part of the Swiss Bankers product range since 2016. The app is available to all Swiss Bankers customers for download free of charge and now forms the core of the diverse prepaid and money transfer services.

With the app, Swiss Bankers customers always have their cards with them and can find out about transactions at any time. Essential settings can be made easily, such as blocking or unblocking cards, setting a new PIN code or blocking payments in certain countries and regions.

The app also supports the onboarding of new customers and their online identification. In addition, the app uses biometric security features and supports the latest security standards such as Mastercard Identity Check.

The app functionalities are continuously expanded and optimised to meet new requirements. Over the course of time, the app has become the most important communication and interaction channel with Swiss Bankers' clientele.

Corporate Bodies and Chart of Organisation

Shareholders

- Association of Swiss Cantonal Banks (33%)
- Credit Suisse (Switzerland) Ltd (25%)
- Entris Banking Ltd (16.5%)
- Raiffeisen Switzerland Cooperative (16.5%)
- PostFinance Ltd (9%)

Board of Directors

- Bernard Burkhalter, Chairman (ASCB)
- Adrian Töngi, Vice Chairman (Raiffeisen)
- Markus Locher (CS)
- Daniel Ritz (PostFinance)
- Pascal Baumgartner (Entris)
- Christoph Meister* (until 31 January 2024)
- Thierry Kneissler*

* Independent members pursuant to FINMA Circular 2017/01.

Executive Management

- Hans-Jörg Widiger, CEO
- Axel Liebe, CMO
- Simone Fischer, COO/CIO ad interim (from 1 May 2023)
- Paul Kreis, CIO (until 30 April 2023)
- George M. Isliker, CFO/CRO

Auditor

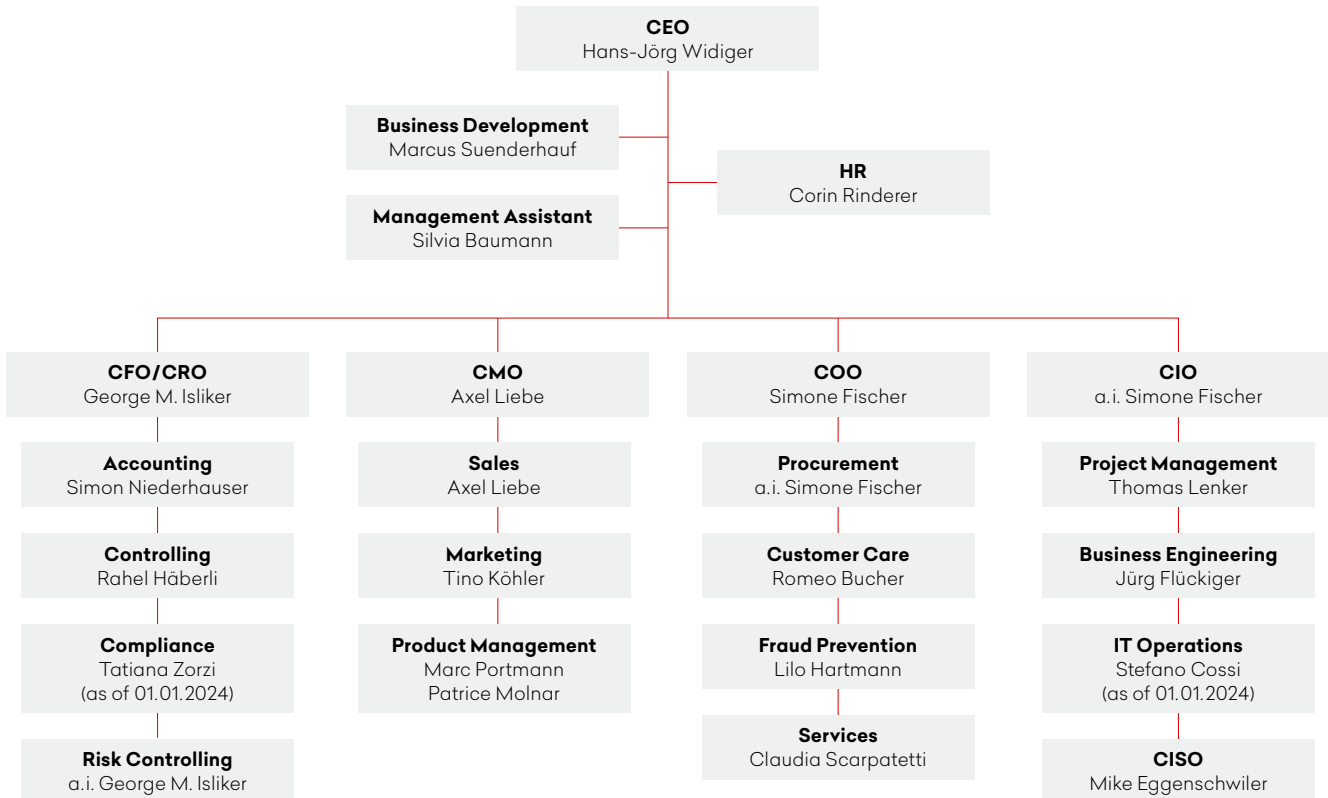
Ernst & Young Ltd
3001 Bern
Switzerland

Registered office

Swiss Bankers Prepaid Services Ltd
Kramgasse 4
3506 Grosshöchstetten
Switzerland
Phone +41 31 710 11 11
info@swissbankers.ch

In the 2023 financial year, 106 employees were engaged in the development and processing, distribution and servicing of prepaid cards, the service Send and the shipping service of travel payment funds.

The following organisation chart is valid as of 31 December 2023.



Corporate Governance

Swiss Bankers attaches great importance to strong corporate governance and sees it as a central factor for the success of the company. A transparent and comprehensive information policy and the regulation of the relationship between management and control of the Group are essential elements of this corporate governance.

Legal guidelines and principles

The principles of corporate governance are laid down in the Articles of Association, the Organisational and Business Regulations and other regulations and specifications. They are substantiated by directives. As a bank under Swiss law, Swiss Bankers is obliged to submit its Articles of Association, Organisational and Business Regulations and all regulations to the Financial Market Authority for approval.

Swiss Bankers' corporate governance rules

Swiss Bankers' Corporate Governance Guidelines define and distribute the roles, competences and areas of responsibilities of management and supervisory bodies in a clear and balanced manner and ensure appropriate controls. All corporate governance principles and guidelines are binding on the organisation and management of Swiss Bankers. These documents form the framework of Swiss Bankers' corporate governance and include the following elements:

- The Articles of Association explain the corporate purpose and the comprehensive organisational framework of Swiss Bankers.
- The internal Organisation and Business Regulations (OBR) define the responsibilities and competencies within Swiss Bankers.
- The responsibilities and competencies defined in the internal Organisation and Business Regulations (OBR) are additionally described and defined in various regulations, where applicable.

Group structure and shareholders

Swiss Bankers is a public limited company under Swiss law with its registered office in Grosshöchstetten, Canton of Berne, Switzerland. The Group companies of Swiss Bankers are listed in Note 5 to the consolidated financial statements, together with information on the company, its registered office, purpose, share capital, participation, capital and voting rights. The accounting, valuation and balance sheet are prepared in accordance with Swiss accounting regulations for banks. The financial year ends on 31 December.

The organisational structure of Swiss Bankers is shown on page 10. The shareholders base with corresponding voting rights includes the following companies: Association of Swiss Cantonal Banks, Credit Suisse (Switzerland) Ltd, Entris Banking Ltd, Raiffeisen Switzerland Cooperative and PostFinance Ltd. Information on the share in equity of CHF 10 m can be found in Note 11 of the financial statements of Swiss Bankers Prepaid Services Ltd, Grosshöchstetten.

Capital structure

Swiss Bankers had a share capital of CHF 10 m as of 31 December 2023. The entire share capital belongs to the companies mentioned above. All Swiss Bankers shares are entitled to dividends and there are no preferential rights. As at the balance sheet date of the 2023 financial year, there were no outstanding financial instruments that could lead to a dilution of equity.

2023 Annual General Meeting

Board of Directors after the Annual General Meeting of 16 June 2023

Mr. Bernard Burkhalter, shareholder representative of the Association of Swiss Cantonal Banks, and Mr. Markus Locher, shareholder representative of Credit Suisse (Switzerland) Ltd, were both re-elected for a further term of three years.

Board of Directors

Chairman

Bernard Burkhalter

Born 1954

Current position: Management, support and processing of BEKB bank mandates and projects

Education: Commercial apprenticeship in banking sector, Federal Banking Diploma, Diploma in Business Administration KSZ, Diploma Swiss Banking School, Diploma SKU, Certificate Duke University USA, The Fuqua School of Business Executive Education Advanced Management Program

Committee: Member of the Nomination and Compensation Committee

Term of office: until the 2026 AGM

Vice-Chairman

Adrian Töngi

Born 1963

Current position: Head of Banking Operations and Quality Assurance at Raiffeisen Switzerland Cooperative

Education: Dipl. Bankfachmann, Executive Program of the Swiss Finance Institute, Zurich

Committee: Member of the Nomination and Compensation Committee until 31 December 2023, Chairman of the Nomination and Compensation Committee from 1 January 2024

Term of office: until the 2025 AGM

Member

Markus Locher

Born 1978

Current position: Head CSX Digital Banking and CS Personal Banking and Managing Director at Credit Suisse (Switzerland) Ltd

Education: Master of Arts in Economics, lic. oec. publ. from the University of Zurich, Advanced Management Program (AMP) from Harvard Business School, High Performance Boards Program at IMD Lausanne

Committee: Member of the Audit and Risk Committee

Term of office: until the 2026 AGM

Member

Daniel Ritz

Born 1980

Current position: Head of Financial Accounting and Member of the Management Board at PostFinance Ltd

Education: Master of Arts in Management from the Universities of Bern and Fribourg, Bachelor of Arts in Business Information Systems from the University of Fribourg

Committee: Member of the Audit and Risk Committee until 31 December 2023, Chairman of the Audit and Risk Committee from 1 January 2024

Term of office: until the 2024 AGM

Member

Pascal Baumgartner

Born 1977

Current position: CEO and Head of Support at Entris Banking Ltd

Education: Lawyer, lic. iur. from the University of Bern, Executive MBA HSG from the University of St. Gallen

Committee (from 1 January 2024): Member of the Nomination and Remuneration Committee

Term of office: until the 2026 AGM

Independent member

Christoph Meister

Born 1953

Current position: Board mandates with Swiss Bankers CH/FL

Education: Dipl. Businessman, Business economist (HWV Bern), Certified Public Accountant, Former Partner Ernst & Young Ltd

Committee: Chairman of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee until 31 December 2023

Term of office: until the 2025 AGM; resignation announced as of 31 January 2024

Independent member

Thierry Kneissler

Born 1971

Current position: Self-employed since 2018 (employed by Kneissler Consulting GmbH, wholly owned by Mr. Thierry Kneissler), various board mandates in the SME and start-up environment, member of the Board of Trustees

Education: lic. rer. pol from the University of Bern, Executive MBA at the University of St. Gallen, CAS Board of Directors from the University of Bern-Rochester

Committee (from 1 January 2024): Member of the Audit and Risk Committee

Term of office: until the 2025 AGM

Changes to the Board of Directors

Mr. Christoph Meister, independent shareholder representative, has decided to step down from the Board of Directors of Swiss Bankers Prepaid Services Ltd with effect from 31 January 2024. Mr. Christoph Meister has been a member of the Board of Directors since the 2012 Annual General Meeting, a member of various board committees and Chairman of the Board of Directors of Swiss Bankers Prepaid Services (Liechtenstein) Ltd. The Board of Directors would like to take this opportunity to thank Mr. Christoph Meister for his tireless commitment to Swiss Bankers and his expertise.

His functions have been reallocated within the Board of Directors and will be assumed by the other members of the Board of Directors from the date of his resignation (for the overview of functions, see page 12). The statutory provisions on the number of members of the Board of Directors are not violated by the resignation. The search for a suitable candidate will begin in the coming weeks.

Articles of Association of the company

Each member of the Board of Directors shall be elected individually. Re-election is permissible. If a member retires before the end of his or her term of office, a replacement shall be elected at the next General Meeting. If the number of members of the Board of Directors falls below five, an Extraordinary General Meeting must be held within a reasonable period of time to elect a replacement. The member elected as a replacement shall serve the term of office of his or her predecessor. The Board of Directors shall constitute itself and shall appoint from among its members a Chairman, a Vice-Chairman and may designate a Secretary, who need not be a member of the Board of Directors.

Internal organisation

The Board of Directors is the supreme governing body of Swiss Bankers. It is responsible to the shareholders for the overall management of the company and decides on all matters that are not assigned to the General Meeting of Shareholders by law or the Articles of Association.

Other activities and vested interests

The other activities and vested interests of the individual members of the Board of Directors are listed in the brief biographies above.

Main tasks of the Board of Directors

The Board of Directors is responsible for steering and controlling the management of the group. It performs the duties assigned to it by law, the Articles of Association or internal regulations, insofar as these are not assigned to other bodies. In addition to the duties listed in the Articles of Association, the Board of Directors shall in particular perform the following inalienable and non-transferable duties and obligations:

- the definition and periodic review of the medium and long-term corporate goals (strategy) as well as the determination of the resources required to achieve the corporate goals (medium-term planning)
- harmonising strategy, risks and finances
- the determination of the organisation
- the determination of the compensation principles of the personnel and remuneration policy
- the structuring of the accounting system, financial control as well as the financial planning and the approval of the annual planning
- the appointment of the members of the committees of the Board of Directors from among its members
- the appointment and dismissal of the persons entrusted with the management
- the supervision of the persons entrusted with the management, in particular with regard to compliance with the law, the Articles of Association, the regulations and the directives
- responsibility for the content of the Annual Report, the preparation of the General Meeting and the execution of its resolutions
- the handling and acceptance of the reports of external auditors

Other exclusive duties of the Board of Directors

- The regular exchange of information on the course of business and special events, in particular on the earnings situation, balance sheet development, liquidity, equity and risk situation
- the establishment of an effective internal control system (ICS)
- the definition of the risk policy and risk control systems as well as the monitoring of consolidated risk management (see also Risk Management, page 30 ff. and 45 ff. and Management Report, page 23 ff.)
- the issuance of guidelines or regulations for risk management as well as the regulation of responsibilities and the procedure for the approval of transactions involving risk

GROUP

- the decision concerning the acquisition or sale of participations in other companies as well as concerning the foundation or liquidation of subsidiaries
- the decision concerning the establishment and dissolution of companies, branches and representative offices
- the setting of group and overall position limits
- deciding on the admissibility of employees to engage in part-time activities

Subject to the inalienable and non-transferable duties, parts of the agendas of the Board of Directors may be delegated to a group of members (committees). Meetings of the Board of Directors shall be convened by the Chairman or, in their absence, by the Vice-Chairman, as often as business requires, or at the request of one of its members or the external auditors. The Board of Directors passes its resolutions by an absolute majority of the votes of the members present. In the event of a tie, the Chairman shall have the casting vote. Minutes of the meetings of the Board of Directors shall be kept and signed by the author and the Chairman.

Information and control instruments

The Board of Directors and its committees have various information and control instruments at their disposal to fulfil their management and supervisory duties towards the Executive Board. These instruments include the strategy process, medium-term planning, the annual planning process, internal and external reporting and the reports of the internal and external auditors.

The members of the Board of Directors regularly receive the relevant reports, in particular the monthly management controlling reports (MIS) and the reports on the quarterly, half-yearly and annual financial statements (consolidated financial statements and individual financial statements). These contain quantitative and qualitative information such as budget variances, period comparisons, key management figures and risk analyses. These reports are prepared both for the operating Group companies and for the Group as a whole.

These reports allow the Board of Directors to obtain a picture of the relevant developments and the risk situation at all times. Those reports that fall within the remit of the committees are dealt with by the relevant committee and, if necessary, forwarded to the Board of Directors with corresponding proposals for a decision. The current reports are dealt with in detail at the meetings of the Board of Directors. The meetings of the Board of Directors are also attended by the members of the Executive Board and other persons as required. The description of how the Board of Directors carries out a risk assessment and the description of the Group's accounting-related internal control system can be found in the Management Report of the Executive Board on page 23. For current risks, see also the sections on Risk Management, pages 30 f. and 45 ff.

In 2023, the Board of Directors of Swiss Bankers held four ordinary meetings, five extraordinary meetings and one strategy meeting. The usual frequency of meetings for the full Board of Directors is quarterly, with meetings generally lasting from 8.30 am to 5 pm. Committee meetings are held on separate dates.

Nomination and Compensation Committee (NCC) and Audit and Risk Committee (PRA)

The two committees were convened in 2018 and each consist of three members of the Board of Directors, elected by the Board of Directors. The committees are self-constituting and appoint one of their members as Chairman. The committees meet as often as business requires; in 2023, the committees met three times (NCC) and four times (PRA).

Tasks

The committees fulfil their tasks and responsibilities as a collective body. The members have no personal powers and therefore cannot issue any directives. The committees submit proposals to the Board of Directors and can also make decisions in individual cases, for example in the NCC.



Embedded Finance

refers to the integration of financial services into the offerings of companies that are not traditionally active in the financial sector through partnerships between financial and non-financial companies (finance/non-finance partnerships, FNP). This development enables non-financial companies to seamlessly offer their customers financial products such as **payments, insurance or loyalty programmes directly within their own ecosystems.**

Executive Management



Hans-Jörg Widiger
CEO

Born 1964

Dipl. Kfm./lic. oec.: Studied economics at the University of Duisburg (D); Senior Executive Program, Harvard Business School, Boston; Senior Executive Program, Columbia Business School, New York.

CEO of Swiss Bankers since 2017. Prior to that, Mr. Hans-Jörg Widiger was Managing Director of Gemalto Ltd, Aarau, from 2009 to 2016, as well as a member of the Board of Directors of ID pendant Ltd (Germany) and Trüb Estonia. From 2006 to 2009, he was a member of the Executive Board of Entris Ltd and from 2000 to 2005 a member of the Executive Board of Neue Aargauer Bank. Prior to that, Mr. Hans-Jörg Widiger held various positions at Credit Suisse, UBS and PwC from 1993 to 2000. He also serves on various boards of directors and is a member of the Advisory Board IFZ FinTech of the Institute of Financial Services Zug at the Lucerne University of Applied Sciences and Arts.



Axel Liebe
CMO

Born 1968

Master of Business Administration (postgraduate diploma in business management) from the University of St. Gallen (HSG) and further education at INSEAD (Advanced Marketing Strategy Programme, Leading Digital Transformation and Innovation) in Fontainebleau (France) and Singapore, among others.

From 2020 to 2022, Mr. Axel Liebe was Head of cashgate and Head of Marketing, Digital Channels & Lifecycle Management at Cembra Money Bank. From 2012 to 2019, he was Head of Marketing & Business Development and a member of the Executive Board at cashgate Ltd. Before that, he spent two years at GE Money Bank as eBusiness & Marketing Technology Leader. From 2005 to 2010, he worked at GE Capital as Market & Customer Intelligence Director EMEA, Chief Marketing Officer Switzerland and was a member of the Executive Board Switzerland. In 2004 and 2005, he was employed by Swissquote Bank as Head of Sales and Marketing and as a member of the Executive Board. Previously, he worked for Credit Suisse, Kolb Ltd and Chupa Ltd.

The disclosure of corporate governance in accordance with FINMA Circular 2016/01 is also made on swissbankers.ch in the section "Swiss Bankers – Annual Reports".



Simone Fischer

COO/ad interim CIO

Born 1979

Master of Science in Graphic Arts Publishing, University of Applied Sciences RIT, Rochester (USA); Multimedia Insinööri, University of Applied Sciences EVTEK, Espoo (FIN); Dipl.-Ing. COMEM+ in Print Media Management, La Haute Ecole d'Ingénierie et de Gestion du Canton de Vaud (HEIG-VD), Lausanne (CH).

Since 2018, Ms. Simone Fischer has been responsible for Procurement, Customer Care, Fraud Prevention and Services as Chief Operating Officer at Swiss Bankers. From 2014 to 2018, she was Head of Customer Service at Gemalto Ltd, Aarau. From 2005 to 2014, she was Product Manager Prinect and CtP at Heidelberg Schweiz Ltd, Bern, responsible for the sales and market introduction of all software products in the Swiss market. In both functions, Ms. Simone Fischer was deputy to the management.



George Marc Isliker

CFO/CRO

Born 1964

Certified Public Accountant (CPA), Trust and Estate Practitioner (TEP), law studies at the University of St. Gallen (HSG).

In 2020, Mr. George M. Isliker joined Swiss Bankers as Chief Financial Officer and Chief Risk Officer. From 2011 to 2020, he was CFO/CRO of Valartis Group Ltd, Fribourg, Switzerland (stock-listed). From 2004 to 2010, he was Head of Group Finance & Risk at VP Bank Group, Vaduz, Liechtenstein (stock-listed). In 2003, he took a sabbatical year. From 1995 to 2002, he was Head of Finance and Head of Credit Department at the private banking group Hottinger & Cie Banquiers, Zurich, Switzerland, and from 1992 to 1995, he was an auditor with the auditing firm KPMG, Zurich, Switzerland.

Remuneration of the Board of Directors and the Executive Board

The members of the Board of Directors are entitled to fixed remuneration, which (i) is determined in accordance with the duties and functional responsibilities of the members of the Board of Directors, and (ii) is independent of the business result.

The members of the Executive Board are entitled to (a) fixed remuneration, which (i) is calculated in accordance with the duties and functional responsibilities of the person concerned, and (ii) is independent of the business result, and (b) variable remuneration (bonus). The variable remuneration component is determined with due regard to the individual performance of the employee in the relevant business area and the success of the company as a whole. The variable remuneration is paid in cash. The performance targets and the type of remuneration are determined by the NCC. The Board of Directors is informed about the remuneration of the members of the Executive Board by means of a remuneration report.

The tasks of the committees are explained in detail in the corresponding regulations.

Management

During the reporting year, Mr. Paul Kreis stepped down from the Executive Board as Chief Information Officer (CIO) on 30 April 2023. Ms. Simone Fischer (COO) took over the role of CIO ad interim on 1 May 2023. Ms. Simone Fischer can currently fulfil two Executive Management functions, as she has established an overall deputy in the COO area and the deputy can take over a large part of her functions in this area.

Organisation of the Management

The Executive Board manages the company's business, unless this is reserved for the Board of Directors by law, the Articles of Association or the organisational regulations. The CEO heads the Group and the Executive Board, which decides on business development. In particular, the Executive Board is responsible for implementing the Group's strategy as defined by the Board of Directors and for its results. The CEO is therefore responsible for the overall management and coordination of the Group as a whole, as well as for corporate development.

Other activities and vested interests

The other activities and vested interests of the individual members of the Executive Board are listed in the brief biographies above.

Management contracts

Swiss Bankers has not delegated any management tasks to third parties.

Shareholders' participation rights

Restriction and representation of voting rights

The shareholders' participation rights fulfil the legal requirements of the Swiss Code of Obligations. There are no restrictions on voting rights. Each share entitles the holder to one vote at the General Meeting of Shareholders of Swiss Bankers. Shareholders may exercise their voting rights at the Annual General Meeting themselves or be represented by an authorised representative, another shareholder with voting rights or the independent proxy. Authorisations are only valid for one General Meeting at a time.

Statutory quorums

There are no regulations that deviate from Article 704 of the Swiss Code of Obligations. Accordingly, no special statutory quorums have been determined.

Convening of the Annual General Meeting

There are no provisions in the Articles of Association that deviate from the law regarding the convening of the General Meeting of Shareholders. The General Meeting of Shareholders is convened by the Board of Directors at least 20 days before the date of the meeting, stating the agenda items and proposals, by ordinary letter to the shareholders entered in the share register. Extraordinary General Meetings are convened as required, in particular if requested in writing by the auditors or the Board of Directors, stating the reason. One or more shareholders who together represent at least 5 percent of the share capital may also request that a meeting be convened.

Agenda

The Articles of Association stipulate that shareholders who together represent shares with a nominal value of at least CHF 1 m may request that an item be placed on the agenda of the Annual General Meeting.

Auditors

Duration of the mandate and term of office of the lead auditor

Ernst & Young Ltd (EY) was first appointed as external auditor in 2008. Mr. Philipp De Boer is currently the lead auditor and has held this position since 2020. The rotation frequency for this position is seven years (maximum duration) in accordance with the applicable legal provisions.

Audit fee

In the 2023 financial year, EY invoiced Swiss Bankers CHF 0.3 m for services in connection with the interim audits, the audit of the annual financial statements and the audit of the consolidated financial statements of the Group companies as well as for the regulatory audit. EY charged Swiss Bankers CHF 0.4 m in the 2022 financial year.

Additional fees

In addition to the aforementioned audits, EY also answered tax-related questions for Swiss Bankers in 2023 for a fee of CHF 13,699.

New audit subjects as well as any special and specialised audits must be approved by the Board of Directors. There is no fixed catalogue of criteria to be applied when approving such additional mandates. The Board of Directors decides on a case-by-case basis whether the granting of the additional mandate jeopardises the independence of the audit firm.

Supervisory and control instruments vis-à-vis the auditors

The full Board of Directors is responsible for reviewing the external auditors and the Group auditors. It is responsible for dealing with the reports of the external auditors and is supported in this task by the PRA.

At the September meeting of the PRA, the external auditors generally report verbally and in writing on the planning, schedule and budget of the audit activities for the following year and introduce the lead auditor and their deputy with brief biographies. At the following March meeting of the full Board of Directors, at which the Board of Directors approves the Annual Report for the previous financial year, the external auditors present the comprehensive report of the auditors to the Board of Directors orally and in writing for the respective annual financial statements as at 31 December of the previous year for the Swiss Bankers Group and for the individual company Swiss Bankers Prepaid Services Ltd, Grosshöchstetten, and report orally on the auditing activities carried out. The external auditors attend further meetings of the Board of Directors at the request of the PRA.

The statutory requirements must be met when selecting the auditors and assessing their performance. Other key selection and assessment criteria for the Board of Directors are proven expertise in complex financial and valuation issues in accordance with accounting standards and in special topics specific to Swiss Bankers. Great attention is also paid to continuity. An in-depth assessment is carried out at medium-term intervals – generally every three to five years. The results are discussed with the audit firm in each case.

Information policy

Reporting includes the publication of Annual and Semi-annual Reports, which are prepared in accordance with the Swiss Banking Ordinance for Banks, as well as the Annual General Meeting in April. In addition to the Annual Report being sent out, it is also available online to all interested parties. The Annual Report is available online as a document in PDF format: swissbankers.ch/en/swiss-bankers/annual-reports.

2024 agenda

2023 Annual Report – 29 April 2024

2024 Annual General Meeting – 26 April 2024

2024 half-year results – 30 August 2024

Business Environment and Current Developments

In 2023, Swiss Bankers Group generated an operating profit (EBTDA) of CHF 5.2 m (previous year: CHF 3.4 m). This corresponds to an increase of CHF 1.8 m or 51.8 percent compared to the previous year. After depreciation, amortisation and taxes, net profit for the year amounted to CHF 2.2 m (previous year: CHF 0.4 m). The achievement of such a profit for the year is particularly pleasing in view of the decline in sales volume of CHF 52.9 m or 6.5 percent. This decline in sales volume can be attributed to two main effects: consumer sentiment and the competitive situation for everyday products in Swiss francs. It was already becoming apparent towards the end of 2022 that the Swiss Bankers Group would face these two major challenges in 2023.

The current sales volume of around CHF 140 m for banknote dispatch indicates that cash is still a significant factor in the market.

Although consumers expect the economy to develop positively in the coming months, the consumer sentiment index for 2023 is well below the long-term average. Geopolitical tensions, high inflation rates in the European Economic Area as well as rising interest rates and the cost of living are weighing on consumer sentiment. The increased cost of living continues to be a burden on private household budgets and is resulting in lower amounts being loaded onto Swiss Bankers cards and used for transactions. In addition, the entry of the debit card into the Swiss card market slowed volume growth for everyday products in Swiss francs.

The Swiss Bankers Group was already aware of these developments in 2022 and took various measures to overcome these challenges in the 2023 financial year. The negative trend continued during the first nine months, whereas in the fourth quarter of 2023 there were only marginal deviations against the previous year.

As in previous years, the trend in the payments industry is towards more e- and m-commerce (electronic and mobile commerce), digital and contactless payments, instant payments and the replacement of cash. However, the high increase in the area of "Money Send" in foreign currencies indicates that cash is still a significant factor in the market (2023: CHF 138.2 m; 2022: CHF 126.7 m). It is to be assumed that banknote dispatch will continue to be used actively by clientele in future.

Swiss Bankers 2023

In 2023, Swiss Bankers was able to realise several further developments in its project portfolio and generate the following added value for Swiss Bankers customers in connection with its products:

- Cooperation with Booking.com
- Fee transparency
- Send expansion (additional countries and cash receiving channels)

The main focus in 2023 was the processor changeover from the previous MPTS platform to the new MPE platform. A processor processes all transactions on the prepaid cards and supports the entire range of international bank cards. This overall bank project took a lot of time and effort from Swiss Bankers employees in 2023 to ensure that this change would not be noticeable for Swiss Bankers customers. The switch from MPTS to MPE, i.e. the migration, will take place in the second quarter of 2024.

In addition, internal projects such as the realisation of an investment tool for the management of financial assets and the further development of the data warehouse were continued. The New Digital Workplace project was also launched, which will provide Swiss Bankers employees with a modern and attractive workplace in future.

Swiss Bankers 2024

The first half of the new year will primarily focus on the processor switch from MPTS to MPE, so that the migration can take place in the second quarter without noticeable disruption for Swiss Bankers customers. Parallel to the follow-up support phase for the processor change, the Swiss Bankers Group will be working on the next major system project, namely the further development of internal systems in order to be able to bring future adjustments to the product and service portfolio to market as quickly as possible:

- Processor change from MPTS to MPE
- New Digital Workplace
- IT system landscape renewal concept
- Partnerships – customised products and service solutions
- Development of new sales channels

In addition to these projects, the Swiss Bankers Group will continue to focus on the transformation resulting from “Strategy 2022” and push ahead with the sale of the company in a second sales process. As the need for substantial investment for the next steps in the transformation process has not changed, the shareholders of the Swiss Bankers Group are sticking to their intention to sell the company. The second sales process has been launched and various interested parties are participating. This process, including the approval process by the banking supervisory authorities in Switzerland and Liechtenstein, will take up most of the 2024 financial year.

Swiss Bankers 2025

Future challenges include the adaptation of the product and service portfolio and the digitalisation of processes due to internationalisation at both national and international level:

- Digital offerings – expansion and optimisation of digital products and channels
- Mobile payment – tokenised cards and biometric data to promote mobile payments and third-party wallets
- Digitalisation of customer service

Innovation and Digital Solutions

One of the cornerstones of Swiss Bankers' corporate strategy is the consistent digitalisation of processes. Internally, this should lead to an increase in efficiency and a reduction in costs. Externally, the aim is to enable partners and customers to use payment products and services more easily, quickly and flexibly.

In order to achieve this, two factors play a decisive role: firstly, Swiss Bankers has adapted and decoupled the existing services for Swiss clients in such a way that they can be used entirely via programming interfaces (APIs) in the form of web services. This achieves the second success factor in the form of greater flexibility. The services, which can now be used more universally, can be combined to create new solutions that are much better able to meet the needs of partners and customers.

Digital solution using the example of payment methods for organisations

Paying with a prepaid card is nothing new in and of itself. However, the decisive factor is the service concept in which the payment services are embedded and how they are made accessible to the target customer. The following example shows how expense management for international organisations, corporate clients or public institutions is significantly simplified by the use of Swiss Bankers prepaid cards.

These companies are handled like regulated sales partners and are therefore directly connected via file transfer or the Order Direct system. This means that individual cards can be loaded easily and amounts can be credited to several cards at once using the "bulk card loading" function. The United Nations Environment Programme, for example, uses this option to pay out expenses to participants in its events as quickly and easily as possible. Participants can use their card in over 70 m shops and hotels worldwide, as well as for online payments.

Organisations thus benefit from lower management costs, as expenses are significantly reduced. In addition, full integration into the Swiss Bankers system landscape eliminates the collateral previously required for the credit lines of the expense cards. Efficiency gains that were previously reserved for larger companies are now available to everyone. In addition, you are protected by state-of-the-art security concepts such as two-factor authentication and the Swiss Bankers app, which also offers geoblocking, card blocking and many other security functions.

Flexible payment components as a success factor

Swiss Bankers sees the newly gained flexibility and automation of payment services as an essential key factor for future business success. More and more companies and organisations are shifting certain value-adding activities much closer to their end customers. Often, these are payment transactions, which take many different forms. By means of flexible, cost-effective payment components, new customer-oriented solutions can be created for a wide range of industries.

Anyone who has shopped online in recent years is likely to have come across financing options from companies such as Amazon, Klarna or Afterpay. This trend is known as "embedded finance": companies that are not primarily banks offer financial products and services – usually as part of their products or services, but sometimes also independently of them.

Embedded finance will become increasingly important for almost every conceivable sector. It allows companies to integrate financial products into their channels and thus offer consumers an end-to-end customer journey. This can be done via the websites and apps of online platforms or stores, but also in more specialised applications for industrial companies. It makes transactions simple, fast and convenient. All in all, it is an opportunity for providers to meet the growing requirements of their customers.

To meet the growing demand for embedded finance, a slowly growing number of financial institutions such as Swiss Bankers are increasingly offering Banking-as-a-Service (BaaS). These services are provided as white-labelled or co-branded services for non-banks. Technologically, the services are made available via APIs and use one of Swiss Bankers' core competencies, risk and compliance management.

Platform operators or internationally active companies in particular benefit from the flexible Swiss Bankers Payment components. For example, prepaid card accounts can be provided very easily for the international disbursement of funds. No matter where the payment recipient is located, cash can be withdrawn or other services can be paid for via the Mastercard network.

Swiss Bankers is ready for the future of payment – secure and flexible, in real time and easy to integrate.

Management Report

Business performance and economic situation

Compared to the previous year, Swiss Bankers Group generated an operating profit (EBTDA) of CHF 5.2 m for 2023 (previous year: CHF 3.4 m). This corresponds to an increase of CHF 1.8 m or 51.8 percent compared to the previous year. After depreciation, amortisation and taxes, this results in an annual profit of CHF 2.2 m (previous year: CHF 0.4 m). The achievement of such a profit for the year is particularly pleasing against the backdrop of a decline in sales volume of CHF 52.9 m or 6.5 percent. This decline in sales volume can be attributed to two main effects: consumer sentiment and the competitive situation for everyday products in Swiss francs. It was already becoming apparent towards the end of 2022 that the Swiss Bankers Group would face these two major challenges in 2023.

The Swiss Bankers Group was already aware of these developments in 2022 and took various measures to overcome these challenges in the 2023 financial year. The negative trend continued during the first nine months, whereas in the fourth quarter of 2023 there were only marginal deviations from the previous year.

At a total of CHF 761.4 m, the volume of card loads and banknote dispatch was 6.5 percent or CHF 52.9 m lower than in the previous year. As already mentioned, various factors led to this negative deviation. Card products in Swiss francs, which are primarily suffering from the current competitive situation, recorded the largest negative deviations compared to the previous year. On the other hand, card products in US dollars benefited from the strong Swiss franc and achieved an increase in volume of CHF 8.2 m or 11.6 percent compared to the previous year.

In addition, the "Money Send" area performed exceptionally well, increasing by CHF 11.5 m or 9.1 percent compared to the previous year and reporting a sales volume of CHF 138.2 m at the end of 2023 (previous year: CHF 126.7 m). In addition to banknote dispatch, the Value card product (corporate card for business customers) and Swiss Bankers' direct sales should be highlighted. The Value card grew from CHF 28.4 m to CHF 39.8 m compared to the previous year. This represents an increase of CHF 11.4 m or 40.2 percent. In direct sales with Life and Travel products, the sales volume increased from CHF 44.4 m to CHF 53 m. This corresponds to an increase of CHF 8.6 m or 19.3 percent.

Overview of the 2023 financial year

The decline in sales volume of CHF 52.9 m or 6.5 percent can be broken down as follows: a decrease in the card sales volume (loading volume on prepaid cards) of CHF 64.4 m or 9.4 percent and an increase in the sales volume of banknote dispatch and the Send transfer service of CHF 11.5 m or 9.1 percent. As the volume of card sales declined, the volume of purchases also decreased. The transaction volume fell by 8.4 percent from CHF 655.9 m to CHF 601 m. The decline was recorded primarily in the area of transactions in Switzerland and Europe. Parallel to the increase in the volume of banknote dispatch – there is still a great deal of pent-up demand for travelling abroad – the use of cards in countries outside Europe also increased. The total number of transactions fell in comparison to the volume, but not to the same extent as the volume. The number of transactions fell by 6.9 percent and the volume by 8.4 percent. The average amount per transaction fell by CHF 1.15. This shows that customers' usage behaviour has only changed marginally with slightly lower volumes.

Commission income, which is made up of loading commissions, annual fees and subscription fees, increased from CHF 22.5 m to CHF 23.5 m due to an adjustment in the life cycle management of card products and customer segmentation. This corresponds to an increase of 4.5 percent.

The growth in trading business, which only includes foreign exchange income from the issue of prepaid cards and the dispatch of banknotes in various currencies, is primarily due to the increased sales volume from the banknote dispatch service. Thanks to travel to distant countries such as Thailand, Japan and Indonesia, trading business grew by a further CHF 0.3 m compared to the previous year.

Products

Travel is the leading prepaid card in Switzerland. Swiss Bankers' customers generally use Travel to pay in shops, restaurants and hotels – both locally and in e- and m-commerce (electronic and mobile commerce). The sales volume totalled CHF 389 m, of which CHF 27.2 m was distributed via direct sales. In the year under review, Swiss Bankers' distribution partners and the company itself issued around 31,000 new Travel cards through direct sales. In the previous year, around 28,000 new cards were sold. This corresponds to an increase of around 9 percent.

Life, the prepaid card for daily use, was loaded by around 65,000 customers with a volume of CHF 113.6 m. This corresponds to a decline of 16.2 percent in sales volume compared to 2022. The prepaid card for daily use is currently facing strong competition on the Swiss market, which explains the decline in 2023. Towards the end of 2023, the decline in the Life product slowed compared to the previous year (trend reversal), which gives the Swiss Bankers Group a positive outlook for the future.

Prime – the card for upscale demand – is showing a slight decline compared to the previous year. Compared to the previous year, the sales volume decreased by CHF 3.4 m or 4 percent. The sales volume at the end of 2023 totalled CHF 80.8 m (previous year: CHF 84.2 m). Value – the prepaid card for companies – developed very positively in 2023. The sales volume increased from CHF 28.4 m to CHF 39.8 m. This is mainly due to the fact that the card is primarily used to pay employee expenses, conference delegates' attendance fees or project costs abroad. As the end of the COVID-19 pandemic has made these events and trips possible again, the sales volume has increased accordingly.

In total, Swiss Bankers recorded around 487,000 cardholders with earnings (previous year: 531,000) with around 550,000 cards at the time of reporting. This corresponds to a decrease of 9 percent. Every year, the number of cards has to be administratively adjusted (product change, change of use, renewal), which leads to a corresponding decline. However, the number of new cards sold each year is a clear indication that Swiss Bankers' prepaid cards are still in demand and in use on the market. Compared to the previous year, a total of 45,000 new prepaid cards were sold in 2023. This corresponds to an increase of 2.7 percent compared to the previous year.

In 2023, active cardholders made 8.5 m transactions (previous year: 9.2 m transactions) at ATMs or at over 70 m Mastercard acceptance points. The volume in this area is also increasing as a result of advancing digitalisation and the increased use of mobile phones or wallets to pay for purchases. Around 23,000 Swiss Bankers customers used the mobile payment option in 2023. This corresponds to an increase of 3.5 percent compared to the previous year. Compared to the previous year, the transaction volume rose by 32.8 percent to CHF 38.9 m and the number of transactions by 23.4 percent to around 1.1 m.

The Swiss Bankers app is the most important communication and interaction channel with Swiss Bankers clients. In 2023, more than 380,000 users (2.7 percent more than in the previous year) used the Swiss Bankers app.

Financial situation

The financial position of the Swiss Bankers Group remains stable. The Group's equity amounted to CHF 36.5 m as at 31 December 2023 (31 December 2022: CHF 34.3 m). This corresponds to an equity ratio, i.e. equity as a percentage of total assets, of 10.1 percent (31 December 2022: 9 percent). Equity as at 31 December 2023 thus increased by around CHF 2.2 m compared to 31 December 2022.

Net liquidity decreased from CHF 358.3 m at the end of 2022 to CHF 337.7 m at the end of 2023. Trading portfolios held for short-term liquidity management amounted to CHF 204.7 m at the end of 2023 (31 December 2022: CHF 223.8 m).

The cash flow statement for 2023 is strongly characterised by investment activity as part of the transformation process. In 2023, CHF 6 m was invested in projects in the areas of products, digitalisation and automation. This is an increase of CHF 2.5 m compared to the previous year. In addition to the CHF 6.1 m for suppliers, CHF 1.1 m was spent on internal employees who were involved in these projects. Together, these amounts resulted in an investment volume of CHF 7.2 m.

Employees

Over the years, the employees of Swiss Bankers have made a decisive contribution to the transformation success through their identification with the company and their commitment to Swiss Bankers' goals. They are of great importance to the success of Swiss Bankers and its future competitiveness. The recognition of individual performance is an important factor, and it is a particular concern of the Board of Directors and the Executive Board to acknowledge the performance of employees accordingly.

The Board of Directors and the Executive Board of Swiss Bankers would like to thank employees for their commitment over the past year and for their continued high level of loyalty and the trust they place in Swiss Bankers.

At the end of 2023, the Swiss Bankers Group – consisting of Swiss Bankers Prepaid Services Ltd in Switzerland and Swiss Bankers Prepaid Services (Liechtenstein) Ltd – employed 93 people on a full-time equivalent basis. In the previous year, there were 91.7 employees as at 31 December 2022 (also adjusted for full-time equivalents).

Carrying out a risk assessment

The Board of Directors monitors the risk management system and deals with all relevant risks on a quarterly basis as part of periodic reporting. Current risks are identified and assessed on an ongoing basis. See also explanations on Risk Management, pages 30 f. and 45 ff.

Each year, the Board of Directors conducts a structured analysis of the main risks to which the Group is exposed due to its business model. These include credit, market, liquidity, operational, strategic, business and reputational risks. The Board of Directors takes into account risk-minimising measures, internal controls and findings from changes in political, economic, sociocultural, legal, environmental or technological conditions. Based on this, the Board of Directors sets overall targets and risk limits, compliance with which is monitored on an ongoing basis.

On this basis, strategic and organisational decisions are made to optimise Swiss Bankers' risk positions. An essential component of this is the design and further development of the internal control system, which is intended to address identified risks through suitable and stringent control measures and minimise their probability of occurrence.

The appropriate establishment of risk management and control processes that ensure the identification, assessment, management, monitoring and reporting of significant risks and the associated risk concentrations aims to ensure that all risks are appropriately addressed. A key objective is to create transparency about risks at an early stage and reduce potential losses. The Board of Directors assesses the structures and measures for managing and monitoring material risks as appropriate.

Description of the accounting-related internal control system

Swiss Bankers' internal control system encompasses all principles, procedures and measures designed to ensure the effectiveness, efficiency and propriety of the accounting process and compliance with relevant legal requirements. It is based on the international COSO model and comprises the following components: control environment, risk assessment process, accounting-related information systems, control activities and monitoring of the internal control system (ICS). COSO (Committee of Sponsoring Organisations of the Treadway Commission) is a voluntary private sector organisation in the United States of America that seeks to improve the quality of financial reporting through ethical behaviour, effective internal controls and good corporate governance.

There have been no significant changes since the balance sheet date that would require an adjustment to the internal control system.

Fraud prevention

Cyber and fraud risks are among Swiss Bankers' most significant operational risks. The strong and increasing dependence on information and communication technologies and their interconnectedness can lead to pronounced vulnerabilities. In recent years, Swiss Bankers has continuously developed and sharpened its monitoring and prevention of fraudulent transactions with various measures. In the year under review, Swiss Bankers continued to invest substantially in this area, both in terms of personnel and technology, in order to manage such risks.

Board of Directors

The Board of Directors of Swiss Bankers held four ordinary meetings, five extraordinary meetings and one strategy meeting last year. The Audit and Risk Committee of the Board of Directors met four times in 2023, and the Nomination and Compensation Committee of the Board of Directors met three times.

Executive Management

During the reporting year, Mr. Paul Kreis stepped down from the Executive Board as CIO on 30 April 2023. Ms. Simone Fischer (COO) has taken over Mr. Paul Kreis' role ad interim until a new CIO is appointed. The fact that Ms. Simone Fischer can currently perform two Executive Management functions is due to the fact that she has organised her COO deputy internally in such a way that her COO deputy can take on a large part of the COO's activities.

Business development**Sales volume**

The CHF 52.9 m decline in sales volume is mainly due to two effects that are difficult for the Swiss Bankers Group to influence: consumer sentiment and the competitive situation for everyday products. Despite the negative trend in sales volume, the Swiss Bankers Group is confident that it can meet these challenges. This is particularly evident in the banknote dispatch service, the Value card and the sale of Life and Travel card products via Swiss Bankers' direct sales organisation. A sales volume of CHF 761.4 m can be achieved across all business areas, which is CHF 52.9 m or 6.5 percent lower than in the previous year (2022: CHF 814.2 m).

The sales volume in the card business fell by 9.4 percent from CHF 687.6 m to CHF 623.2 m. Negative growth of CHF 76.5 m or 17.7 percent was recorded in Retail Banking (as a sales channel) in particular. In Retail Banking, card products are mainly loaded in Swiss francs (competitive situation on the Swiss card market), which is why the decline here is all the more significant. In Private Banking (as a sales channel), the decline is smaller (CHF -7.9 m or -4.3 percent), as cards in euros and US dollars are primarily loaded and used in Private Banking.

The volume of banknote dispatch rose 8.5 percent to CHF 136.3 m in the past year (previous year: CHF 125.6 m). The sales volume of Send in the area of cross-border transactions, introduced in 2019, almost doubled in the same period compared to the previous year and totalled CHF 1.9 m (previous year: CHF 1 m).

Income statement

The interest income is influenced on the one hand by the change in balances on prepaid cards not yet drawn in Swiss francs, euros or US dollars, which is referred to collectively as the float, and on the other hand by the amount of new interest earned on investments that become available. In addition to the float on prepaid cards, Swiss Bankers also reports a float in connection with travellers cheques in Swiss francs sold in previous years. The float of both prepaid cards and travellers cheques, which is invested in the corresponding currency in bonds, medium-term notes, call and fixed-term deposits and current accounts, decreased 6.7 percent from CHF 336.4 m (2022) to CHF 314 m in 2023. Net interest income amounted to CHF 2.9 m (previous year: CHF 2.1 m). The increase of CHF 0.8 m or 37.6 percent can be attributed mainly to two factors: on the one hand, the average interest rate of the portfolio increased from 0.76 percent to over 1 percent, and on the other hand, the negative interest on the account at the Swiss National Bank was lifted.

Despite the decline in sales volume, commission income increased by 4.5 percent year-on-year from CHF 22.5 m to CHF 23.5 m. This was primarily due to the revision of the life cycle management of card products and segmentation. As part of life cycle management, current fees are reviewed and adjusted if necessary. By adjusting the fee models for the products, a moderate proportion of the current cost increases for the Bank will be passed on to Swiss Bankers' customers due to the current inflation. However, it is always kept in mind that Swiss Bankers' product range remains competitive compared to that of its competitors.

Commission expenses, which are directly related to the sales volume and the number of sales, fell in line with the sales volume. Commission expenses were reduced by CHF 1 m or 9.5 percent compared to the previous year and amounted to CHF 9.8 m as at 31 December 2023 (previous year: CHF 10.8 m).

Income from trading includes foreign exchange gains from the issue of prepaid cards and from the dispatch of banknotes in various currencies, i.e. exchange rate gains from card transactions abroad and from banknote trading. Net trading income in 2023 amounted to CHF 11.9 m and was therefore 2.5 percent higher than in the previous year (2022: CHF 11.6 m). The increase of CHF 0.3 m is due to the dispatch of banknotes. Due to the continued high demand for non-European banknotes (e.g. Japanese yen, Thai baht, Canadian, Australian and New Zealand dollars), this increase was realised accordingly.

Compared to the previous year, personnel expenses fell CHF 0.4 m or 2.8 percent from CHF 12.9 m to CHF 12.5 m. This decline is attributed on the one hand to the current shortage of skilled workers in the Swiss job market, and on the other hand, to the change that as of 1 January 2023 internal project contributors are now also counted towards projects. This means that internal employees track their project time, and the hours worked are then recorded monthly against the projects and capitalised as intangible assets.

Compared to the previous year, operating expenses rose from CHF 9 m to CHF 11.2 m, an increase of CHF 2.2 m or 24.9 percent. Due to the current difficult situation on the Swiss labour market, Swiss Bankers had to use external service providers to compensate for the lack of employees in personnel expenses in order to advance pending tasks as well as smaller internal projects. External employees were brought in on a temporary basis in the areas of call agents (Customer Value Centre), IT and for remediation work.

Losses from the customer card business were significantly reduced in 2022 compared to the previous year. Thanks to the now established processes in the area of fraud prevention, the "Losses" position decreased from CHF 0.3 m to CHF 0.1 m compared to the previous year. This corresponds to a further reduction of 71.6 percent (previous year: 76.8 percent). Furthermore, Swiss Bankers provides its customers with competent specialists every day, including weekends and holidays, from 8 am to 10 pm. The entire fraud prevention set-up is designed to operate 24/7, meaning 24 hours a day, 7 days a week, all year round.

Compared to the previous year, EBTDA (earnings before taxes, depreciation and amortisation; operating result) was CHF 1.8 m or 51.8 percent higher. The operating profit for 2023 totalled CHF 5.2 m (previous year: CHF 3.4 m).

Depreciation totalled CHF 2.5 m, CHF 0.6 m lower than in the previous year (2022: CHF 3 m). The decrease is primarily due to the fact that the Swiss Bankers Group only had one major project in progress in 2023, namely the processor switch from the previous MPTS platform to the new MPE platform. As the project is scheduled to end in mid-2024, this investment will only be amortised from this date.

Temporary differences between the trading and tax results may lead to deferred tax liabilities or deferred tax assets having to be recognised at Group level. This includes deferred tax assets in connection with the future offsetting of the realised loss.

Compared to the previous year, the Group reported a consolidated profit after tax of CHF 2.2 m. In the previous year, Swiss Bankers reported a consolidated profit after tax of CHF 0.4 m.

Balance sheet

The balance sheet total of CHF 361.8 m reported as at 31 December 2023 is 5 percent or CHF 18.9 m lower than in the previous year (31 December 2022: CHF 380.7 m) due to the reduction in liabilities. Liabilities fell CHF 21.1 m or 6.1 percent from CHF 346.4 m as at 31 December 2022 to CHF 325.3 m as at 31 December 2023 due to the decrease in liabilities from customer deposits. The decrease is not due to a specific withdrawal of customer deposits, but rather to the lower sales volume in 2023. Due to the lower sales volume, customers left fewer funds on the prepaid cards.

Appropriation of profits

The Board of Directors of Swiss Bankers Prepaid Services Ltd will propose to the Annual General Meeting on 26 April 2024 that no dividend be paid for the 2023 financial year.

Extraordinary events

Significant events after the balance sheet date

There were no significant events after the balance sheet date. Any events after the balance sheet date are also listed in the consolidated financial statements of Swiss Bankers, page 45.

Segment reporting

Swiss Bankers has only one segment and reports on only one business component of the Group. See also the notes to the consolidated financial statements on page 42.

Outlook

Expected development of the Swiss Bankers Group

In 2023, the Swiss Bankers Group was able to prove that its product range is up to the challenges of the market (consumer sentiment and competition on the Swiss card market). This is particularly evident in the comparison of sales volumes in the final months of 2023. Despite these positive signs at the end of the year, Swiss Bankers anticipates that sales volumes in 2024 will “only” be maintained at the same level as in 2023. This is primarily because the current economic forecasts are still burdened by various risks, including sharply rising energy prices and the associated higher inflation rates. Rising prices would have the indirect consequence that Swiss Bankers’ customers would not spend their money on travel or retail consumption.

However, Swiss Bankers is convinced that its attractive and diverse range of products and services will serve the needs of Swiss Bankers customers well. The innovative mix of physically and digitally available products will continue to make the everyday lives and travelling activities of Swiss Bankers customers easier in future.

In line with the strategic directives, Swiss Bankers will focus primarily on the sale process of the company and the completion of the processor change project in 2024. Subsequently, the focus will shift to new projects in the areas of market development and automation. For further information, please refer to the Strategy and Risk-bearing Capacity chapter on page 30. An important goal for the future will continue to be steadily increasing the Group’s operating cash flow through renewals and improvements.



Banking-as-a-Service

(BaaS) enables technology companies and non-banks to integrate banking services such as account management, payment processing, fraud prevention and compliance into their offerings, regardless of whether they have a banking licence or not. This model is based **on the infrastructure of traditional banks** to enable third-party providers to develop their own financial products.

Strategy and Risk-bearing Capacity

Swiss Bankers Prepaid Services Ltd together with Swiss Bankers Prepaid Services (Liechtenstein) Ltd form the Swiss Bankers Group. In addition to offices in Gosshöchstetten (near Bern) and Vaduz, Liechtenstein, Swiss Bankers also has offices in Zurich.

Strategic thrust

Today, Swiss Bankers' business activities include prepaid and money-sending solutions in Switzerland, Liechtenstein and Germany for national and international clients and providing innovative digital payment solutions for international markets.

Focussed growth

One of the key challenges in the composition of a client product portfolio is to resolve the trade-off between optimising the expected return (capital appreciation including interest from the float less costs) within a certain period of time on the one hand and limiting the costs and loss risk on the other. Typically, the structure and composition of the products show a certain constancy over time, which implies a countercyclical behaviour and thus entails both opportunities and risks. Pro-cyclical behaviour would lead to significant annual changes in the necessary investments, which would entail increased transaction costs.

Measures to increase earnings and control costs

The biggest challenge is the necessary volume growth. Anyone operating a payment business today must have excellently trained and specialised employees and modern and efficient infrastructures. This results in increasingly higher fixed costs and regular investments, regardless of whether a make-or-buy strategy is pursued. Profitability can only be achieved through higher volumes. In addition, aggressive competitors are increasing the pressure on margins and growth. The role of a niche player in the consumer payment sector is thus increasingly under pressure.

Both Group units have already initiated or restarted programmes to increase revenue or reduce costs in order to achieve the targeted increase in efficiency and profitability in a timely manner. In particular, management is working to increase short-term flexibility despite increasing challenges and complexity in determining additional investments in order to make the business model more scalable, especially in the area of commission and operating expenses, and to keep costs generally under control. Consistent risk management and compliance with the criteria for risk-bearing capacity remain key principles of the Group. The Swiss Bankers Group's internal control system (ICS) is continuously adapted and helps to manage operational risks efficiently.

Increase in commission income

An important component to increase the overall return is to build new partnerships. Cooperation not only opens up the possibility of countering rising costs, but also of jointly developing and implementing investment projects. The Swiss Bankers Group is, therefore, in constant exchange with partners in order to share existing resources and optimise their use.

Risk situation of the Swiss Bankers Group

Risk management for risks on the assets side is based on the professional principles of value-oriented corporate management, which include the targeted assumption of risks and their professional control. Taking into account the basic principle of risk-bearing capacity, the profit-oriented assumption of risk is the focus of risk management.

Anyone operating a payment business today must have excellently trained and specialised employees and modern and efficient infrastructures.

Organisation of risk management

The Swiss Bankers Group has a central risk management organisation.

As the highest supervisory body, the Board of Directors is responsible for all risks of the Group and defines the corresponding risk policy. It is responsible for setting the annual risk budget, the limit structure and the maximum risk tolerance (quantitative and qualitative) in relation to the Group's risk-bearing capacity. Executive Management is responsible for implementation of the risk management and control principles and ensures permanent compliance with the prescribed limits. For detailed information on risk monitoring and risk assessment, see the Management Report chapter starting on page 23.

The Swiss Bankers Group's business activities are currently exposed to the following main risks:

- Credit risks
- Operational risks
- Market risk (price risk, interest rate risk and foreign currency risk)
- Liquidity risk

Cyber and fraud risks are among Swiss Bankers' most significant operational risks. The Swiss Bankers Group continued to invest in this area in the reporting year, both in terms of personnel and technology.

Part of risk management also involves complying with FINMA's regulatory requirements. One of FINMA's requirements is the qualitative and quantitative disclosure of basic regulatory ratios. As a result, the most important regulatory key figures of the Swiss Bankers Group and Swiss Bankers Prepaid Services Ltd in accordance with FINMA Circular 2016/01 "Disclosure – banks" can be found on the following pages.

All of the Swiss Bankers Group's key risk figures improved in the 2023 financial year, in some cases significantly, and show a very stable equity, liquidity and risk situation.

Regulatory Key Figures

Disclosure of regulatory key figures for the Swiss Bankers Group

Basic regulatory indicators (KM1)

The numbering corresponds to the requirements of FINMA Circular 2016/01 "Disclosure –banks".

(in CHF thousand)

| | 31.12.2023 | 31.12.2022 |
|----------------------------|-------------------|---------------|
| ELIGIBLE OWN FUNDS | | |
| 1 Hard core capital (CET1) | 34,300 | 33,935 |
| 2 Core capital (T1) | 34,300 | 33,935 |
| 3 Total capital | 34,300 | 33,935 |

RISK-WEIGHTED POSITIONS (RWA)

| | | |
|-----------------------------|---------------|---------------|
| 4 RWA | 184,720 | 202,696 |
| 4a Minimum own funds | 14,778 | 16,216 |

RISK-BASED CAPITAL RATIOS (IN % OF RWA)

| | | |
|-----------------------|-------|-------|
| 5 CET1 ratio | 18.57 | 16.74 |
| 6 Core capital ratio | 18.57 | 16.74 |
| 7 Total capital ratio | 18.57 | 16.74 |

CET1 BUFFER REQUIREMENTS (IN % OF RWA)

| | | |
|--|-------|------|
| 8 Own funds buffer according to Basel minimum standards | 2.50 | 2.50 |
| 9 Countercyclical buffer (Art. 44a ERV) according to Basel minimum standards | - | - |
| 11 Total buffer requirements according to Basel minimum standards in CET1 quality | 2.50 | 2.50 |
| 12 Available CET1 to cover buffer requirements according to Basel minimum standards (after deduction of CET1 to cover minimum requirements and, if applicable, to cover TLAC requirements) | 10.57 | 8.74 |

CAPITAL RATIOS ACCORDING TO ANNEX 8 ERV (IN % OF RWA)

| | | |
|--|-------|-------|
| 12a Capital buffer according to Annex 8 ERV | 2.50 | 2.50 |
| 12b Countercyclical buffer (Art. 44 and 44a ERV) | - | - |
| 12c CET1 target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV | 7.00 | 7.00 |
| 12d T1 target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV | 8.50 | 8.50 |
| 12e Total capital target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV | 10.50 | 10.50 |

BASEL III LEVERAGE RATIO

| | | |
|---|---------|---------|
| 13 Total commitment | 364,046 | 382,422 |
| 14 Basel III Leverage Ratio (core capital in % of total exposure) | 9.42 | 8.87 |

(in CHF thousand)

| | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | |
|---------------------------------------|--|--------------------|--------------------|--------------------|------------|---------|
| LIQUIDITY COVERAGE RATIO (LCR) | | | | | | |
| 15 | Numerator of the LCR: Total high-quality liquid assets | 108,224 | 109,236 | 109,390 | 105,835 | 102,529 |
| 16 | Denominator of the LCR: Total net cash outflow | 31,396 | 33,012 | 40,005 | 37,553 | 35,162 |
| 17 | Liquidity ratio, LCR (in %) | 344.71 | 330.90 | 273.44 | 281.83 | 291.59 |

(in CHF thousand)

| | 31.12.2023 | 31.12.2022 | |
|---------------------------------|------------------------------|------------|---------|
| NET STABLE FUNDING RATIO | | | |
| 18 | Available stable refinancing | 317,318 | 337,239 |
| 19 | Stable refinancing required | 165,712 | 209,966 |
| 20 | Funding ratio NSFR (in %) | 191.49 | 160.62 |

(in CHF thousand)

| | RWA 31.12.2023 | RWA 31.12.2022 | Minimum own funds 31.12.2023 | |
|---|---|-------------------|---|---------------|
| OVERVIEW OF RISK-WEIGHTED POSITIONS (OV1)* | | | | |
| 1 | Credit risk | 122,438 | 141,312 | 9,795 |
| 20 | Market risk | 1,888 | 1,015 | 151 |
| 24 | Operational risk | 41,138 | 44,550 | 3,291 |
| 25 | Amounts below the threshold for deductions (positions to be risk-weighted at 250%) | 4,300 | 5,663 | 344 |
| 27 | Total | 169,764 | 192,540 | 13,581 |

* According to FINMA Circular 2016/01 "Disclosure – banks", non-counterparty related risks are not to be included in table OV1 for partial disclosure. Therefore, the sum of the minimum own funds is lower than in table KM1.

Approaches used to determine the minimum own funds:

- Credit risks: BIS standardised approach
- Market risks: BIS standard approach
- Operational risks: Basic indicator approach

There have been no significant changes compared to the figures of the previous period.

Liquidity Risk Management (LIQA):

The management of liquidity risks is explained in the 2023 Annual Report under the following item: Notes on risk management, section Liquidity and refinancing risks, page 45.

Operational risks – general disclosures (ORA):

Operational risks are explained in the 2023 Annual Report under the following item: Notes on risk management, section Operational risks, page 46. The basic indicator approach is used to calculate the required own funds for operational risks.

GROUP

(in CHF thousand)

| | Gross carrying amounts of defaulted positions | Gross book values of non-defaulted positions | Value adjustments/ depreciation | Net values | |
|--|---|--|---------------------------------|------------|----------------|
| CREDIT RISK: CREDIT QUALITY OF ASSETS (CR1) | | | | | |
| 1 | Receivables (excluding debt instruments) | – | 103,908 | 56 | 103,852 |
| 2 | Debt instruments | – | 204,707 | – | 204,707 |
| 3 | Off-balance sheet items | – | 4,401 | – | 4,401 |
| 4 | Total, reporting year | – | 313,016 | 56 | 312,960 |
| 4 | Total, previous year | – | 327,977 | 55 | 327,922 |

(in CHF thousand)

| | Unsecured positions/ book values | Collateralised loans positions, effective collateralised amount | Items secured by financial guarantees or credit derivatives, effective collateralised amount |
|--|----------------------------------|---|--|
| CREDIT RISK: OVERALL VIEW OF RISK MITIGATION TECHNIQUES (CR3) | | | |
| Receivables (incl. debt instruments) | 308,559 | – | – |
| Off-balance sheet transactions | 4,401 | – | – |
| Total, reporting year | 312,960 | – | – |
| <i>thereof defaulted</i> | – | – | – |
| Total, previous year | 327,922 | – | – |
| <i>thereof defaulted</i> | – | – | – |

Objectives and Guidelines for Interest Rate Risk Management of the Banking Book (IRRBB) – see tables below:

The Swiss Bankers Group does not pay interest on liabilities (card balances in Swiss francs, euros and US dollars and unredeemed travellers cheques in CHF) and, therefore, has no interest rate risks on the liabilities side. Deposits and parts of own funds are held in current accounts for the short and medium term, and excess liquidity is invested in fixed-term deposits, medium-term notes and liquid bonds (valued according to the accrual method) with high debtor quality. Changes in interest rates, therefore, have an impact on the Swiss Bankers Group's net interest income. In the run-up to the acquisition of financial assets, the Swiss Bankers Group's Investment Committee makes assumptions about client behaviour and derives from this how much capital can be invested in which term in order to ensure solvency at all times. The Swiss Bankers Group, therefore, replicates its liabilities in line with its investment strategy. As a result, the Swiss Bankers Group has similar maturities on the assets and liabilities side with regard to fixed interest rates.

The measurement and reporting of interest rate risks is carried out on a quarterly basis within the framework of the regulatory requirements.

(in CHF thousand)

| | Volume | | | Average interest rate reset period | | Maximum interest rate reset period* | |
|---|----------------|----------------|--------------------------|------------------------------------|-------------|-------------------------------------|-------------|
| | Total | thereof CHF | other major currencies** | Total | thereof CHF | Total | thereof CHF |
| INTEREST RATE RISKS: QUANTITATIVE INFORMATION ON THE POSITION STRUCTURE AND INTEREST REDEFINITION (IRRBA1) | | | | | | | |
| Specified interest rate reset date | | | | | | | |
| Receivables from banks | 64,387 | 56,500 | 7,887 | 1.88 | 2.10 | - | - |
| Receivables from customers | 5,000 | 5,000 | - | 3.40 | 3.40 | - | - |
| Financial assets | 204,707 | 92,947 | 111,760 | 2.60 | 2.65 | - | - |
| Indefinite interest rate reset date | | | | | | | |
| Receivables from banks | 30,704 | 19,228 | 11,476 | 0.09 | 0.09 | - | - |
| Receivables from customers | 1,174 | 750 | 424 | 0.04 | 0.04 | - | - |
| Other receivables | 1,597 | 888 | 709 | - | - | - | - |
| Other commitments | 559 | 559 | - | 0.09 | 0.09 | - | - |
| Liabilities from customer deposits, callable but not transferable (savings deposits) | 314,465 | 178,695 | 135,770 | 3.05 | 3.05 | - | - |
| Total, reporting year | 622,593 | 354,567 | 268,026 | 2.62 | 2.62 | 8 | 8 |
| Total, previous year | 695,844 | 397,458 | 298,386 | 2.85 | 2.80 | 8 | 8 |

* For positions with modelled (non-deterministic) determination of the interest rate reset date.

** Currencies that account for more than 10 percent of the assets or liabilities of the balance sheet total.

(in CHF thousand)

| | Change in present value 31.12.2023 | Change in the capitalised earnings value 31.12.2023 | Change in present value 31.12.2022 | Change in the capitalised earnings value 31.12.2022 |
|--|------------------------------------|---|------------------------------------|---|
| INTEREST RATE RISKS: QUANTITATIVE INFORMATION ON PRESENT VALUE AND INTEREST INCOME (IRRBB1) | | | | |
| Parallel shift upwards | 3,326 | -272 | 354 | 232 |
| Parallel shift downwards | -3,936 | 272 | -637 | -228 |
| Steeper shock* | 2,541 | 0 | 1,505 | 0 |
| Flattener shock** | -1,873 | 0 | -1,430 | 0 |
| Increase in short-term interest rates | -459 | 0 | -1,085 | 0 |
| Fall in short-term interest rates | 473 | 0 | 1,124 | 0 |
| Maximum | -3,936 | 0 | -1,430 | -228 |
| Core capital (Tier 1) | | 34,300 | | 33,935 |

* Fall in short-term interest rates combined with rise in long-term interest rates.

** Rise in short-term interest rates combined with fall in long-term interest rates.

Disclosure of regulatory key figures for Swiss Bankers Prepaid Services Ltd

Basic regulatory indicators (KM1)

The numbering corresponds to the requirements of FINMA Circular 2016/01 "Disclosure – banks".

(in CHF thousand)

| | 31.12.2023 | 31.12.2022 |
|----------------------------|---------------|---------------|
| ELIGIBLE OWN FUNDS | | |
| 1 Hard core capital (CET1) | 25,297 | 24,924 |
| 2 Core capital (T1) | 25,297 | 24,924 |
| 3 Total capital | 27,721 | 27,348 |

RISK-WEIGHTED POSITIONS (RWA)

| | | |
|-----------------------------|---------------|---------------|
| 4 RWA | 186,004 | 203,417 |
| 4a Minimum own funds | 14,880 | 16,273 |

RISK-BASED CAPITAL RATIOS (IN % OF RWA)

| | | |
|-----------------------|-------|-------|
| 5 CET1 ratio | 13.60 | 12.25 |
| 6 Core capital ratio | 13.60 | 12.25 |
| 7 Total capital ratio | 14.90 | 13.44 |

CET1 BUFFER REQUIREMENTS (IN % OF RWA)

| | | |
|--|------|------|
| 8 Own funds buffer according to Basel minimum standards | 2.50 | 2.50 |
| 9 Countercyclical buffer (Art. 44a ERV) according to Basel minimum standards | - | - |
| 11 Total buffer requirements according to Basel minimum standards in CET1 quality | 2.50 | 2.50 |
| 12 Available CET1 to cover buffer requirements according to Basel minimum standards (after deduction of CET1 to cover minimum requirements and, if applicable, to cover TLAC requirements) | 6.90 | 5.44 |

CAPITAL RATIOS ACCORDING TO ANNEX 8 ERV (IN % OF RWA)

| | | |
|--|-------|-------|
| 12a Capital buffer according to Annex 8 ERV | 2.50 | 2.50 |
| 12b Countercyclical buffer (Art. 44 and 44a ERV) | - | - |
| 12c CET1 target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV | 7.00 | 7.00 |
| 12d T1 target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV | 8.50 | 8.50 |
| 12e Total capital target ratio according to Annex 8 ERV plus countercyclical buffer according to Art. 44 and 44a ERV | 10.50 | 10.50 |

BASEL III LEVERAGE RATIO

| | | |
|---|---------|---------|
| 13 Total commitment | 360,333 | 378,614 |
| 14 Basel III Leverage Ratio (core capital in % of total exposure) | 7.02 | 6.58 |

(in CHF thousand)

| | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | |
|---------------------------------------|--|--------------------|--------------------|--------------------|------------|---------|
| LIQUIDITY COVERAGE RATIO (LCR) | | | | | | |
| 15 | Numerator of the LCR: Total high-quality liquid assets | 108,224 | 109,236 | 109,390 | 105,835 | 102,529 |
| 16 | Denominator of the LCR: Total net cash outflow | 35,463 | 35,364 | 39,813 | 37,809 | 35,466 |
| 17 | Liquidity ratio, LCR (in %) | 305.17 | 308.89 | 274.76 | 279.92 | 289.09 |

(in CHF thousand)

| | 31.12.2023 | 31.12.2022 | |
|---------------------------------|------------------------------|------------|---------|
| NET STABLE FUNDING RATIO | | | |
| 18 | Available stable refinancing | 302,274 | 321,413 |
| 19 | Stable refinancing required | 168,700 | 206,944 |
| 20 | Funding ratio NSFR (in %) | 179.18 | 155.31 |

Consolidated Income Statement

(in CHF thousand)

| | Note | 2023 | 2022 |
|--|-------|----------------|----------------|
| NET INTEREST INCOME | | | |
| Interest and discount income | | 858 | 283 |
| Interest and dividend income from financial investments | | 1,995 | 1,791 |
| Interest expense | | -1 | -1 |
| Gross interest income | | 2,852 | 2,073 |
| Changes in value adjustments due to default risks as well as losses from the interest business | | - | - |
| Net interest income | | 2,852 | 2,073 |
| NET COMMISSION AND SERVICES INCOME | | | |
| Commission income | | 23,471 | 22,469 |
| Commission expenses | | -9,815 | -10,850 |
| Net commission and services income | | 13,656 | 11,619 |
| NET INCOME FROM TRADING | | | |
| | 18 | 11,879 | 11,589 |
| OTHER ORDINARY NET INCOME | | | |
| Real estate income | | 76 | 78 |
| Other ordinary income | 19 | 580 | 239 |
| Other ordinary expenses | | -12 | -11 |
| Other ordinary net income | | 644 | 306 |
| OPERATING INCOME | | | |
| | | 29,031 | 25,587 |
| OPERATING EXPENSES | | | |
| Personnel expenses | 8, 20 | -12,503 | -12,867 |
| General and administrative expenses | 21 | -11,241 | -9,003 |
| Operating expenses | | -23,744 | -21,871 |
| GROSS PROFIT | | | |
| | | 5,287 | 3,716 |
| Depreciation of property, plant and equipment | | -2,452 | -3,014 |
| Changes in provisions and other allowances and losses | | -81 | -287 |
| BUSINESS RESULT | | | |
| | | 2,754 | 415 |
| Taxes | 22 | -558 | -49 |
| Consolidated net profit | | 2,196 | 366 |

Consolidated Statement of Financial Position

(in CHF thousand)

| | Note | 31.12.2023 | 31.12.2022 |
|--------------------------------------|------------|----------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents | 8, 12 | 29,111 | 33,802 |
| Receivables from banks | 11, 12 | 97,678 | 94,708 |
| Receivables from customers | 1, 11 | 6,174 | 6,002 |
| Financial assets | 3, 4, 12 | 204,707 | 223,820 |
| Accrued income and prepaid expenses | 12 | 1,597 | 1,876 |
| Property, plant and equipment | 6 | 14,949 | 10,166 |
| Other assets | 7 | 7,629 | 10,352 |
| Total assets | 14, 15, 17 | 361,845 | 380,726 |
| LIABILITIES AND EQUITY | | | |
| Due to banks | 11, 13 | 559 | 602 |
| Due to customer deposits | 13 | 314,465 | 337,004 |
| Accrued expenses and deferred income | | 4,305 | 3,284 |
| Other liabilities | 7 | 6,019 | 5,336 |
| Provisions | 10 | - | 200 |
| Share capital | | 10,000 | 10,000 |
| Capital reserve | | 9,116 | 9,116 |
| Retained earnings | | 15,185 | 14,818 |
| Consolidated net profit | | 2,196 | 366 |
| Total liabilities and equity | 14, 17 | 361,845 | 380,726 |
| OFF-BALANCE SHEET ITEMS | | | |
| Contingent receivables | | 115 | - |
| Contingent liabilities | | 7,489 | 8,065 |
| Irrevocable commitments | | 4,401 | 3,392 |

Consolidated Cash Flow Statement

(in CHF thousand)

| | 2023 | 2022 |
|---|---------------|----------------|
| CASH FLOW STATEMENT | | |
| Consolidated net profit | 2,196 | 366 |
| Depreciation of property, plant and equipment | 2,452 | 3,014 |
| Change in provisions | -200 | 0 |
| Accrued income and prepaid expenses | 279 | 3,997 |
| Accrued expenses and deferred income | 1,020 | -999 |
| Cash flow from operating result | 3,551 | 6,012 |
| Extraordinary dividend payment | 0 | -16,000 |
| Cash flow from equity transactions | 0 | -16,000 |
| Real estate | 0 | 0 |
| Acquired software | -7,166 | -3,343 |
| Other property, plant and equipment | -69 | -147 |
| Cash flow from transactions in property, plant and equipment | -7,235 | -3,490 |
| Medium and long-term business (> 1 year) | | |
| Receivables from banks | 20,500 | 15,069 |
| Receivables from customers | 0 | 0 |
| Financial assets | 34,954 | -3,044 |
| Short-term business | | |
| Due to banks | -43 | -811 |
| Due to customer deposits | -22,538 | -6,171 |
| Other liabilities | 683 | 2,663 |
| Receivables from banks | -23,468 | -2,046 |
| Receivables from customers | -172 | -285 |
| Financial assets | -15,841 | 4,395 |
| Other assets | 2,722 | -6,605 |
| Cash flow from banking business | -3,203 | 3,165 |
| CASH AND CASH EQUIVALENTS | | |
| Decrease in cash and cash equivalents | -4,691 | -9,947 |
| Position at 1 January | 33,802 | 43,749 |
| Position at 31 December | 29,111 | 33,802 |

Consolidated Statement of Changes in Equity

(in CHF thousand)

| | Share capital | Capital reserve | Retained earnings | Consoli- dated result | Total |
|--|------------------|--------------------|----------------------|--------------------------|---------------|
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | | | | | |
| Equity at the beginning of the reporting year | 10,000 | 9,116 | 14,818 | 366 | 34,300 |
| Other allocations from reserves | | | 366 | -366 | 0 |
| Consolidated net profit | | | | 2,196 | 2,196 |
| Equity at the end of the reporting year | 10,000 | 9,116 | 15,184 | 2,196 | 36,496 |

Notes to the Consolidated Financial Statements

Accounting and Valuation Principles

Company name, legal form and registered office

Swiss Bankers Prepaid Services Ltd (Swiss Bankers), a public limited company with its registered office in Gosshöchstetten, Switzerland, together with Swiss Bankers Prepaid Services (Liechtenstein) Ltd (Swiss Bankers FL), a public limited company and an e-money institution with its registered office in Vaduz, Liechtenstein, form the Swiss Bankers Group. Swiss Bankers holds a banking licence and is supervised by the Swiss Financial Market Supervisory Authority (FINMA). Furthermore, the Swiss Bankers Group is subject to consolidated supervision by FINMA. The e-money institution in Liechtenstein is subject to the Financial Market Authority Liechtenstein (FMA).

Business activities

The business activities of the Swiss Bankers Group include the issuing and reloading of prepaid cards in Swiss francs, euros and US dollars in Switzerland, Liechtenstein and southern Germany, as well as the distribution service for travel payment methods for clients of Swiss banks as well as the money transfer service Send.

As at 31 December 2023, the Swiss Bankers Group's headcount (full-time equivalents) amounted to 93 positions (previous year: 91.7 positions, full-time equivalents).

Preparation of financial statements

The accounting, reporting and valuation principles are based on the Swiss Code of Obligations, the Banking Act and its Ordinance, the FINMA Accounting Ordinance, the FINMA Guidelines and the provisions of the Articles of Association. These consolidated financial statements have been prepared in accordance with the principle of a true and fair view and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Swiss Bankers Group.

General valuation principles

The detailed items shown in a balance sheet item are valued individually (individual valuation).

Scope of consolidation

The consolidated financial statements include the financial statements of Swiss Bankers and those of the directly held, wholly owned subsidiary Swiss Bankers FL. The presentation of the consolidated financial statements is prepared in accordance with the economic approach.

Consolidation method

Swiss Bankers FL is included in the consolidated financial statements according to the full consolidation method. Group internal transactions and intercompany profits are eliminated in the preparation of the consolidated financial statements.

Consolidation period

The consolidation period corresponds to the respective calendar year, which is identical to the financial year of the Group companies.

Recognition and accounting

All transactions are recorded in the Group's books on the trade date and are valued from that date in accordance with the established principles.

Conversion of foreign currencies

Receivables, liabilities and foreign currency holdings are valued at the year-end exchange rate. Resulting exchange rate gains and losses are recognised in the income statement under income from trading operations. All transactions are valued at the respective daily exchange rate.

The following exchange rates were used for currency translation as at the balance sheet date:

| | 2023 | 2022 |
|-----|--------|--------|
| EUR | 0.9265 | 0.9862 |
| USD | 0.8362 | 0.9232 |

Cash and cash equivalents, due from banks, due to banks and receivables from customers

The balance sheet is drawn up at nominal value. Impaired receivables are accounted for with individual value adjustments.

Receivables from customers

The receivables from customers are outstanding debits from prepaid card charges and a fixed-term deposit of several years with a non-bank. Outstanding debit balances from prepaid card charges are short-term in nature and are usually settled within two days. All receivables from customers are reported at nominal values. Impaired receivables are accounted for with individual value adjustments.

An aerial photograph of a two-lane road bridge crossing a wide river. The water is a deep blue, and the surrounding land is covered in lush green trees. A red car is driving on the left side of the bridge, and a white car is on the right side. The bridge has metal railings on both sides.

Open Banking

refers to the practice whereby banks **securely share their data and services with third parties via application programming interfaces (APIs)**. This enables financial service providers to access financial information and services in order to develop innovative applications and services for consumers.

Receivables are considered to be impaired in particular if it appears unlikely that the debtor will be able to meet their future obligations. The impairment is measured as the difference between the carrying amount of the receivable and the expected recoverable amount, taking into account the counterparty risk and the net proceeds from the realisation of any collateral.

Financial assets

Bonds and cash deposits are reported in this item. The acquired debt instruments are generally held to maturity and valued according to the accrual method. This means that any premium or discount paid on acquisition is accrued over the remaining term to maturity and derecognised. As a rule, cash liabilities are valued at nominal value. Identifiable default risks are taken into account with individual value adjustments. Foreign currency items are valued at the exchange rate on the balance sheet date. Both the creation and the release of operationally necessary value adjustments for default and country risks are recognised in the income statement under the item "Other operating income" or "Changes in value adjustments due to default risk and losses from interest business".

If debt instruments are sold before maturity or repaid early, realised gains and losses corresponding to the interest component are not recognised immediately but are deferred over the remaining term to maturity of the transaction. For financial assets valued at the lower of cost or market, the valuation is at fair value, but a write-up is recognised up to a maximum of the acquisition cost. The balance of the value adjustments is recorded under "Other ordinary expenses" or "Other ordinary income".

Accrued income and prepaid expenses

Accrued income and prepaid expenses serve to ensure the correct determination of assets and liabilities on the balance sheet date as well as the accrual of expenses and income in the income statement. They are valued at nominal value. Accruals for current taxes are reported under accrued expenses and deferred income.

Property, plant and equipment

Investments in new tangible fixed assets exceeding a certain minimum amount are capitalised and valued according to the historical cost principle.

Subsequent to initial recognition, property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is charged on a scheduled basis over the estimated useful life on a straight-line basis from the acquisition value.

- Real estate (without land): max. 50 years
- Facilities: 8 years
- Furniture: 8 years
- IT hardware, office machines: 5 years
- Software, licences, IT project costs: 3 years

If there are indications of impairment, the value is reviewed. If the impairment test reveals a change in the useful life or a reduction in value, the residual book value is written down on a scheduled basis over the remaining useful life or an unscheduled write-down is made. Depreciation is only carried out on the properties in the case of recognisable losses in value.

Realised gains from the disposal of property, plant and equipment are recognised under "Extraordinary income", and realised losses under "Extraordinary expenses".

Taxes

Current taxes are recurring taxes, usually annually, on profits and capital. One-off or transaction-related taxes are not included in current taxes. Current tax on the profit for the period is determined in accordance with local tax regulations and is recognised as an expense in the period in which the related profits arise. Direct taxes due on current profits are recognised as accruals.

On untaxed reserves, deferred taxes are calculated on the basis of the effective tax burden ratio of the corresponding company and reported under provisions. The provision for deferred taxes is recognised in profit or loss. On taxed reserves or loss carry-forwards, deferred tax assets are calculated on the basis of the effective tax burden rate of the corresponding company in the case of temporary differences and reported under the item "Other assets". The deferred tax assets are recognised in profit or loss.

Pension fund liabilities

The pension obligations as well as the assets serving as cover are outsourced to the legally independent foundation Pension Fund of BEKB|BCBE. All employees of Swiss Bankers and their surviving dependants are affiliated to this foundation within the framework of the legal and regulatory provisions.

The employer contributions owed are recognised as personnel expenses in the income statement. The Swiss Bankers Group does not intend to use any economic benefit arising from excess cover to reduce employer contributions. For this reason, any future economic benefit is not capitalised. However, any economic obligation arising from a shortfall in cover is recognised under liabilities.

Provisions

Provisions are made for all risks identifiable on the balance sheet date that are based on a past event and represent a probable obligation, based on the estimated future outflow of funds.

Reserves for general banking risks

The reserves for general banking risks include the reserves segregated in a separate account and counted as own funds. If the reserves for general banking risks are created or released, this is done through the item "Changes in reserves for general banking risks" in the income statement.

Contingent liabilities, irrevocable commitments, deposit and additional funding obligations

The off-balance sheet is shown at nominal value. Provisions are made in the liabilities of the balance sheet for identifiable risks.

Retained earnings

The retained earnings include the own funds generated by the Swiss Bankers Group itself.

Client funds

Swiss Bankers does not break down and present assets under management as it does not manage client assets but only accepts assets from clients in the context of prepaid card loads, which are fully disclosed under "Liabilities from client deposits".

Changes compared to the previous year

Starting from 1 January 2023, the hours worked by employees for internal project work will be recorded. The recorded hours will be evaluated for their value and subsequently capitalised as project costs.

Events after the balance sheet date

No extraordinary events occurred after the balance sheet date that have a material impact on the net assets, financial position and results of operations of the Swiss Bankers Group as at the balance sheet date.

Explanations on Risk Management

The Swiss Bankers Group pursues a sustainable and prudent risk policy. It ensures a balanced relationship between risk and return and actively manages the following risks:

- Quantifiable risks
 - Default risks (counterparty risks)
 - Country risks
 - Market risks
 - Liquidity and refinancing risks
- Non-quantifiable risks
 - Operational risks
 - Legal and reputational risks

The Board of Directors has laid down the risk policy in the risk framework concept. This is reviewed at least once a year by the Board of Directors and the Executive Board for its appropriateness and forms the basis for risk management. Limits have been defined for the individual risks in regulations and directives, and compliance with these limits is monitored on an ongoing basis.

The Risk Controlling department carries out risk control, which is independent of the operational business. Risk Controlling regularly informs the Executive Board about compliance with the prescribed limits, its findings during control activities and any measures to be taken. The Executive Board informs the Board of Directors at least semi-annually about the current overall risk situation and the development of risks. At least once a year, Risk Controlling reports to the Board of Directors on the risk situation of the Swiss Bankers Group and on its activities.

Default risks

Default risks are limited by means of risk distribution and quality requirements. For the approval of exposures with default risks, there is a risk-oriented competence system. Limits, market value developments and rating requirements are subject to ongoing monitoring. In the event of recognisable losses in value on individual assets due to credit-worthiness, the Executive Board decides on individual value adjustments. The expected recoveries from the individual assets are taken into account when measuring the individual value adjustments. In the event of rating downgrades below the minimum regulatory requirement of the Board of Directors, the respective positions are closely monitored, assessed by the Executive Board and sold if necessary.

Country risks

Country risks represent the risk of loss arising from country-specific events. Maximum percentage rates for foreign exposures are set to mitigate the risk. Country risks are actively and dynamically managed and are mainly concentrated in Western Europe.

Market risks (interest rate risks)

The Swiss Bankers Group does not pay interest on deposits (card balances). Changes in interest rates are only reflected in net interest income when financial investments are reinvested.

Other market risks

Foreign currency risks result from obligations from business with prepaid cards in euros and US dollars as well as from the note holdings in foreign currencies at the dispatch service. Foreign currency risks are minimised by concluding transactions in matching currencies.

Liquidity and refinancing risks

The Board of Directors defined the management of liquidity and refinancing risks in the form of the Investment Regulations. In addition to defining the management of risks, the investment regulations also set the guidelines for liquidity management.

In daily monitoring, the Head of Risk Controlling ensures the operational and tactical management of short-term liquidity positions in Swiss francs, euros and US dollars. The Investment Committee, which consists of members of the Executive Board of Swiss Bankers Prepaid Services Ltd and the CEO of Swiss Bankers Prepaid Services (Liechtenstein) Ltd, is responsible for managing medium- and long-term liquidity positions. The Investment Committee decides on the placement of financial investments on the basis of current developments in client deposit liabilities and in accordance with the requirements of the Investment Regulations with regard to liquidity risk tolerance. The CFO/CRO monitors and controls the liquidity risk tolerance and ensures the corresponding reporting to the Board of Directors and the Executive Board.

The regulatory key figure Liquidity Coverage Ratio (LCR) is used to report monthly to the Executive Board and quarterly to the Audit and Risk Committee and the Board of Directors on the development of the company's current liquidity.

Operational risks

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. They are limited by means of internal regulations and directives on organisation and control. These guidelines are primarily based on the quantitative and qualitative requirements of Circular 2008/21 "Operational risks – banks" issued by the Swiss Financial Market Supervisory Authority (FINMA). Internal Audit regularly reviews internal control and reports directly to the Board of Directors on its work.

Compliance and legal risks

The Compliance function, which is performed by the Compliance department, which is independent of the operational business, ensures that business activities comply with the applicable legal and regulatory requirements. The Compliance function monitors and analyses relevant legal developments and supports the Executive Board in implementing appropriate internal systems and processes to ensure compliance. It ensures that internal regulations as well as processes are adapted to regulatory developments and complied with.

Compliance regularly informs the Executive Board about relevant facts and developments. For its part, the Executive Board informs the Board of Directors about significant compliance risks. Once a year, Compliance prepares an updated compliance risk profile, an activity plan derived from it and an activity report, and submits these documents to the Executive Board and the Board of Directors.

Notes to the Consolidated Statement of Financial Position

(in CHF thousand)

| | Mortgage coverage | Other coverage | Without coverage | Total |
|--|----------------------|-------------------|---------------------|---------------|
| 1. OVERVIEW OF COVERAGES | | | | |
| Loans | | | | |
| Receivables from customers | 0 | 0 | 6,174 | 6,174 |
| Total loans, reporting year (before offsetting against value adjustments) | 0 | 0 | 6,174 | 6,174 |
| Total loans, previous year (before offsetting against value adjustments) | 0 | 0 | 6,002 | 6,002 |
| Total loans, reporting year (after offsetting against value adjustments) | 0 | 0 | 6,174 | 6,174 |
| Total loans, previous year (after offsetting against value adjustments) | 0 | 0 | 6,002 | 6,002 |
| Off-balance sheet | | | | |
| Contingent receivables | 0 | 0 | 115 | 115 |
| Contingent liabilities | 0 | 0 | 7,489 | 7,489 |
| Irrevocable commitments | 0 | 0 | 4,401 | 4,401 |
| Total off-balance sheet, reporting year | 0 | 0 | 12,005 | 12,005 |
| Total off-balance sheet, previous year | 0 | 0 | 3,392 | 3,392 |

There are no loans other than receivables from customers.

(in CHF thousand)

| | Gross debt amount | Estimated realisation proceeds of the collateral | Net debt amount | Individual value adjustments |
|--------------------------------|----------------------|---|--------------------|------------------------------------|
| 2. IMPAIRED RECEIVABLES | | | | |
| Reporting year | 0 | 0 | 0 | 0 |
| Previous year | 0 | 0 | 0 | 0 |

(in CHF thousand)

| | Book value 2023 | Market value 2023 | Book value 2022 | Market value 2022 |
|--|--------------------|-------------------------|--------------------|-------------------------|
| 3. FINANCIAL ASSETS | | | | |
| Debt instruments | 204,707 | 197,082 | 223,820 | 209,558 |
| <i>with the intention to hold until maturity</i> | 204,707 | 197,082 | 223,820 | 209,558 |
| <i>of which securities eligible for repo transactions in accordance with liquidity regulations</i> | 87,922 | 85,298 | 83,492 | 78,616 |
| Total financial assets | 204,707 | 197,082 | 223,820 | 209,558 |

Real-Time Payments

enable the immediate transfer and crediting of funds, revolutionising payment transactions. This technology offers continuous availability so that **transactions can be processed within milliseconds at any time of the day or night.** Real-time payments not only improve liquidity management for businesses and individuals, but also promote cost efficiency by bypassing some of the payment value added by intermediaries.



GROUP

(in CHF thousand)

| | Highest credit rating | Safe investment | Average rating | Speculative investment | Highly speculative investment | Default of payment/default | Without rating | Total |
|---|-----------------------|-----------------|----------------|------------------------|-------------------------------|----------------------------|----------------|----------------|
| 4. FINANCIAL ASSETS BY RATING | | | | | | | | |
| Debt instruments at carrying amounts, reporting year | 106,314 | 55,983 | 23,374 | 0 | 0 | 0 | 19,036 | 204,707 |
| Debt instruments at carrying amounts, previous year | 110,766 | 57,005 | 35,991 | 0 | 0 | 0 | 20,058 | 223,820 |

The Swiss Bankers Group uses the ratings of recognised rating agencies in accordance with FINMA's concordance table according to a bank-internal system.

| | Seat | Business activity | Capital (in CHF thousand) | Share in capital (in %) | Share of votes (in %) | Direct ownership | Indirect ownership |
|--|------------------|-------------------|---------------------------|-------------------------|-----------------------|------------------|--------------------|
| 5. GROUP COMPANIES | | | | | | | |
| Fully consolidated companies | | | | | | | |
| Swiss Bankers Prepaid Services Ltd* | Grosshöchstetten | Bank | 10,000 | | | | |
| Swiss Bankers Prepaid Services (Liechtenstein) Ltd | Vaduz | E-money institute | 450 | 100 | 100 | x | |

*Swiss Bankers Prepaid Services Ltd is the parent company, which is why the capital ratio is not stated.

There is no change compared to the previous year. The Liechtenstein subsidiary has no market value.

(in CHF thousand)

| | Acquisition value | Depreciation to date | Carrying amount 31.12.2022 | Investments | Restructuring/divestments | Depreciation* | Carrying amount 31.12.2023 |
|--|-------------------|----------------------|----------------------------|--------------|---------------------------|---------------|-----------------------------------|
| 6. FIXED ASSETS SCHEDULE | | | | | | | |
| Property, plant and equipment | | | | | | | |
| Real estate | | | | | | | |
| Bank building | 7,780 | -4,330 | 3,450 | 0 | 0 | -122 | 3,328 |
| Other properties | 1,896 | -41 | 1,855 | 0 | 0 | 0 | 1,855 |
| Acquired software* | 21,856 | -17,746 | 4,110 | 7,166 | 0 | -2,048 | 9,228 |
| Other equipment | 3,987 | -3,237 | 751 | 69 | 0 | -282 | 538 |
| Total property, plant and equipment | 35,521 | -25,354 | 10,166 | 7,235 | 0 | -2,452 | 14,949 |

*Due to an extraordinary impairment at the end of 2019 (reduction in recoverable amount), the reduction in the carrying amount of an acquired software was recorded on a separate account rather than directly subtracted from the asset. As a result of this approach, in subsequent years, the acquired software was erroneously depreciated excluding the mentioned reduction from the carrying amount. This error was discovered during the course of 2023 and accordingly corrected with an impact on income. Depreciation expenses are therefore approximately CHF 302,000 lower in the reporting period as a result.

(in CHF thousand)

| | Other assets 2023 | Other liabilities 2023 | Other assets 2022 | Other liabilities 2022 |
|---|------------------------------|-----------------------------------|----------------------|---------------------------|
| 7. OTHER ASSETS AND OTHER LIABILITIES | | | | |
| Prepaid card inventory | 824 | 0 | 640 | 0 |
| Settlement accounts | 3,456 | 3,465 | 6,706 | 2,262 |
| Indirect taxes | 188 | 177 | 165 | 150 |
| Deferred income tax assets | 1,722 | 0 | 2,265 | 0 |
| Other assets and liabilities | 1,439 | 2,377 | 576 | 2,924 |
| Total other assets and other liabilities | 7,629 | 6,019 | 10,352 | 5,336 |

(in CHF thousand)

| | Carrying amount 31.12.2023 | Effective obligations 31.12.2023 | Carrying amount 31.12.2022* | Effective obligations 31.12.2022* |
|--|---------------------------------------|---|--------------------------------|---|
| 8. TO SECURE OWN OBLIGATIONS PLEDGED OR ASSIGNED ASSETS | | | | |
| Pledged/assigned assets | | | | |
| Cash and cash equivalents | 2,200 | 0 | - | - |
| Total pledged/assigned assets | 2,200 | 0 | - | - |

*First-time presentation of collateral for own liabilities of pledged or assigned assets as at 31 December 2023.

In the event of the bankruptcy of a bank, the deposit protection system protects customer deposits of up to CHF 100,000 from loss (in accordance with the law). These protected deposits are paid out quickly. Deposits with Swiss Bankers are protected by the deposit guarantee scheme. To this end, 50 percent of Swiss Bankers' maximum payment obligation has been deposited with the Swiss National Bank. This amount is now recognised by Swiss Bankers under cash and cash equivalents in the table above.

There are no assets subject to retention of title.

(in CHF thousand)

| | Over-/ underfunding 31.12.2023 | Economic share of the Bank 31.12.2023 | Economic share of the Bank 31.12.2022 | Changes compared to the previous year in the economic share | Paid contri- butions for the reporting year | Pension fund expenditure in personnel expenses 2023 | Pension fund expenditure in personnel expenses 2022 |
|---|--------------------------------------|--|--|--|---|--|--|
| 9. ECONOMIC BENEFIT/ECONOMIC OBLIGATION AND PENSION FUND EXPENDITURE | | | | | | | |
| Pension plans with overfunding | | | | | 1,135 | 1,135 | 1,063 |
| Total | | | | | 1,135 | 1,135 | 1,063 |

As at 31 December 2022, the funding ratio of the pension fund was 113 percent (auditor's report dated 15 March 2023). At the end of the reporting year, a coverage ratio of 120.2 percent is expected.

GROUP

(in CHF thousand)

| | Position 31.12.2022 | Purpose uses | Transfers | Creation at the expense of income | Dis- solutions in favour of income | Position 31.12.2023 |
|---|------------------------|-----------------|-----------|--|---|-------------------------------|
| 10. VALUE ADJUSTMENTS AND PROVISIONS AS WELL AS RESERVES FOR GENERAL BANKING RISKS AND THEIR CHANGES DURING THE REPORTING YEAR | | | | | | |
| Provisions for deferred taxes | 0 | | | | | 0 |
| Provisions for employee benefit obligations | 0 | | | | | 0 |
| Other provisions | 200 | | | | 200 | 0 |
| Total provisions | 200 | | | | 200 | 0 |
| Reserves for general banking risks | 0 | | | | | 0 |
| Value adjustments for default risks and country risks | 55 | | | 1 | | 56 |
| <i>of which value adjustments for latent risks</i> | 55 | | | 1 | | 56 |

(in CHF thousand)

| | Receivables 2023 | Liabilities 2023 | Receivables 2022 | Liabilities 2022 |
|---|-----------------------------|-----------------------------|---------------------|---------------------|
| 11. DISCLOSURES OF RECEIVABLES FROM AND LIABILITIES TO RELATED PARTIES | | | | |
| Qualified related parties | 90,873 | 512 | 90,310 | 596 |
| Transactions with members of the executive bodies | 0 | 0 | 0 | 0 |

The shareholders of Swiss Bankers are deemed to be qualified related parties. The Swiss Bankers Group conducts transactions with these shareholders at arm's length.

(in CHF thousand)

| | At sight | Terminable | Due within 3 months | Due after 3 to 12 months | Due after 1 to 5 years | Due after 5 years | Immo- bilised | Total |
|--|---------------|--------------|------------------------|--------------------------------|------------------------------|----------------------|------------------|----------------|
| 12. MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS | | | | | | | | |
| Cash and cash equivalents | 26,911 | 2,200 | - | - | - | - | - | 29,111 |
| Receivables from banks | 33,284 | - | 8,533 | 19,861 | 36,000 | - | - | 97,678 |
| Receivables from customers | 1,174 | - | - | - | 5,000 | - | - | 6,174 |
| Financial assets | - | - | 2,127 | 37,230 | 155,579 | 9,771 | - | 204,707 |
| Total, reporting year | 61,369 | 2,200 | 10,660 | 57,091 | 196,579 | 9,771 | - | 337,670 |
| Total, previous year | 67,073 | - | 10,934 | 18,522 | 206,366 | 55,438 | - | 358,333 |

13. MATURITY STRUCTURE OF FINANCIAL LIABILITIES

| | | | | | | | | |
|------------------------------|----------------|----------|----------|----------|----------|----------|----------|----------------|
| Due to banks | 559 | - | - | - | - | - | - | 559 |
| Due to customer deposits | 314,465 | - | - | - | - | - | - | 314,465 |
| Total, reporting year | 315,024 | - | - | - | - | - | - | 315,024 |
| Total, previous year | 337,606 | - | - | - | - | - | - | 337,606 |

As the clients of the Swiss Bankers Group can withdraw their prepaid card balances and cash in their travellers cheques at any time, these liabilities are due at sight. The management of the assets side is based on empirical values and lies primarily in the medium-term maturity band.

(in CHF thousand)

| | Domestic 2023 | Abroad 2023 | Total 2023 | Domestic 2022 | Abroad 2022 | Total 2022 |
|--|--------------------------|------------------------|-----------------------|------------------|----------------|----------------|
| 14. BALANCE SHEET BY DOMESTIC AND FOREIGN COUNTRIES | | | | | | |
| Assets | | | | | | |
| Cash and cash equivalents | 29,111 | - | 29,111 | 33,802 | - | 33,802 |
| Receivables from banks | 85,182 | 12,496 | 97,678 | 83,671 | 11,037 | 94,708 |
| Receivables from customers | 6,153 | 21 | 6,174 | 5,994 | 8 | 6,002 |
| Financial assets | 74,499 | 130,208 | 204,707 | 75,801 | 148,019 | 223,820 |
| Accrued income and prepaid expenses | 841 | 756 | 1,597 | 1,084 | 792 | 1,876 |
| Property, plant and equipment | 14,949 | - | 14,949 | 10,166 | - | 10,166 |
| Other assets | 4,170 | 3,459 | 7,629 | 3,646 | 6,706 | 10,352 |
| Total assets | 214,905 | 146,940 | 361,845 | 214,164 | 166,562 | 380,726 |
| Liabilities | | | | | | |
| Due to banks | 553 | 6 | 559 | 596 | 6 | 602 |
| Due to customer deposits | 223,003 | 91,462 | 314,465 | 241,840 | 95,164 | 337,004 |
| Accrued expenses and deferred income | 4,278 | 27 | 4,305 | 3,230 | 54 | 3,284 |
| Other liabilities | 2,542 | 3,477 | 6,019 | 3,061 | 2,274 | 5,335 |
| Provisions | - | - | - | 200 | - | 200 |
| Share capital | 10,000 | - | 10,000 | 10,000 | - | 10,000 |
| Capital reserve | 9,116 | - | 9,116 | 9,116 | - | 9,116 |
| Retained earnings | 15,185 | - | 15,185 | 14,819 | - | 14,819 |
| Consolidated loss | 2,196 | - | 2,196 | 366 | - | 366 |
| Total liabilities | 266,873 | 94,972 | 361,845 | 283,228 | 97,498 | 380,726 |

GROUP

| | Position 2023 (in CHF thousand) | Share 2023 (in %) | Position 2022 (in CHF thousand) | Share 2022 (in %) |
|--|---|---------------------------------|---------------------------------------|-------------------------|
| 15. TOTAL ASSETS BROKEN DOWN BY COUNTRY OR GROUP OF COUNTRIES | | | | |
| Switzerland | 214,900 | 59.4 | 214,164 | 56.3 |
| Europe | 134,101 | 37.0 | 146,158 | 38.3 |
| <i>thereof Germany</i> | 26,791 | 7.3 | 25,787 | 6.8 |
| <i>thereof Luxembourg</i> | 4,640 | 1.3 | 8,299 | 2.2 |
| <i>thereof Netherlands</i> | 17,021 | 4.7 | 18,480 | 4.9 |
| <i>thereof Norway</i> | 4,557 | 1.3 | 6,569 | 1.7 |
| <i>thereof France</i> | 19,209 | 5.2 | 20,278 | 5.3 |
| <i>thereof Finland</i> | 4,680 | 1.3 | 1,996 | 0.5 |
| <i>thereof Great Britain</i> | 13,327 | 3.7 | 19,396 | 5.1 |
| <i>thereof Sweden</i> | 5,066 | 1.4 | 8,417 | 2.2 |
| <i>thereof Belgium</i> | 9,636 | 2.7 | 10,336 | 2.7 |
| <i>thereof Liechtenstein</i> | 12,549 | 3.5 | 10,085 | 2.6 |
| <i>thereof Rest of Europe</i> | 16,625 | 4.6 | 16,515 | 4.3 |
| Australia/New Zealand | 5,010 | 1.4 | 5,011 | 1.3 |
| United States | 3,519 | 1.0 | 6,730 | 1.8 |
| Other* | 4,315 | 1.2 | 8,663 | 2.3 |
| Total assets | 361,845 | 100.0 | 380,726 | 100.0 |

* Including supranational bodies.

| | Net foreign exposure, end of reporting year | | Net foreign exposure, end of previous year | |
|--|--|------------------------|---|-----------------|
| | (in CHF thousand) | Share (in %) | (in CHF thousand) | Share (in %) |
| 16. BREAKDOWN OF THE FOREIGN TOTAL BY CREDIT RATING OF THE COUNTRY GROUPS (RISK DOMICILE) | | | | |
| Highest credit rating | 138,172 | 94.0 | 157,446 | 94.5 |
| Safe-rated investment | 8,753 | 6.0 | 9,108 | 5.5 |
| Average-rated investment | 0 | 0.0 | 0 | 0.0 |
| Speculative investment | 0 | 0.0 | 0 | 0.0 |
| Highly speculative investment | 0 | 0.0 | 0 | 0.0 |
| Default/non-payment | 0 | 0.0 | 0 | 0.0 |
| Without rating* | 21 | 0.0 | 8 | 0.0 |
| Total | 146,946 | 100.0 | 166,562 | 100.0 |

* The foreign exposures in the "unrated" category are exclusively bonds issued by supranational entities.

The Swiss Bankers Group uses the ratings of recognised rating agencies in accordance with FINMA's concordance table according to a bank-internal system.



Digital Identity

simplifies account creation and verification. By using biometrics and blockchain technology, these systems offer **improved security standards and a more efficient onboarding experience**. With digital identities, physical documents become obsolete, making access to financial services much easier for previously underserved segments of the population.

GROUP

(in CHF thousand)

| | CHF | EUR | USD | Other | Total |
|---|----------------|----------------|---------------|------------|----------------|
| 17. BALANCE SHEET BY CURRENCY | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | 28,657 | 229 | 225 | – | 29,111 |
| Receivables from banks | 78,314 | 9,664 | 9,700 | – | 97,678 |
| Receivables from customers | 5,762 | 33 | 379 | – | 6,174 |
| Financial assets | 92,947 | 79,556 | 32,204 | – | 204,707 |
| Accrued income and prepaid expenses | 888 | 412 | 297 | – | 1,597 |
| Property, plant and equipment | 14,949 | – | – | – | 14,949 |
| Other assets | 3,932 | 1,878 | 1,272 | 547 | 7,629 |
| Total assets, reporting year | 225,449 | 91,772 | 44,077 | 547 | 361,845 |
| Total assets, previous year | 228,755 | 103,457 | 48,182 | 332 | 380,726 |
| Liabilities | | | | | |
| Due to banks | 559 | – | – | – | 559 |
| Due to customer deposits | 178,695 | 92,568 | 43,202 | – | 314,465 |
| Accrued expenses and deferred income | 4,305 | – | – | – | 4,305 |
| Other liabilities | 4,509 | 1,105 | 405 | – | 6,019 |
| Share capital | 10,000 | – | – | – | 10,000 |
| Capital reserve | 9,116 | – | – | – | 9,116 |
| Retained earnings | 15,185 | – | – | – | 15,185 |
| Consolidated net profit | 2,196 | – | – | – | 2,196 |
| Total liabilities, reporting year | 224,565 | 93,673 | 43,607 | 0 | 361,845 |
| Total liabilities, previous year | 229,771 | 103,150 | 47,805 | 0 | 380,726 |
| Net positions per currency, reporting year | 884 | – 1,901 | 470 | 547 | 0 |
| Net positions per currency, previous year | – 1,016 | 309 | 377 | 330 | 0 |

Notes to the Consolidated Income Statement

(in CHF thousand)

| | 2023 | 2022 |
|--|---------------|---------------|
| 18. NET INCOME FROM TRADING | | |
| Foreign exchange net income | 11,879 | 11,589 |
| <i>of which currency result on banknotes</i> | 4,706 | 4,047 |
| <i>of which foreign exchange earnings on card products</i> | 7,173 | 7,542 |
| Total net income from trading | 11,879 | 11,589 |

(in CHF thousand)

| | 2023 | 2022 |
|------------------------------------|------------|------------|
| 19. OTHER ORDINARY INCOME | | |
| Income from expired card balances | 272 | 90 |
| Other income | 308 | 148 |
| Total other ordinary income | 580 | 238 |

(in CHF thousand)

| | 2023 | 2022 |
|---------------------------------|---------------|---------------|
| 20. PERSONNEL EXPENSES | | |
| Salaries | 10,247 | 10,475 |
| Social benefits | 1,944 | 2,079 |
| Other personnel expenses | 312 | 306 |
| Total personnel expenses | 12,503 | 12,860 |

(in CHF thousand)

| | 2023 | 2022 |
|---|---------------|--------------|
| 21. GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Rent | 489 | 460 |
| Expenditure for information and communication technology | 1,904 | 1,636 |
| Expenses for vehicles, machinery, furniture and other equipment | 83 | 103 |
| Material costs | 710 | 847 |
| Marketing costs | 1,859 | 1,882 |
| Insurance costs | 266 | 154 |
| Postage and telephone costs | 694 | 737 |
| Consultancy expenses | 4,474 | 2,271 |
| Fees of the audit firm | 280 | 425 |
| <i>of which for audit and supervisory review</i> | 266 | 397 |
| <i>of which for other services</i> | 14 | 28 |
| Travel and representation costs | 255 | 264 |
| Other operating expenses | 227 | 231 |
| Total general and administrative expenses | 11,241 | 9,011 |

GROUP

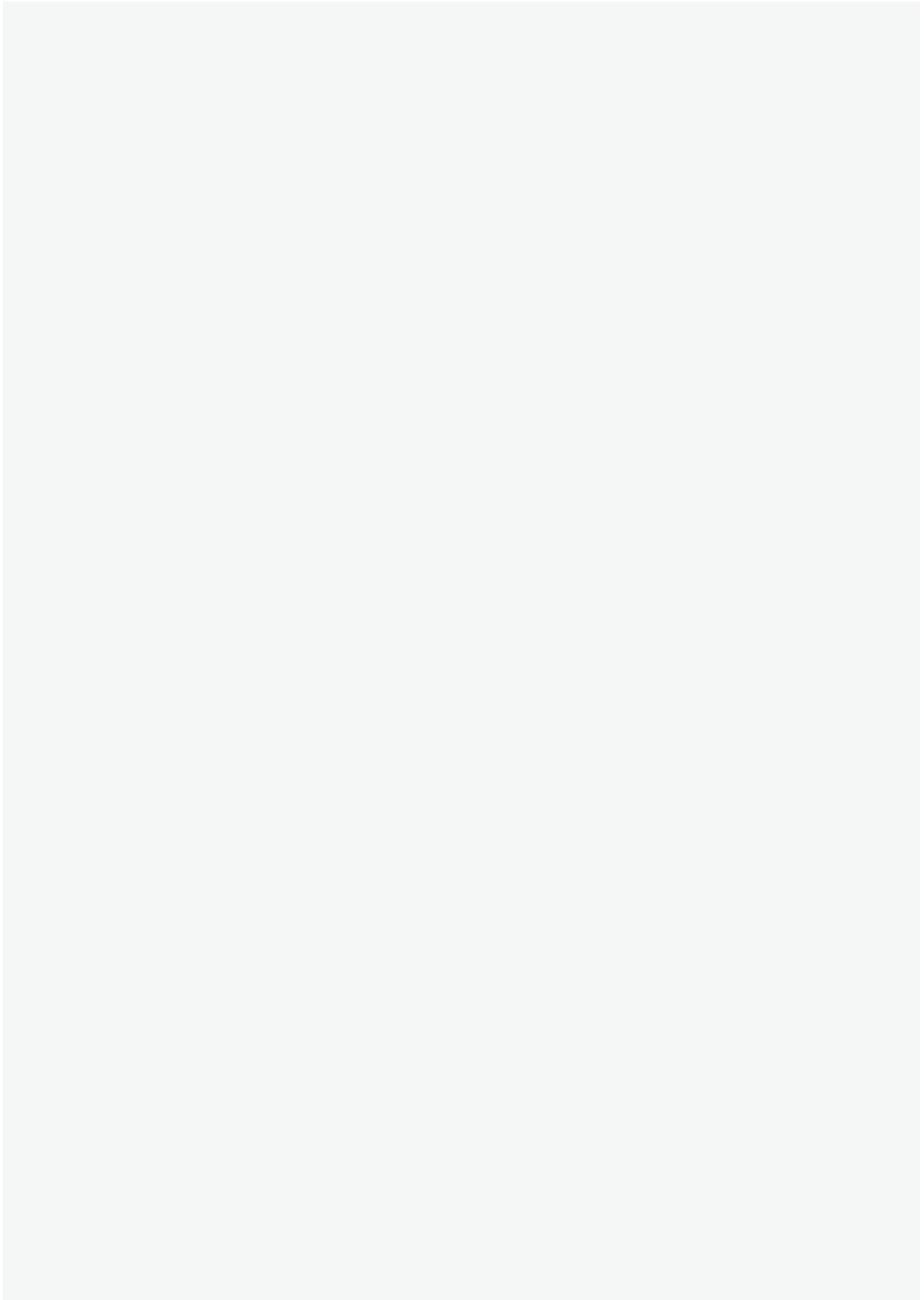
(in CHF thousand)

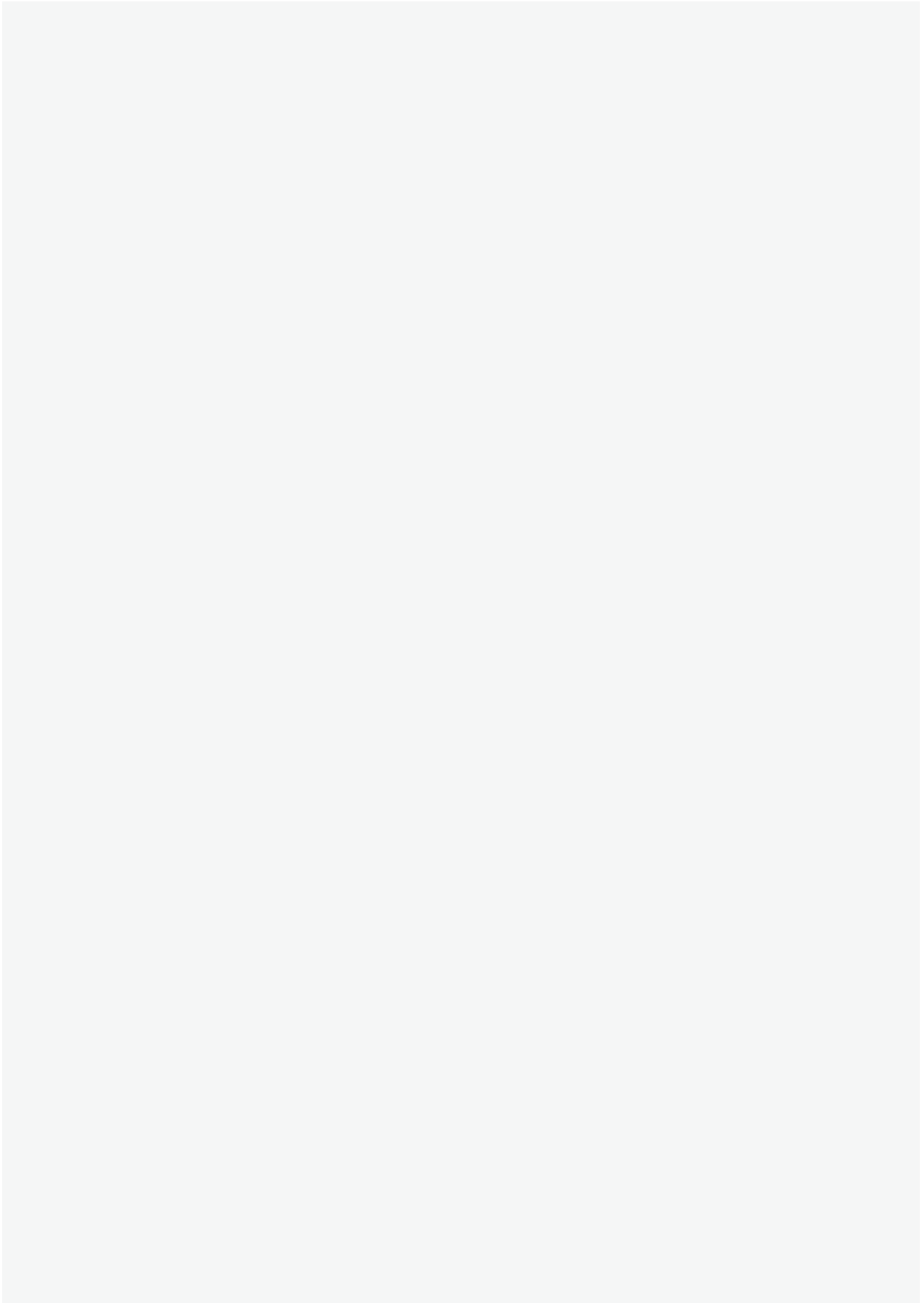
| | 2023 | 2022 |
|--------------------|------------|-----------|
| 22. TAXES | | |
| Current taxes | 15 | -26 |
| Deferred taxes | 543 | 75 |
| Total taxes | 558 | 49 |

The tax rate for the reporting year is 20.74 percent (previous year: 20.30 percent).

The audit reports for the Swiss Bankers Group and for the parent company (Swiss Bankers Prepaid Services AG) can be found in the German Annual Report on page 59.

The German annual report can be found here:
swissbankers.ch/de/swiss-bankers/geschaeftsberichte





Swiss Bankers
Prepaid Services Ltd,
Grosshöchstetten

Income Statement

(in CHF thousand)

| | Note | 2023 | 2022 |
|---|-------|----------------|----------------|
| NET INTEREST INCOME | | | |
| Interest and discount income | | 782 | 266 |
| Interest and dividend income from financial investments | | 1,995 | 1,791 |
| Interest expense | | -1 | -1 |
| Gross interest income | | 2,776 | 2,056 |
| Net interest income | | 2,776 | 2,056 |
| COMMISSION AND SERVICES NET INCOME | | | |
| Commission income | | 23,269 | 22,243 |
| Commission expenses | | -9,733 | -10,813 |
| Commission and services net income | | 13,536 | 11,430 |
| NET INCOME FROM TRADING | 13 | 11,617 | 11,373 |
| OTHER ORDINARY NET INCOME | | | |
| Real estate income | | 76 | 78 |
| Other ordinary income | | 711 | 386 |
| Other ordinary expenses | | -12 | -11 |
| Other ordinary net income | | 775 | 453 |
| OPERATING INCOME | | 28,704 | 25,312 |
| OPERATING EXPENSES | | | |
| Personnel expenses | 7, 15 | -12,477 | -12,836 |
| General and administrative expenses | 16 | -11,077 | -8,881 |
| Operating expenses | | -23,554 | -21,717 |
| GROSS PROFIT | | 5,150 | 3,595 |
| Depreciation of property, plant and equipment | | -2,452 | -3,014 |
| Changes in provisions and other allowances and losses | | -72 | -236 |
| OPERATING RESULT | | 2,626 | 345 |
| Taxes | 17 | -13 | 28 |
| Net profit | | 2,613 | 373 |

Statement of Financial Position

(in CHF thousand)

| | Note | 31.12.2023 | 31.12.2022 |
|-------------------------------------|----------|----------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents | | 29,111 | 33,803 |
| Receivables from banks | 10 | 84,897 | 83,238 |
| Receivables from customers | 1, 10 | 9,367 | 7,706 |
| Financial assets | 3, 4, 10 | 204,707 | 223,820 |
| Accrued income and prepaid expenses | | 1,540 | 1,852 |
| Participations | | 450 | 450 |
| Property, plant and equipment | | 14,949 | 10,166 |
| Other assets | 5 | 5,622 | 7,818 |
| Total assets | | 350,643 | 368,853 |

LIABILITIES AND EQUITY

| | | | |
|--|-------|----------------|----------------|
| Due to banks | | 553 | 596 |
| Due to customer deposits | | 307,752 | 330,030 |
| Accrued expenses and deferred income | | 4,252 | 3,229 |
| Other liabilities | 5 | 5,628 | 4,953 |
| Provisions | 8 | 4,098 | 4,298 |
| Share capital | 9, 11 | 10,000 | 10,000 |
| Statutory capital reserve | | 9,116 | 9,116 |
| <i>thereof reserve from tax-exempt capital contributions</i> | | 9,116 | 9,116 |
| Retained earnings | | 6,680 | 6,680 |
| Loss carried forward | | -49 | -422 |
| Net profit | | 2,613 | 373 |
| Total liabilities and equity | | 350,643 | 368,853 |

OFF-BALANCE SHEET ITEMS

| | | | |
|-------------------------|---|-------|-------|
| Contingent receivables | 1 | 115 | 0 |
| Contingent liabilities | 1 | 7,489 | 8,065 |
| Irrevocable commitments | 1 | 4,401 | 3,392 |

Statement of Changes in Equity

(in CHF thousand)

| | Share capital | Statutory capital reserve | Retained earnings | Profit/Loss | Total |
|--|---------------|---------------------------|-------------------|--------------|---------------|
| STATEMENT OF CHANGES IN EQUITY | | | | | |
| Equity at the beginning of the reporting year | 10,000 | 9,116 | 6,258 | 373 | 25,747 |
| Other allocations of the other reserves | | | 373 | -373 | 0 |
| Net profit | | | | 2,613 | 2,613 |
| Equity at the end of the reporting year | 10,000 | 9,116 | 6,631 | 2,613 | 28,360 |

Proposal of the Board of Directors to the General Meeting of Shareholders

(in CHF)

| | 31.12.2023 |
|--|----------------------|
| COMPOSITION OF EQUITY | |
| Share capital | 10,000,000.00 |
| Capital reserve | 9,115,712.19 |
| Retained earnings | 6,680,000.00 |
| Accumulated loss | 2,563,927.30 |
| <i>thereof loss carried forward</i> | -48,724.23 |
| <i>thereof net profit</i> | 2,612,651.53 |
| Total equity | 28,359,639.49 |
| APPROPRIATION OF PROFIT | |
| Loss carried forward 2022 | -48,724.23 |
| Net profit 2023 | 2,612,651.53 |
| Allocation to voluntary retained earnings reserves | -2,320,000.00 |
| Profit carried forward 2023 | 243,927.30 |
| COMPILATION OF VOLUNTARY RETAINED EARNINGS RESERVES | |
| Voluntary retained earnings as at 31.12.2023 | 6,680,000.00 |
| Allocation of annual profit to voluntary retained earnings reserves | 2,320,000.00 |
| Voluntary retained earnings reserves to new account as at the date of the AGM | 9,000,000.00 |

Notes to the Financial Statements

Notes on Business Activities

Company name, legal form and registered office

Swiss Bankers Prepaid Services Ltd (Swiss Bankers), a public limited company with its registered office in Grosshöchstetten, is the parent company of the Swiss Bankers Group. It holds a banking licence and is supervised by the Swiss Financial Market Supervisory Authority (FINMA).

Business activities

The parent company's business activities include the issuing and reloading of prepaid cards in Swiss francs, euros and US dollars, the dispatch service for travel payment methods for the clientele of Swiss banks, and the money transfer service Send. As of 31 December 2023, Swiss Bankers' headcount, was 92.3 people (full-time equivalents, FTE). In the previous year, there were 90.9 employees (full-time equivalents, FTE).

Further information on business activities can be found in the consolidated financial statements.

Accounting and valuation principles

The accounting, reporting and valuation principles are based on the Swiss Code of Obligations, the Banking Act and its ordinance, the FINMA Accounting Ordinance, the FINMA guidelines and the provisions of the Articles of Association.

The financial statements of the parent company are reliably presented. In principle, the Group's accounting and valuation principles are applied. In contrast to the consolidated financial statements, the individual financial statements may contain hidden reserves. Hidden reserves can arise from depreciation on property, plant and equipment that exceeds what is necessary for business purposes. Furthermore, provisions may contain hidden reserves. At the parent company level, deferred tax assets are not calculated and recognised for temporary differences on taxed reserves; instead, they are recognised as contingent assets.

Participations

This balance sheet item includes the parent company's 100 percent interest in Swiss Bankers Prepaid Services (Liechtenstein) Ltd. The participation is valued at acquisition cost less any necessary depreciation.

Changes compared to the previous year

Starting from 1 January 2023, the hours worked by employees for internal project work will be recorded. The recorded hours will be evaluated for their value and subsequently capitalised as project costs.

Events after the balance sheet date

No extraordinary events occurred after the balance sheet date that have a material impact on the net assets, financial position or results of operations of the Swiss Bankers Group as at the balance sheet date.

Risk assessment and management

The defined risks and compliance with them are reviewed on an ongoing basis. For further information on Swiss Bankers' risk assessment and risk management, please refer to the notes to the consolidated financial statements.

Contingent liabilities, irrevocable commitments, deposit and additional funding obligations

The off-balance sheet is shown at nominal value. Provisions are made in the liabilities of the balance sheet for identifiable risks.

Notes to the Statement of Financial Position

(in CHF thousand)

| | Mortgage coverage | Other coverage | Without coverage | Total |
|--|-------------------|----------------|------------------|---------------|
| 1. OVERVIEW OF COVERAGES | | | | |
| Loans | | | | |
| Receivables from customers | 0 | 0 | 9,367 | 9,367 |
| Total loans, reporting year (before offsetting against value adjustments) | 0 | 0 | 9,367 | 9,367 |
| Total loans, previous year (before offsetting against value adjustments) | 0 | 0 | 7,706 | 7,706 |
| Total loans, reporting year (after offsetting against value adjustments) | 0 | 0 | 9,367 | 9,367 |
| Total loans, previous year (after offsetting against value adjustments) | 0 | 0 | 7,706 | 7,706 |
| Off-balance sheet | | | | |
| Contingent receivables | 0 | 0 | 115 | 115 |
| Contingent liabilities | 0 | 0 | 7,489 | 7,489 |
| Irrevocable commitments | 0 | 0 | 4,401 | 4,401 |
| Total off-balance sheet, reporting year | 0 | 0 | 12,005 | 12,005 |
| Total off-balance sheet, previous year | 0 | 0 | 11,457 | 11,457 |

There are no loans other than receivables from customers.

The guarantees (Contingent liabilities) result from a guarantee agreement between the parent company Swiss Bankers and Swiss Bankers FL. The amount of the guarantee is based on the respective amount of the card balances of the subsidiary's clients plus a reserve amount.

(in CHF thousand)

| | Gross debt amount | Estimated realisation proceeds of the collateral | Net debt amount | Individual value adjustments |
|--------------------------------|-------------------|--|-----------------|------------------------------|
| 2. IMPAIRED RECEIVABLES | | | | |
| Reporting year | 0 | 0 | 0 | 0 |
| Previous year | 0 | 0 | 0 | 0 |

(in CHF thousand)

| | Book value 2023 | Market value 2023 | Book value 2022 | Market value 2022 |
|--|-----------------|-------------------|-----------------|-------------------|
| 3. FINANCIAL ASSETS | | | | |
| Debt instruments | 204,707 | 197,082 | 223,820 | 209,558 |
| <i>with the intention to hold until maturity</i> | 204,707 | 197,082 | 223,820 | 209,558 |
| <i>of which securities eligible for repo transactions in accordance with liquidity regulations</i> | 87,922 | 85,298 | 83,492 | 78,616 |
| Total financial assets | 204,707 | 197,082 | 223,820 | 209,558 |

SWISS BANKERS PREPAID SERVICES LTD, GROSSHÖCHSTETTEN

(in CHF thousand)

| | Highest credit rating | Safe investment | Average rating | Speculative investment | Highly speculative investment | Default of payment/ default | Without rating | Total |
|---|--------------------------|--------------------|-------------------|---------------------------|-------------------------------------|-----------------------------------|-------------------|----------------|
| 4. FINANCIAL ASSETS BY RATING | | | | | | | | |
| Debt instruments at carrying amounts, reporting year | 106,314 | 55,983 | 23,374 | 0 | 0 | 0 | 19,036 | 204,707 |
| Debt instruments at carrying amounts, previous year | 110,766 | 57,005 | 35,991 | 0 | 0 | 0 | 20,058 | 223,820 |

Swiss Bankers uses the ratings of recognised rating agencies in accordance with FINMA's concordance table according to a bank-internal system.

(in CHF thousand)

| | Other assets 2023 | Other liabilities 2023 | Other assets 2022 | Other liabilities 2022 |
|---|------------------------------|-----------------------------------|----------------------|---------------------------|
| 5. OTHER ASSETS AND OTHER LIABILITIES | | | | |
| Prepaid card inventory | 808 | - | 636 | - |
| Settlement accounts | 3,191 | 3,443 | 6,446 | 2,243 |
| Indirect taxes | 188 | 164 | 164 | 138 |
| Other assets and liabilities | 1,435 | 2,021 | 572 | 2,572 |
| Total other assets and other liabilities | 5,622 | 5,628 | 7,818 | 4,953 |

(in CHF thousand)

| | Carrying amount 31.12.2023 | Effective obligations 31.12.2023 | Carrying amount 31.12.2022* | Effective obligations 31.12.2022* |
|--|---------------------------------------|---|--------------------------------|---|
| 6. TO SECURE OWN OBLIGATIONS PLEDGED OR ASSIGNED ASSETS | | | | |
| Pledged/assigned assets | | | | |
| Cash and cash equivalents | 2,200 | 0 | - | - |
| Total pledged/assigned assets | 2,200 | 0 | - | - |

*First-time presentation of collateral for own liabilities of pledged or assigned assets as at 31 December 2023.

In the event of the bankruptcy of a bank, the deposit protection system protects customer deposits of up to CHF 100,000 from loss (in accordance with the law). These protected deposits are paid out quickly. Deposits with Swiss Bankers are protected by the deposit guarantee scheme. To this end, 50 percent of Swiss Bankers' maximum payment obligation has been deposited with the Swiss National Bank. This amount is now recognised by Swiss Bankers under cash and cash equivalents in the table above.

There are no assets subject to retention of title.

(in CHF thousand)

| | Over-/ underfunding 31.12.2023 | Economic share of the Bank 31.12.2023 | Economic share of the Bank 31.12.2022 | Change compared to the previous year in the economic share | Paid contri- butions for the reporting year | Pension fund expenditure in personnel expenses 2023 | Pension fund expenditure in personnel expenses 2022 |
|---|--------------------------------------|--|--|---|---|--|--|
| 7. ECONOMIC BENEFIT/ECONOMIC OBLIGATION AND PENSION FUND EXPENDITURE | | | | | | | |
| Pension plans with overfunding | | | | | 1,123 | 1,123 | 1,048 |
| Total | | | | | 1,123 | 1,123 | 1,048 |

As at 31 December 2022, the funding ratio of the pension fund was 113 percent (auditor's report dated 15 March 2023).

At the end of the reporting year, a coverage ratio of 120.2 percent is expected.

(in CHF thousand)

| | Position 31.12.2022 | Purpose uses | Transfers | Creation at the expense of income | Reversals in favour of income statement | Position 31.12.2023 |
|--|------------------------|-----------------|-----------|--|--|--------------------------------|
| 8. VALUE ADJUSTMENTS AND PROVISIONS AS WELL AS RESERVES FOR GENERAL BANKING RISKS AND THEIR CHANGES DURING THE REPORTING YEAR | | | | | | |
| Provisions for employee benefit obligations | 0 | | | | | 0 |
| Other provisions | 4,298 | | | | 200 | 4,098 |
| Total provisions | 4,298 | | | | 200 | 4,098 |
| Value adjustments for default risks and country risks | 55 | | | 1 | | 56 |
| <i>of which value adjustments for latent risks</i> | <i>55</i> | | | <i>1</i> | | <i>56</i> |

(in CHF thousand)

| | Total nominal value 2023 | Number of shares 2023 | Dividend entitled capital 2023 | Total nominal value 2022 | Number of shares 2022 | Dividend entitled capital 2022 |
|-------------------------------|---|--------------------------------------|---|-----------------------------------|-----------------------------|---|
| 9. SHARE CAPITAL | | | | | | |
| Share capital (fully paid up) | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Total share capital | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |

Swiss Bankers has neither authorised nor conditional capital. The legal reserves, not exceeding 50 percent of the nominal share capital, may only be used to cover losses or for measures that are suitable to bring the company through in times of poor business performance, to counteract unemployment or to mitigate its consequences. Thus CHF 5 m are not distributable.

SWISS BANKERS PREPAID SERVICES LTD, GROSSHÖCHSTETTEN

(in CHF thousand)

| | Receivables 2023 | Liabilities 2023 | Receivables 2022 | Liabilities 2022 |
|---|-----------------------------|-----------------------------|---------------------|---------------------|
| 10. DISCLOSURES OF RECEIVABLES FROM AND LIABILITIES TO RELATED PARTIES | | | | |
| Qualified related parties | 102,455 | 512 | 89,928 | 596 |
| Group companies | 3,193 | – | 1,704 | 597 |
| Transactions with members of the executive bodies | – | – | – | – |

The main counterparties are the shareholders of Swiss Bankers (qualified related parties) and Swiss Bankers FL (Group company). Swiss Bankers conducts standard transactions with these parties at arm's-length conditions.

| | Nominal 2023 (in CHF thousand) | Share 2023 (in %) | Nominal 2022 (in CHF thousand) | Share 2022 (in %) |
|--|--|---------------------------------|--------------------------------------|-------------------------|
| 11. DISCLOSURES ON SHAREHOLDERS | | | | |
| with voting rights: | | | | |
| Association of Swiss Cantonal Banks | 3,300 | 33.0 | 3,300 | 33.0 |
| Credit Suisse (Switzerland) Ltd | 2,500 | 25.0 | 2,500 | 25.0 |
| Entris Banking Ltd | 1,650 | 16.5 | 1,650 | 16.5 |
| Raiffeisen Switzerland Cooperative | 1,650 | 16.5 | 1,650 | 16.5 |
| PostFinance Ltd | 900 | 9.0 | 900 | 9.0 |
| Total | 10,000 | 100.0 | 10,000 | 100.0 |

| | Net foreign exposure, end of reporting year | | Net foreign exposure, end of previous year | |
|--|--|-------------------------|---|-----------------|
| | (in CHF thousand) | Share (in %) | (in CHF thousand) | Share (in %) |
| 12. BREAKDOWN OF THE TOTAL OF FOREIGN ASSETS BY CREDIT RATING BY COUNTRY GROUPS (RISK DOMICILE) | | | | |
| Highest credit rating | 128,985 | 93.6 | 148,286 | 94.2 |
| Safe investment | 8,753 | 6.4 | 9,108 | 5.8 |
| Speculative investment | 0 | 0.0 | 0 | 0.0 |
| Highly speculative investment | 0 | 0.0 | 0 | 0.0 |
| Default/non-payment | 0 | 0.0 | 0 | 0.0 |
| Without rating* | 21 | 0.0 | 8 | 0.0 |
| Total | 137,759 | 100.0 | 157,402 | 100.0 |

* The foreign exposures in the "unrated" category are exclusively bonds issued by supranational entities.

Swiss Bankers uses the ratings of recognised rating agencies in accordance with FINMA's concordance table according to a bank-internal system.

Notes to the Income Statement

(in CHF thousand)

| | 2023 | 2022 |
|--|---------------|---------------|
| 13. NET INCOME FROM TRADING | | |
| Foreign exchange net income | 11,617 | 11,373 |
| <i>of which currency result on banknotes</i> | 4,700 | 4,042 |
| <i>of which foreign exchange earnings on card products</i> | 6,917 | 7,331 |
| Total net income from trading | 11,617 | 11,373 |

(in CHF thousand)

| | 2023 | 2022 |
|------------------------------------|------------|------------|
| 14. OTHER ORDINARY INCOME | | |
| Compensation Swiss Bankers FL | 130 | 148 |
| Income from expired card balances | 272 | 90 |
| Other income | 309 | 148 |
| Total other ordinary income | 711 | 386 |

(in CHF thousand)

| | 2023 | 2022 |
|---------------------------------|---------------|---------------|
| 15. PERSONNEL EXPENSES | | |
| Salaries | 10,227 | 10,454 |
| Social benefits | 1,942 | 2,076 |
| Other personnel expenses | 308 | 306 |
| Total personnel expenses | 12,477 | 12,836 |

(in CHF thousand)

| | 2023 | 2022 |
|---|---------------|--------------|
| 16. GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Rent | 462 | 434 |
| Expenditure for information and communication technology | 1,904 | 1,636 |
| Expenses for vehicles, machinery, furniture and other equipment | 83 | 102 |
| Material costs | 702 | 839 |
| Marketing costs | 1,852 | 1,880 |
| Insurance costs | 266 | 154 |
| Postage and telephone costs | 694 | 736 |
| Consultancy expenses | 4,423 | 2,261 |
| Fees of the audit firm | 234 | 376 |
| <i>of which for audit and supervisory review</i> | 220 | 348 |
| <i>of which for other services</i> | 14 | 28 |
| Travel and representation costs | 251 | 260 |
| Other operating expenses | 206 | 203 |
| Total general and administrative expenses | 11,077 | 8,881 |

SWISS BANKERS PREPAID SERVICES LTD, GROSSHÖCHSTETTEN

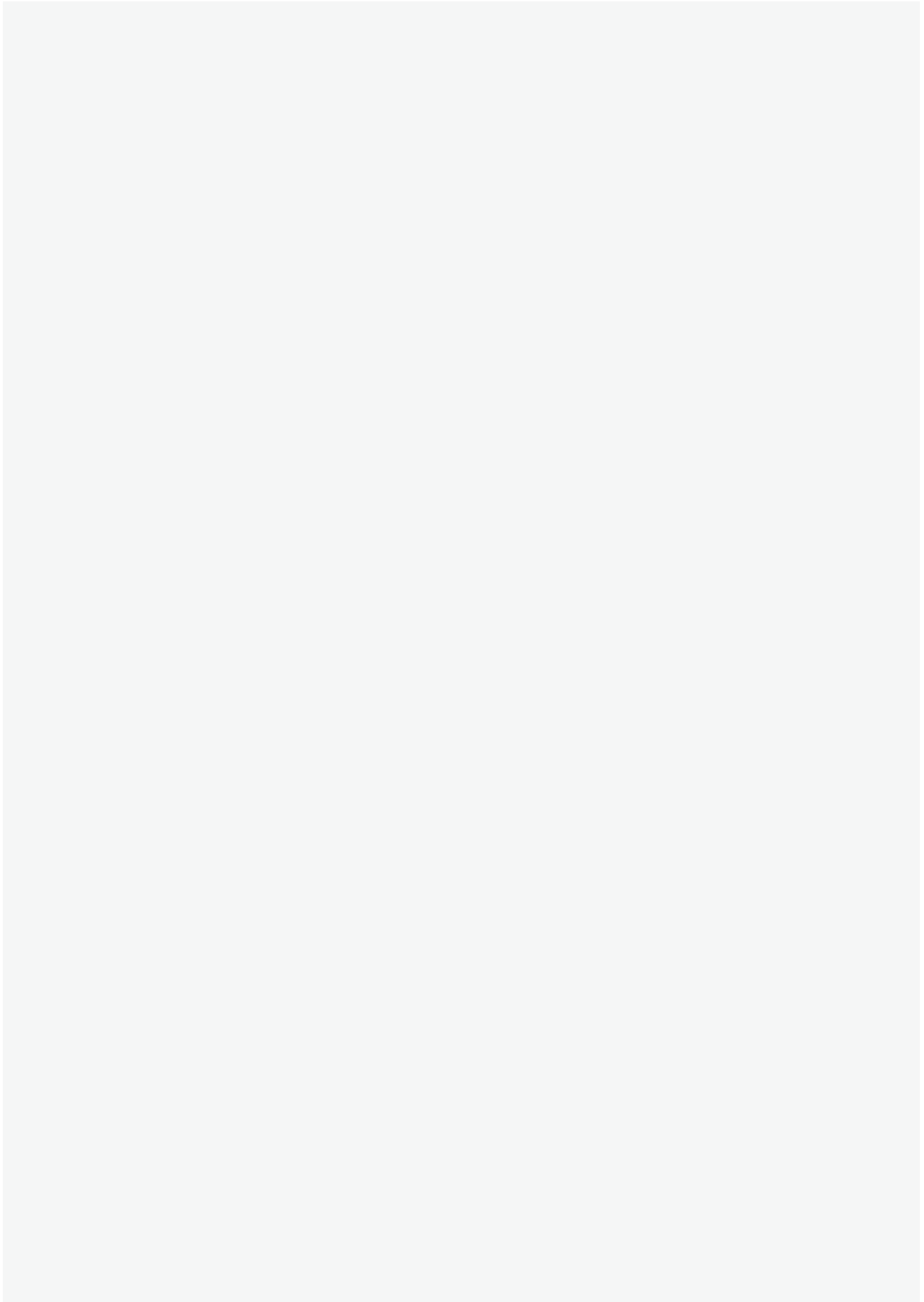
(in CHF thousand)

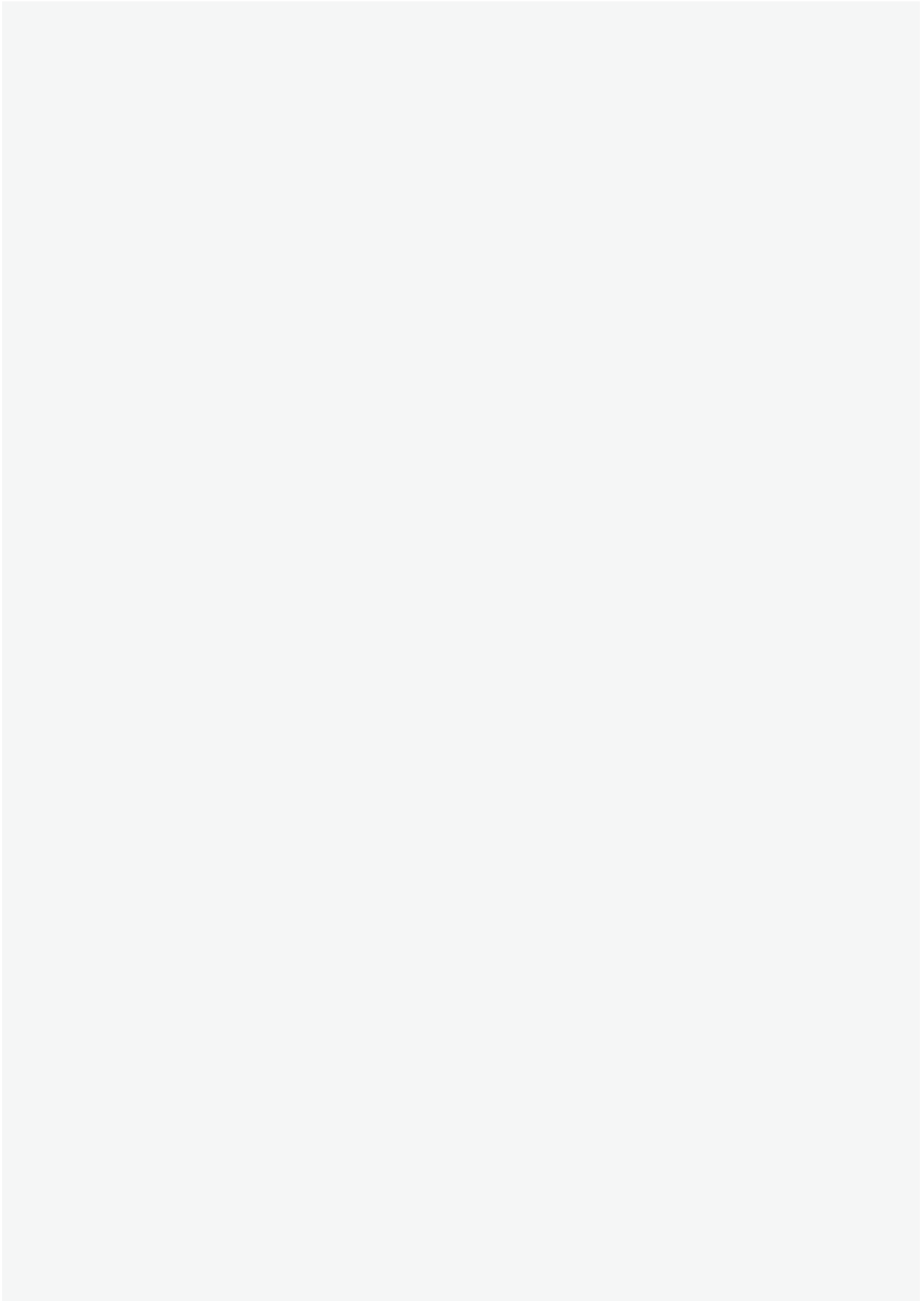
| | 2023 | 2022 |
|--------------------|-----------|-------------|
| 17. TAXES | | |
| Current taxes | 13 | - 28 |
| Total taxes | 13 | - 28 |

The tax rate for the reporting year is 20.74 percent (previous year: 20.30 percent).

The audit reports for the Swiss Bankers Group and for the parent company (Swiss Bankers Prepaid Services AG) can be found in the German Annual Report on page 75.

The German Annual Report can be found here:
swissbankers.ch/de/swiss-bankers/geschaeftsberichte





SWISS BANKERS

Swiss Bankers Prepaid Services Ltd
Kramgasse 4
3506 Grosshöchstetten
Switzerland
Phone +41 31 710 11 11
info@swissbankers.ch
swissbankers.ch