a SIX company

Annual Report

2024

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Management Report

1. General Conditions and Business Performance

SECB Swiss Euro Clearing Bank GmbH, founded on 27 February 1998, was entered in the commercial register at Frankfurt am Main Local Court under HRB 46 118 after being granted a full banking licence by the Federal Financial Supervisory Authority (BaFin), Bonn.

SIX Group AG, Zurich, holds 100% of the bank's share capital of EUR 30 million.

The processing of payment transactions in euros as part of correspondent banking remained the main component of the SECB's business activities in the 2024 reporting year. The majority of services are provided for Swiss financial institutions (approx. 88 %).

In 2024, the EU experienced a gradual economic recovery after a period of stagnation in 2023. In the EU, overall inflation has fallen from 3.4% to around 2.5% in 2024 compared to 2023 due to lower energy prices, the recovery in supply chains and tight monetary policy. In its published autumn forecast for 2024, the European Commission assumes GDP growth of 0.9% in the EU and 0.8% in the eurozone.

The development of the German economy was noticeably characterized by cyclical and structural burdens: According to initial calculations by the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) in 2024 was 0.2% lower than in the previous year, meaning that the German economy contracted again in 2024. Reasons for this include high energy costs, persistently high interest rates and increasing competition for the German export industry in key sales markets. The inflation rate in Germany, measured as a change in the consumer price index, averaged +2.2% in 2024 compared to 2023.

The European Central Bank (ECB) initiated a turnaround in interest rates in the course of 2024. For the first time in June 2024, the ECB lowered the interest rate on the deposit facility by 25 basis points from 4.0% in the first half of the year to 3.75%. There were three further interest rate cuts of a further 25 basis points each until December 2024, so that the interest rate on the deposit facility was 3.0% at the end of 2024.

In Switzerland, GDP remained difficult in the financial year 2024: according to the provisional results available, real, sporting event and seasonally adjusted GDP grew by 0.8% in 2024, compared to 1.2% in the previous year. The industrial sector recorded moderate growth in 2024. This increase is due to the significant rise in exports in the chemical and pharmaceutical industry, which led to an increase in value added. In contrast, the services sector recorded below-average growth in value added. In contrast, the Swiss financial market appears to have recovered from the surprising collapse of Credit Suisse. The Swiss National Bank (SNB) has left the key interest rate at 1.75% until March 2024. From the end of March 2024, the SNB key interest rate was lowered four times in total and stood at 0.50% at the end of 2024.

There was a change in the management of SECB on the back office side: On 1 January 2024, Mr. Erdal Konak took over responsibility for the back office, succeeding Hans A. Schlottner, who left the company on 31 December 2023.

The management defines performance indicators as net interest and commission income, net profit for the year and the number and volume of transactions, the development of which is discussed in more detail.

In general, business performance in 2024 was positive in terms of the number of payment transactions processed. There was an increase in transactions of around 8.8% compared to the previous year (previous year's increase: 6%). The volume of transactions also increased by around 7% compared to the previous year. For the SECB, the decline in key interest rates generally meant relief in 2024, but at EUR 60,716 thousand, the charges in the form of interest expenses on the liabilities side were still higher than the interest expenses of EUR 56,751 thousand in the financial year 2023. The still relatively high interest expenses were limited to a certain extent on the assets side by increasing the average interest rate of the securities portfolio by replacing maturing fixed-interest securities with floating rate notes. 39% of SECB's interest-sensitive assets consist of a securities portfolio with low-interest coupon bonds and final maturities over the next few years. The average interest rate of this securities portfolio is still below the EUR key interest rate in the financial year 2024. As a result of these two factors (asset side: largely low, fixed interest rates; liability side: passing on the relatively high variable interest rates to customers), investments were also made in floating rate notes with interest rates above the deposit facility in 2024, which improved the average interest rate of the securities portfolio in 2024 from an initial 1.49% to 1.78%.

As a result of the above-mentioned mismatch between asset and liability items and the consideration of future financial years until the final maturity of all securities in the portfolio, provisions for impending losses were already recognized in the two previous years in accordance with the loss-free valuation of the banking book, most of which could be reversed in 2024, primarily due to the ECB's current interest rate policy, the maturities of coupon bonds and the restructuring of the securities portfolio.

In the financial year 2024, the SECB was able to release a total of EUR 26.0 million of the provisions for onerous contracts of EUR 38.5 million as at the end of 2023, leaving a provision for onerous contracts of EUR 12.5 million on the balance sheet as at 31 December 2024. Without the reversal of the provisions for onerous contracts, the positive annual result of EUR 9.7 million would be a net loss of EUR 16.3 million before taxes.

2. Earnings

Although SECB's earnings performance remained challenging in the financial year 2024 due to the changing interest rate environment, the negative interest result improved from EUR 21,518 thousand in the previous year to EUR 10,658 thousand in the financial year 2024 as a result of the European Central Bank initiating a turnaround in interest rates in June 2024. Although interest expenses on the liabilities side remained high, the average return on the securities portfolio on the assets side was increased by reinvesting in floating rate notes. Net interest income was therefore higher than the previous year's figure and well above the originally planned figure (negative result of EUR 27,353 thousand), which is still attributable to the planning assumptions from the economic outlook in the second half of 2023.

Net commission income of EUR 7,074 thousand increased compared to the previous year (EUR 4,608 thousand). The fact that the planned figure of EUR 4,796 thousand was exceeded is due to the introduction of the price performance model in March 2024. In addition, the planned forecast of a stable number of transactions was exceeded with an increase in processed cross-border transactions of 19,464,815 (previous year: 17,892,513) and domestic transactions of 3,049,768 (previous year: 3,054,651). This led to an improvement in net commission income. Similarly, the total transaction volume increased from EUR 2,755 billion in 2023 to EUR 2,945 billion in 2024.

General administrative expenses including amortization of intangible assets of EUR 12,730 thousand increased compared to the previous year (EUR 11,172 thousand) due to staff recruitment and investments in the implementation of regulatory requirements, but remained below the budget value set for the financial year 2024 (EUR 13,438 thousand). Personnel expenses of EUR 5,102 thousand and IT expenses of EUR 4,853 thousand remained the main drivers within general administrative expenses.

After two challenging years, the SECB recorded a successful business performance again in the financial year 2024 Transaction volumes also increased due to a rise in the number of transactions. By initiating the European Central Bank's interest rate cut in 2024, the management was able to achieve a net profit of EUR 8,929 thousand at the end of the financial year (previous year: EUR -39,863 thousand), which was better than forecast. This result was mainly achieved through the reversal of the provisions for impending losses recognized in previous years (EUR 38,500 thousand) from the loss-free valuation of the banking book in the amount of EUR 26,000 thousand. As a result, the accumulated loss of EUR 63,668 thousand from the previous year was reduced to an accumulated loss of EUR 54,739 thousand in the financial year.

3. Net Assets and Financial Position

Receivables and liabilities are denominated exclusively in euros. The surplus liquidity on the liabilities side ensures that the bank does not have to draw on credit lines from other financial institutions.

As at the reporting date, 100% or EUR 1,812,820 thousand (previous year: EUR 1,784,112 thousand) of liabilities to banks consisted of deposits payable on demand, which result exclusively from the processing of payment transactions. Three customers (Fintech) also provide deposits payable on demand for the processing of payment transactions, which are recognized in the balance sheet under liabilities to customers at EUR 80,791 thousand (previous year: EUR 73,582 thousand). Around 20.5% (previous year: 22.7%) of the banks' deposits payable on demand are represented by one major customer, a Group company of the shareholder.

The stable base of customer deposits and equity were mainly invested in interest-bearing securities from public issuers and banks. The majority of these fungible securities with a nominal value of EUR 904,700 thousand (collateral value of EUR 805,948 thousand) (previous year: EUR 966,700 thousand (collateral value of EUR 869,481 thousand)) are deposited in the collateral account at Deutsche Bundesbank.

Receivables from banks in the amount of EUR 783,785 thousand (previous year: EUR 580,363 thousand) mainly include the demand deposit with Deutsche Bundesbank and the funds included in receivables from customers primarily relate to the registered bonds held in the investment portfolio with a nominal value of EUR 20,000 thousand (previous year: EUR 20,000 thousand).

Purchases of interest-bearing securities, promissory note loans and registered bonds were only made with issuers with an issuer rating of at least long-term BBB-. No money market investments were made in 2024.

No derivative financial instruments were used.

Equity as at 31 December 2024 amounted to EUR 204,961 thousand (previous year: EUR 196,032 thousand).

Liquidity was secured at all times in the past financial year. The bank also fulfilled the regulatory capital ratios. As at the balance sheet date, the total capital ratio was 50.68% (previous year: 42.10%) and therefore well above the regulatory minimum requirements. The SECB's leverage ratio was 9.19% as at 31 December 2024 (previous year: 9.00%). The regulatory minimum ratios for the liquidity coverage ratio (LCR) of 241.55% (previous year: 317.25%) and the net stable funding ratio (NSFR) of 145.18% (previous year: 165.42%) were also complied with. The bank's solvency was ensured at all times.

In summary, the SECB's net assets, financial position and results of operations were positively impacted in the financial year due to the fall in EUR key interest rates and the reversal of EUR 26,000 thousand in provisions for onerous contracts. The remaining provision for impending losses of EUR 12,500 thousand covers potential future losses from the interest rate risk.

4. Employees and Memberships

The average number of employees has increased compared to the previous year. As at 31 December 2024, the Bank had 45 permanent employees (previous year: 36) and two managing directors.

The Bank attaches great importance to the continuous professional development of its employees. The Bank's success would not be possible without the professional expertise of all employees and the ongoing development of its systems.

Employee remuneration was paid for the last time for the financial year 2023 in accordance with the internal salary and bonus system. On 1 January 2024, the salary system was completely converted to a fixed remuneration for all employees.

The Bank is a member of Entschädigungseinrichtung deutscher Banken GmbH, Berlin, and a member of Verband der Auslandsbanken e.V., Frankfurt.

5. Risk Report

Although the SECB has a license to conduct all banking business, the internal regulation on payment transaction products and the investment of free funds in securities continues to apply. However, investment in the money market was discontinued in 2024.

The business and risk strategy is reviewed annually and adjusted if necessary on the basis of the Bank's strategic direction as decided by the Management Board and approved by the Board of Directors. The risk strategy is defined on the basis of procedures for determining and ensuring the bank's risk-bearing capacity.

The risks resulting from business activities are identified, limited and managed using a risk management system implemented for this purpose.

To identify risks, the Management Board and Risk Controlling regularly review the bank's risk profile on the basis of a risk inventory.

The risk-bearing capacity concept implemented is intended to ensure that the SECB's risk coverage potential is sufficient to cover all material risks at all times. To this end, the risk-bearing capacity concept is based on the normative and economic perspective defined in BaFin's RBC guidelines from 2018.

On the basis of the calculated risk coverage potential, limits are set as total loss and partial loss ceilings in accordance with the business strategy for all risks identified as material.

The economic risk-bearing capacity and the utilization of risk-relevant limits are determined and monitored on a monthly basis and reported to the Management Board. The monthly monitoring of the utilization of the internally granted limits by Risk Controlling and the Management Board is intended to ensure that this overall limit is adhered to at all times. The regulatory requirements and the bank's risk appetite are calculated and compared with the regulatory key figures determined on the basis of planning on a quarterly basis. The Board of Directors is comprehensively informed about the results of the economic and normative perspective, including other risk-relevant topics, on a quarterly basis. Limit breaches must be reported immediately to the Management Board and the Board of Directors.

In addition, the Bank records, manages and monitors its identified risks on the basis of organizational guidelines, rules on structural and procedural organization and implemented risk management and controlling processes.

The bank regularly carries out the stress scenario analyses required by regulatory law. To this end, constellations of risk factors are first identified that have a significant impact on the Bank's net assets, financial position and results of operations as well as its risk-bearing capacity. Suitable institution-specific and market-specific scenarios as well as a combination of both scenarios are taken into account based on the Bank's strategic orientation. The stress scenarios based on this are analyzed with regard to their effects, which have a univariate or multivariate effect in each of the risk types (counterparty default risk, interest rate risk, credit spread risk, liquidity risk, operational risk including ESG risk, business risk and model risk). An inverse stress test is also carried out at least once a year.

The calculations in the economic perspective are based on the present value model and the derivation of the risk coverage potential on the near present value model. In the normative perspective, multi-year planning is carried out as required. The starting point for the normative perspective is the regulatory and supervisory ratios and their calculation logic. Regulatory capital determinations are plausibly extrapolated in the capital planning and planned results for future periods are taken into account as another important input variable. In addition to the base scenario, an adverse and an inverse scenario of the normative perspective are also calculated.

In addition to quantitative counterparty and issuer-related limits, the Management Board also sets further qualitative framework conditions, such as minimum creditworthiness and the borrower's country of domicile, in compliance with the regulatory upper limit for large exposures.

For the lending business, the VaR model is determined statistically using a Monte Carlo simulation with a confidence level of 99.9% and a risk horizon of one year. The model parameters are the probabilities of default, the loss ratios, the intra- and inter-correlations and the outstanding exposure amounts. In principle, counterparty default risks continue to be taken into account by the fact that investments in securities and registered bonds may only be made with counterparties that fulfil strict minimum rating requirements with Moody's or comparable ratings with another rating agency. The securities, which are allocated in their entirety to the banking book, must also fulfil the ESCB's requirements for marketable securities in liquidity categories I, II and III and, if eligible as collateral, must be deposited in the corresponding SECB pledged securities account at the Deutsche Bundesbank. Individual analyses, also taking external ratings into account, are carried out regularly to assess counterparty default risks. Investment decisions are made directly by the entire management team on the basis of the issuer's credit analysis.

Concentration risk exists when investing in securities in the form of concentration on domestic and European public-sector counterparties, including the Federal Republic of Germany and its federal states, special funds of the federal government and federal and state institutions (in particular development banks), which is taken into account in the modelling of counterparty default risk as part of the risk-bearing capacity concept by means of suitable sector correlations. On the other hand, there is a concentration risk within the securities portfolio in the form of high volumes on certain individual counterparties.

In the area of investments in variable and fixed-interest securities and registered bonds, there is an interest rate risk and credit spread risk in addition to the counterparty default risk. Both risks are calculated using historical observation periods with a holding period of 250 trading days at a confidence level of 99.9%. In the case of interest rate risk, the VaR is modelled for a risk horizon of one year using a historical simulation and an observation period of more than 20 years (since the introduction of the euro). In the case of credit spread risk, the VaR is also determined using a forecast value simulation for an observation period of 10 years and a risk horizon of one year. In both cases, observation periods are updated with each financial year and month.

The liquidity risk, including during the day, is taken into account insofar as the current accounts can only be managed on a credit basis. In the event of an unexpected liquidity bottleneck, the securities portfolio can be utilized at any time as part of Lombard transactions to obtain liquidity from the Deutsche Bundesbank. In addition, as part of the required ILAAP, the survival period is calculated in the base scenario, institution-specific and market-specific scenarios as well as a combined scenario. The LCR ratio is monitored daily. The refinancing cost risk is calculated using a Monte Carlo simulation to determine the risk-bearing capacity. The confidence level is 99.9% and the risk horizon is one year. There is a concentration risk with deposit customers in the form of the high deposit volumes of certain individual customers.

Due to its business model and strategic focus, the Bank is exposed to operational risks primarily in the area of outsourcing, in particular the provision of ICT systems by various service providers. The availability of the ICT systems is to be regarded as a primary risk of business operations, which is taken into account through appropriate redundancies where technically feasible. The potential cyber and information security risks associated with the ICT systems are actively managed by the information security officer. Based on a risk analysis, a distinction is made between material and immaterial outsourcing. Significant outsourcing is included in risk management and is subject to continuous monitoring. In the area of human resources, the management pursues a personnel policy geared towards sustainability. Reliability checks are carried out on all employees on an annual basis. The Bank has a centralized compliance function to counteract the risks that may arise from non-compliance with (supervisory) legal regulations and requirements. There is also a D&O insurance policy in this context to minimize the financial consequences of such risks. Legal risks are of minor importance and are monitored by the management and managed in consultation with external law firms. All loss events at the Bank are collected in a loss database, analyzed and taken into account when calculating operational risks. Operational risks are calculated using a Monte Carlo simulation with a confidence level of 99.9% and a risk horizon of one year.

The Bank's business risk consists of failing to meet its targets, as the Bank is exposed to a concentration of earnings risk due to its business model. It counters this by including business risk in the risk-bearing capacity concept. As a material risk, this is limited accordingly. Using a VaR calculation based on the normal distribution assumption and a confidence level of 99.9% as well as a risk horizon of one year, the business risk is determined as a deviation from the target figures (target/actual analysis).

The model risk is estimated on an expert basis. In order to integrate the risk into the risk-bearing capacity concept, a flat-rate risk amount of 5% of the total risks was set at the SECB.

As at the reporting date of 31 December 2024, the economic perspective is as follows:

	Risk value in TEUR 31.12.2023	Risk value in TEUR 31.12.2024	Limit in % 31.12.2024	Limit in TEUR 31.12.2024	Limit utilization in % 31.12.2024
Risk coverage amount	186,990	193,917			
Counterparty default risks	35,690	38,864	25.0%	48.479	80.2%
Market price risk	83,833	55,407	65.0%	126.046	44.0%
Interest rate risk	*54,808*	*27,585*	*40.0%*	*77.567*	*35.6%*
Credit spread risk	*29,025*	*27,822*	*25.0%*	*48.479*	*57.4%*
Liquidity risk	0	0	1.0%	1.939	0.0%
Operational risk	2,794	2,796	2.0%	3.878	72.1%
Other risks	8,812	7,886	7.0%	13.574	58.1%
Business risk	*2,568*	*2,888*			
Model risk	*6,244*	*4,998*			
Total	**131,130**	**104,953**	**100.0%**	**193.917**	**54.1%**

As at the reporting date of 31 December 2024, the normative perspective based on the key figures is as follows:

Key figures	in TEUR / % 31.12.2023	in TEUR / % 31.12.2024	Regulatory requirement 31.12.2024
Total equity	194,792	194,903	
RWA total	462,657	384,579	
RWA credit risk	*421,269*	*346,536*	
RWA operational risk	*41,388*	*38,043*	
Overall capital ratio	42.10%	50.68%	17.04%
Leverage ratio	9.00%	9.19%	3.00%
LCR	317.25%	241.54%	100%
NSFR	165.42%	145.18%	100%

The key figures for the multi-year perspective of the normative perspective are as follows:

Key figures	in TEUR / % 31.12.2025	in TEUR / % 31.12.2026	in TEUR / % 31.12.2027
Total equity	204,541	210,780	217,620
RWA total	332,551	260,935	235,606
RWA credit risk	*275,317*	*205,982*	*181,370*
RWA operational risk	*57,234*	*54,953*	*54,236*
Overall capital ratio	61.51%	80.78%	92.37%
Leverage ratio	11.29%	11.62%	12.84%

In addition to ongoing monitoring and ensuring the smooth processing of payment transactions, the SECB sets high creditworthiness requirements (e.g. minimum rating of issuers: BBB-) for the selection and ongoing monitoring of issuers for investments in securities and registered bonds. The reputational risk, which could, for example, lead to the withdrawal of customer funds due to a loss of reputation, is of secondary importance for the bank as a result of the measures mentioned.

The Bank's risk management concept is continuously monitored in accordance with the requirements of MaRisk, revised in the event of changing conditions and forms an integral part of the internal audit plan.

SECB's risk management is intended to ensure that the risks taken into account in the risk-bearing capacity concept are covered by the Bank's risk coverage potential on an ongoing basis, taking into account its overall risk profile.

In the financial year 2024, risk-bearing capacity was ensured at all times in both the economic and normative perspectives of the risk-bearing capacity concept.

Limit utilisation in the economic perspective was 54.1% (previous year: 70.13%). The main driver for the reduction in overall risk was the restructuring and reduction of the securities portfolio. At the same time, the aggregate risk coverage amount was increased from EUR 186,990 thousand as at 31 December 2023 to EUR 193,917 thousand as at 31 December 2024.

With its current and future capitalization, the SECB is in a comfortable position to cover its risks, which is also reflected in the regulatory key figures, which are well above the regulatory minimum requirements as at the reporting date and also in the forecast.

6. Forecast Report

The leading economic research institutes, including the ifo Institute in Munich, predict that the German economy will barely grow in 2025. Uncertainty about Germany's economic development is quite high. On the one hand, the policies of the new US government, including the planned tariffs, have unsettled the economy and capital markets worldwide. Secondly, a new Bundestag was elected in Germany and it is still unclear what specific economic policy adjustments the new federal government will make in the coming years, including with regard to infrastructure and defence. No further decline in economic output is expected at the start of 2025, as the order situation in the construction and industrial sectors has stabilized. The ifo Business Climate Index also shows stabilization. However, the consumer climate has deteriorated and the overall mood among consumers and companies remains poor, with no signs of a significant recovery. For 2025 as a whole, price-adjusted gross domestic product is therefore only expected to be 0.2% higher than in the previous year. The inflation rate in Germany, measured as the change in the consumer price index compared to the same month of the previous year, was +2.3% in January 2025 and is therefore not far off the target of 2%.

According to the expert forecast, consumer prices in Germany are expected to fall in the coming years. At the same time, low economic growth is forecast for 2025. The punitive tariffs announced by the US government could have an impact on consumer prices, but their effect is difficult to assess. There is uncertainty as to whether the European Central Bank's inflation target of 2.0% for 2025 or 2026 can be achieved.

Employment should remain largely stable and there is a prospect that unemployment will fall again from the second half of 2025. Nevertheless, the start of the year is characterized by strikes and wage negotiations in the public sector. Nevertheless, in its 2025 forecast, the Institute for Employment Research (IAB) expects the labour market to be affected by the weak economy on the one hand and the transformation crisis on the other. On an annual average, the number of people in employment subject to social security contributions will increase by 60,000, but the number of unemployed will rise by 140,000 in 2025.

At its meeting on 6 March 2025, the ECB announced that it would cut the three key interest rates by 25 basis points each. This is already the second rate cut in 2025. The decision to cut the interest rate for the deposit facility reflects the Governing Council's updated assessment of the inflation outlook, the dynamics of underlying inflation and the effectiveness of monetary policy transmission. The ECB expects overall inflation to fall only slightly in 2025 and to average 2.3% in 2025. At the beginning of 2026, inflation could probably fall to 2.0% and remain at or slightly below the ECB's target of 2.0% until the end of the projection horizon. The Governing Council of the ECB is determined to stabilize inflation at 2.0% in the long term. In view of the uncertainty, the monetary policy course is determined from meeting to meeting, depending on the data. Interest rate decisions are based on the inflation outlook, current economic and financial data and the strength of monetary policy transmission.

The Swiss National Bank expects economic growth of 1% to 1.5% in 2025. The unemployment rate in Switzerland could rise slightly in 2025, as the SNB expects utilization of production capacity to decline. Economic growth will be supported by the monetary policy easing of recent quarters, but is expected to remain low due to moderate foreign economic activity. Inflation expectations have been revised downwards to between 1.1% and 0.7%.

The direct connection to central European clearing systems is a key strategic advantage for the SECB. The planned introduction of instant payments not only offers the opportunity to expand the existing range of services, but also opens up new business potential in a fast-growing segment of payment transactions. The associated intensive technical and operational cooperation with customers will also help to strengthen business relationships and could lead to an increase in deposits and transaction volumes in the medium term.

In addition, the announced discontinuation of the euroSIC system by the end of 2027 offers the opportunity to position ourselves as the preferred partner for euro-based payment processing within the European currency area - particularly outside Switzerland. Although the switch to direct connections requires increased coordination and customer support, it also opens up the opportunity to sustainably intensify customer engagement through personal support and customized solutions. Although there is a risk that individual customers will not go along with the change and migrate, these are usually inactive relationships that currently generate little to no sales. Eliminating them would help to streamline the customer portfolio and strengthen the focus on active, committed partnerships.

Annual and multi-year plans are drawn up to forecast the future earnings, assets and financial position of the SECB. They include capital, income and cost planning as well as stress scenarios, taking into account expected new customer business, transaction volumes and the securities portfolio. The following forecasts refer to the planning for the year 2025.

In customer service, the Bank will continue to concentrate on ensuring the efficient accessibility of Swiss and Liechtenstein financial institutions in euro payment transactions. The focus remains on consolidating the Bank's position as an entry point for euro payments and as a gateway to the euro clearing systems. The SECB's connection to all major euro clearing systems in the eurozone will be systematically expanded. The continuously rising transaction figures confirm the importance of the euroSIC/SECB combination as an alternative to traditional correspondent banking. Even after the announced discontinuation of euroSIC by the end of 2027, the SECB does not see this as a restriction, but rather as an opportunity to strengthen the cross-border euro correspondent banking business. A gradual migration of customers to direct connections will ensure that euro payment transactions can continue to be processed efficiently – even without euroSIC.

The bank will continue to meet the growing market demand for low-cost payment methods and procedures with appropriate offerings. We expect the number of transactions to remain stable at around 23 million in 2025, despite the changing payment landscape in the eurozone. The SECB intends to participate in this development through intensive marketing measures to acquire new customers and additional business. The product and service portfolio is continuously analyzed and adapted to market requirements. These measures and the consistent maintenance of the highest quality standards in processing and customer service are intended to further strengthen customer relationships in 2025.

By acquiring additional business, including in the area of SEPA credit transfers and SEPA direct debits, and optimizing the business model, we expect to generate net commission income of around EUR 6.7 million in 2025.

The interest result in 2025 will reflect the improved situation on the assets side, where the proportion of low fixed-interest securities with final maturities in the portfolio will decrease over the next few years and the proportion of floating rate notes with a better interest rate will increase at the same time. We therefore expect further improvements in the average interest rate of the asset portfolio and, as a result, a small negative interest result of around EUR 0.1 million for 2025.

Overall, the operating result in 2025 will continue to be influenced by the ECB's future interest rate policy in the context of net interest income. Net interest income is the main driver of the income statement. The interest claims of our customers on the liabilities side, which are in line with the market, are predominantly offset on the assets side by a securities portfolio with an average interest rate that remains below the ECB's key interest rates. The SECB therefore expects a small negative interest result for 2025. The annual plan for 2025 envisages a good year with rising net commission income, moderate increases in administrative expenses and a very low negative net interest result, which is likely to close with an annual profit of around EUR 769 thousand including reversals of provisions for impending losses of a planned EUR 10,000 thousand.

Dr. Franz Siener-Kirsch, CEO
Erdal Konak, CFO & CRO

SECB Swiss Euro Clearing Bank GmbH
Frankfurt am Main, 21 May 2025

Report of the Board of Directors

During the financial year 2024, the Board of Directors, as the governing body of the Company, performed the duties incumbent upon it in accordance with the Articles of Association. It received regular written and verbal reports from the company's management on economic developments.

The Board of Directors approved the business transactions requiring approval after reviewing and discussing them with the Management Board.

The annual financial statements and the management report for the financial year 2024 were submitted to the Board of Directors.

The annual financial statements as at 31 December 2024 and the management report for the financial year 2024, including the accounts, have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mergenthalerallee 3, 65760 Eschborn, Germany, who were appointed as auditors for the financial year 2024 by the ordinary shareholders' resolution of 5 July 2024. The auditing company has issued an unqualified audit opinion on the annual financial statements. The Board of Directors acknowledged and approved the auditors' report. It examined the annual financial statements and the management report. No objections were raised.

The Board of Directors approved the annual financial statements presented by the management

Dieter Goerdten, Chairman of the Board of Directors

The Board of Directors
Frankfurt am Main, 25. June 2025

Proposed Resolution on the Utilization of Profits

The net profit for the financial year 2024 amounts to EUR 8,928,546.99. After adding the loss carried forward from the financial year 2023 of EUR 63,667,670.02, this results in an accumulated loss of EUR 54,739,123.03.

The following appropriation of funds is proposed to the shareholders' meeting:
1. to carry forward the loss of EUR 54,739,123.03 to new account.

Annual Balance Sheet of SECB Swiss Euro Clearing Bank GmbH

as of 31 December 2024

Assets			31.12.2024	31.12.2023
	EUR	EUR	**EUR**	Prev. yr TEUR
1. Cash reserve				
a) Cash on hand		4,836.91		4
b) Cash at central banks		0.00	**4,836.91**	0
of which:				
at the German Bundesbank	0.00			
2. Receivables from credit institutions				
a) Due on demand		783,784,760.33	**783,784,760.33**	580,363
3. Receivables from customers		20,184,758.20	**20,184,758.20**	20,185
of which:				
Secured by mortgage	0.00			
Loans to public authorities	0.00			
4. Bonds and other fixed-interest securities				
a) Bonds and debentures				
aa) issued by public authorities		214,721,920.25		305,242
of which:				
eligible as collateral at the German Bundesbank	210,737,290.79 (Vj. 301,244,977.39)			
ab) other issuers		1,104,174,013.21	**1,318,895,933.46**	1,193,401
of which:				
eligible as collateral at the German Bundesbank	696,671,326.31 (Vj. 668,511,188.74)			
5. Intangible fixed assets				
a) Concenssions, commercial trademarks and similar rights and assets, and licenses fur such rights and assets, purchased against payment		786,798.72	**786,798.72**	1,045
6. Tangible assets			**163,342.52**	92
7. Other assets			**1,480,757.30**	8,218
8. Prepaid expenses and other current assets			**541,438.64**	421
9. Deferred tax assets			**0.00**	955
Total Assets			**2,125,842,626.08**	2,109,926

Liablilities		**31.12.2024**	**31.12.2023**
	EUR	**EUR**	Prev. yr TEUR
1. Liabilities to credit institutions			
a) Due on demand	1,812,820,022.10	**1,812,820,022.10**	1,784,112
2. Liabilities to customers			
a) Other liabilities			
aa) Due on demand	80,791,152.66	**80,791,152.66**	73,582
3. Other liabilities		**13,667,903.03**	15,700
4. Provisions			
b) Tax provisions	0.00		487
c) Other provisions	13,602,671.32	**13,602,671.32**	40,013
5. Equity capital			
a) Subscribed capital	30,000,000.00		30,000
b) Capital reserves	150,000,000.00		150,000
c) Retained earnings			
cd) other retained earnings	79,700,000.00		79,700
d) Net profit/loss	-54,739,123.03	**204,960,876.97**	-63,668
Total Liabilities		**2,125,842,626.08**	**2,109,926**

Profit and Loss Account of SECB SECB Swiss Euro Clearing Bank GmbH

for the period from 01 January to 31 December 2024

			31.12.2024	31.12.2023
	EUR	EUR	**EUR**	TEUR
1. Interest income from:				
a) lending and money market transactions	24,345,972.64			17,803
b) fixed-interest securities and debt register claims	25,712,542.89	50,058,515.53		17,064
2. Interest expenses		60,716,136.12	**-10,657,620.59**	56,385
3. Commission income		12,847,839.13		9,121
4. Commission expense		5,773,782.29	**7,074,056.84**	4,513
5. Other operating incomed			**26,430,497.41**	744
6. General administration expenses				
a) Personnel expenses				
aa) Wages and salaries	4,042,875.47			3,639
ab) Social security, post-employment and other employee benefit costs	1,059,118.12	5,101,993.59		877
of which: for retirement benefits 391,839.43 (Vj. 324,710.15)				
b) Other administration expenses		7,216,399.82	**12,318,393.41**	6,412
7. Depreciation and vale adjustments for intangible and tangible assets			**411,172.51**	244
8. Other operating expenses			**635.39**	13,948
9. Depreciation and valuation allowances on shareholdings, shares in affiliated enterprises and securities held as assets		388,640.34		466
10. Income from write-ups on shareholdings, shares in affiliated enterprises and securities held as fixed assets		30,000.00	**-358,640.34**	1,783
11. Results from ordinary activites			**9,758,092.01**	-39,969
12. Income taxes		802,686.29		-139
13. Other taxes, if not shown under item 12		26,858.73	**829,545.02**	33
14. Annual net profit / loss			**8,928,546.99**	-39,863
15. Profit / Loss brought forward prom previous year			**-63,667,670.02**	-23,805
16. Net profit / loss			**-54,739,123.03**	-63,668

Notes for the Financial Year

01 January to 31 December 2024

1. General Data

The annual financial statements of SECB Swiss Euro Clearing Bank GmbH, Frankfurt, entered in the Commercial Register at the Local Court of Frankfurt am Main under no. HRB 46 118, for the financial year 2024 were prepared in accordance with the provisions of the German Commercial Code (HGB), the German Bank Accounting Directive (RechKredV) and the provisions of the German Limited Liability Companies Act (GmbH-Gesetz) and the German Banking Act (KWG).

2. Accounting and Valuation

The accounting and valuation methods have changed compared to the previous year with regard to the valuation of deferred taxes to the effect that the company will not recognize deferred taxes in the balance sheet from the financial year 2024. To this end, an amendment to the Articles of Association was made on 7 June 2024.

The valuation of assets and liabilities corresponds to the general valuation regulations of Sections 252 et seq. HGB in conjunction with. Sections 340e et seq. HGB.

Cash reserves are recognized at nominal value.

Receivables are stated at their nominal value plus accrued interest.

Intangible assets and property, plant and equipment are recognized at cost less amortization and depreciation over their useful lives. Low-value assets acquired in the financial year are summarized in an annual collective item and are depreciated over a period of five years or at 20% p.a.

The securities held in the portfolio relate to bonds and debentures that were allocated to fixed assets in accordance with a management resolution. They are recognized including pro rata interest. The valuation was based on the moderate lower of cost or market principle in accordance with Section 253 (3) in conjunction with Section 340e (1) HGB. § Section 340e (1) of the German Commercial Code (HGB).

Bonds and other fixed-interest securities are therefore recognized at cost. The premium paid on acquisition is capitalized at cost and amortized on a straight-line basis over the remaining term. The amortization is recognized in net interest income as an adjustment to interest income.

Securities held in the portfolio were not lent in the financial year 2024.

The SECB analyses the present value of the loss-free valuation of interest-related financial instruments. For this purpose, the present values of the over-night facilities with the Bundesbank, securities transactions and customer deposits are compared with their respective carrying amounts. Maturity mismatches are closed by discounting with the refinancing curve, which includes a spread premium on the risk-free interest rate curve, which in turn reflects the refinancing facility of the Bundesbank. The closing of maturity mismatches and discounted administrative expenses and risk costs are deducted from the calculated and discounted interest book result. Although this resulted in a negative amount for the financial year 2024, this is significantly lower than the previous year's figure. As at 31 December 2024, it was possible to partially reverse the previously recognized provision for onerous contracts in accordance with Section 340a HGB in conjunction with Section 249 (1) sentence 1 HGB.

In accordance with Section 250 HGB, expenses prior to the balance sheet date are recognized as prepaid expenses if they represent expenses for a specific period after this date.

In accordance with the Articles of Association, the company does not recognize deferred tax assets in the balance sheet. Deferred taxes existing in the financial year were therefore derecognized as planned.

As before, no transactions in derivative financial instruments were conducted in the financial year 2024.

Liabilities to banks and customers are recognized at the settlement amount.

All recognizable risks and contingent liabilities are included in the provisions in an appropriate amount.

Transactions with related parties were concluded at standard market conditions.

Statement of changes in fixed assets for the financial year 2024

	Acquisition costs				Depreciation / Write-downs				Residual book value	
Balance sheet item	Balance 01.01.2024	Addition 2024	Disposal 2024	Balance 31.12.2024	Balance 01.01.2024	Addition 2024	Disposal 2024	Balance 31.12.2024	31.12.2024	31.12.2024
Office furniture	157,353.23	116,193.99	157,353.23	116,193.99	125,388.13	1,733.00	125,388.13	1,733.00	114,460.99	31,965.10
Office equipment	20,805.45	0.00	20,805.45	0.00	20,805.45	0.00	20,805.45	0.00	0.00	0.00
PC's	474,270.63	14,735.43	0.00	489,006.06	458,389.68	8,015.12	0.00	466,404.80	22,601.26	15,880.95
Fitting of rental premises	27,536.26	0.00	27,536.26	0.00	13,983.46	0.00	13,983.46	0.00	0.00	13,552.80
Low-value assets	79,638.73	8,603.63	23,602.36	64,640.00	49,034.09	12,928.00	23,602.36	38,359.73	26,280.27	30,604.64
Tangible assets total	***759,604.30***	***139,533.05***	***229,297.30***	***669,840.05***	***667,600.81***	***22,676.12***	***183,779.40***	***506,497.53***	***163,342.52***	***92,003.49***
Intangible assets	**4,770,271.28**	**84,732.73**	**0.00**	**4,855,004.01**	**3,725,226.80**	**342,978.49**	**0.00**	**4,068,205.29**	**786,798.72**	**1,045,044.48**
Subtotal tangible and intagible assets	*5,529,875.58*	*224,265.78*	*229,297.30*	*5,524,844.06*	*4,392,827.61*	*365,654.61*	*183,779.40*	*4,574,702.82*	*950,141.24*	*1,137,047.97*
Prommissory note bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Registered bonds	20,000,000.00	0.00		20,000,000.00	0.00	0.00	0.00	0.00	20,000,000.00	20,000,000.00
Investment securities	1,495,622,823.90	207,000,000.00	384,970,000.00	1,317,652,823.90	2,990,117.92	388,640.08	0.00	3,378,758.01	1,314,274,065.89	1,492,632,705.98
Subtotal Securities	*1,515,622,823.90*	*207,000,000.00*	*384,970,000.00*	*1,337,652,823.90*	*2,990,117.92*	*388,640.08*	*0.00*	*3,378,758.01*	*1,334,274,065.89*	*1,512,632,705.98*
Total	**1,521,152,699.48**	**207,224,265.78**	**385,199,297.30**	**1,343,177,667.96**	**7,382,945.53**	**754,294.69**	**183,779.40**	**7,953,460.83**	**1,335,224,207.13**	**1,513,769,753.95**

3. Notes to the Financial Statements

Notes to the Balance Sheet

Cash reserve
The cash reserve consists exclusively of cash on hand in the amount of EUR 5 thousand (previous year: EUR 4 thousand), all of which is postage.

Receivables from financial institutions
This item mainly includes receivables on nostro accounts (SECB accounts with other correspondent banks) and the over-night deposit with Deutsche Bundesbank of EUR 782,257 thousand (previous year: EUR 580,363 thousand).

	2024	2023
	TEUR	TEUR
According to residual terms		
– due daily	783,785	580,363

Receivables from customers
This item mainly includes a registered bond in the portfolio in the amount of EUR 20,000 thousand (previous year: EUR 20,000 thousand) plus accrued interest and a portion of EUR 68 thousand (previous year: EUR 68 thousand) is attributable to a receivable from euroSIC (lump-sum payment), as in the previous year.

	2024	2023
	TEUR	TEUR
According to residual terms		
– due daily up to and including one year	68	68
– over one year up to 5 years inclusive	20,117	20,116
– over 5 years	0	0

Bonds and other fixed-income securities
The securities recognized in the balance sheet, which are treated as fixed assets, amount to EUR 1,318,896 thousand (previous year: EUR 1,498,644 thousand) and include accrued interest of EUR 4,622 thousand (previous year: EUR 6,011 thousand).

	2024	2023
	TEUR	TEUR
Marketable bonds and notes	1,318,896	1,498,644
from public issuers in the amount of	214,722	305,243
– thereof valued like fixed assets	214,722	305,243
– thereof due in the following year	155,315	90,508
from other issuers in the amount of	1,104,174	1,193,401
– thereof valued like fixed assets	1,104,174	1,193,401
– thereof due in the following year	165,119	296,478

The carrying amount of the securities is EUR 1,314,274 thousand (fair value: EUR 1,285,265 thousand). This includes securities with hidden liabilities with a carrying amount of EUR 849,826 thousand (fair value: EUR 818,824 thousand) and securities with hidden reserves with a carrying amount of EUR 309,448 thousand (fair value: EUR 311,441 thousand) as well as securities totalling EUR 155,000 thousand, whose fair value was measured at the same level as their carrying amount. No write-downs were recognized as these are temporary impairments and the bank assumes that the securities in question will be repaid at their carrying amount. All bonds and debentures are listed on the stock exchange, of which securities with a nominal value of EUR 906,671 thousand (lending value as at 31 December 2024: EUR 805,948 thousand) are held in a pledged securities account at Deutsche Bundesbank.

The development of the securities portfolio is shown in the statement of changes in fixed assets attached to the notes.

Intangible assets / property, plant and equipment
Changes in intangible assets and property, plant and equipment in the financial year 2024 are presented separately in the statement of changes in non-current assets as an appendix to the notes.

Other assets
Other assets mainly result from tax refund claims from value added tax in the amount of EUR 1,090 thousand (previous year: EUR 8,125 thousand), fee receivables in the amount of EUR 336 thousand (previous year: EUR 500 thousand) and a share in the payment system S.W.I.F.T, La Hulpe, Belgium, in the amount of EUR 54 thousand (previous year: EUR 92 thousand).

Prepaid expenses
This item mainly relates to prepaid maintenance contracts for 2025 in the amount of EUR 422 thousand (previous year: EUR 421 thousand).

Liabilities to banks
All liabilities to banks are due on demand.

	2024	2023
	TEUR	TEUR
According to residual terms		
– due daily	1,812,820	1,784,712

The total volume reported includes liabilities to two Group companies of the shareholder SIX SIS AG in the amount of EUR 371,051 thousand (previous year: EUR 397,347 thousand) and SIX Digital Exchange AG in the amount of EUR 3 thousand (previous year: EUR 3 thousand).

Liabilities to customers
All liabilities to customers are due on demand.

	2024	2023
	TEUR	TEUR
According to residual terms		
– due daily	80,791	73,582

The recognized liability mainly relates to Bivial AG (formerly Klarpay AG) with EUR 79,538 thousand (previous year: EUR 73,582 thousand), Swiss 4.0 SA with EUR 180 thousand (previous year: EUR 0 thousand) and SR Saphirstein AG with EUR 1,073 thousand (previous year: EUR 0 thousand).

Other liabilities
Other liabilities mainly include liabilities from payment transactions in the amount of EUR 13,668 thousand (previous year: EUR 15,700 thousand) that were recognized before the settlement date and are only settled by the Bundesbank on the following day.

Provisions

	2024	2023
	TEUR	TEUR
Tax provisions	0	487
Other provisions	13,603	40,013

The main portion of other provisions relates to the provision for impending losses from the loss-free valuation of the banking book in the amount of EUR 12,500 thousand (previous year: EUR 38,500 thousand), which fully covers the hidden losses from securities in the banking book. In addition, the other provisions include items for intercompany, annual audit, IT consulting and tax consulting costs, whereby the utilisation of these provisions is expected within one year, with the exception of the provisions for onerous contracts.

Equity

	2024	2023
	TEUR	TEUR
Equity	**204,961**	**196,032**
Subscribed capital	30,000	30,000
Capital reserves	150,000	150,000
Retained earnings	79,700	79,700
Accumulated profit/loss	-54,739	-63,668

The share capital of SECB Swiss Euro Clearing Bank GmbH remained unchanged at EUR 30,000 thousand as at 31 December 2024. 100% of the shares are held by SIX Group AG, Zurich.

Net income and retained earnings
The net loss for the financial year 2023 in the amount of EUR 39,863 thousand and the loss carried forward from the financial year 2022 in the amount of EUR 23,805 thousand were carried forward to new account in accordance with the resolution of the shareholders' meeting on 5 July 2024.

The net profit for the financial year 2024 of EUR 8,929 thousand and the loss carryforward of EUR 63,668 thousand from 2023 result in the accumulated loss for the financial year 2024 of EUR 54,739 thousand.

The Management Board and the Board of Directors will propose to the Shareholders' Meeting that the net profit for the financial year 2024 be offset against the loss carryforward and carried forward to new account.

4. Notes to the Income Statement

Interest income
Interest income from fixed-interest securities mainly results from the portfolio of fixed-interest securities, registered bonds and promissory note loans from European issuers.

Interest income from lending and money market transactions results from over-night deposits in the current account with Deutsche Bundesbank in the amount of EUR 24,346 thousand (previous year: EUR 17,803 thousand).

Interest income from fixed-interest securities of EUR 25,713 thousand (previous year: EUR 17,064 thousand).

Interest expense
Interest expenses in the amount of EUR 60,716 thousand

(previous year: EUR 56,385 thousand, which are attributable to the banking business with customer deposits).

Fee and commission income
Commission income in the amount of EUR 12,848 thousand (previous year: EUR 9,121 thousand) results from contractual claims under a service agreement for the management of a payment transaction system in the amount of EUR 2,201 thousand (previous year: EUR 819 thousand) and fees from payment transactions in the amount of EUR 10,647 thousand (previous year: EUR 8,302 thousand), primarily between Switzerland, Liechtenstein and the eurozone.

Fee and commission expense
Commission expenses in the amount of EUR 5,774 thousand (previous year: EUR 4,513 thousand) also result from contractual claims under a service agreement for the management of a payment transaction system in the amount of EUR 837 thousand (previous year: EUR 0 thousand), fees from payment transactions, primarily from Guaranteed OUR in the amount of EUR 4,022 thousand (previous year: EUR 3,634 thousand) and transaction expenses in the Bundesbank Target in the amount of EUR 434 thousand (previous year: EUR 396 thousand), EBA Step in the amount of EUR 4,022 thousand (previous year: EUR 3,634 thousand) and transaction expenses in the Bundesbank Target in the amount of EUR 434 thousand (previous year: EUR 396 thousand). EUR 4,022 thousand (previous year: EUR 3,634 thousand) and transaction expenses in Bundesbank Target in the amount of EUR 434 thousand (previous year: EUR 396 thousand), EBA Step in the amount of EUR 230 thousand (previous year: EUR 206 thousand) and Swift in the amount of EUR 83 thousand (previous year: EUR 112 thousand).

General administrative expenses
General administrative expenses consist of personnel expenses of EUR 5,102 thousand (previous year: EUR 4,516 thousand) and other administrative expenses in the amount of EUR 7,216 thousand (previous year: EUR 6,412 thousand). Personnel expenses consist of wage and salary payments of EUR 4,043 thousand (previous year: EUR 3,639 thousand) and social security expenses in the amount of EUR 1,059 thousand (previous year: EUR 877 thousand). Other administrative expenses are mainly attributable to IT costs of EUR 3,191 thousand (previous year: EUR 1,506 thousand), intercompany costs in the amount of EUR 1,661 thousand (previous year: EUR 2,411 thousand), legal and consulting costs of EUR 982 thousand (previous year: EUR 404 thousand) and auditing costs in the amount of EUR 578 thousand (previous year: EUR 388 thousand).

Other operating income
Other operating income in the amount of EUR 26,430 thousand (previous year: EUR 744 thousand) mainly relates to income from the reversal of provisions for onerous contracts in the amount of EUR 26,000 thousand for the financial year 2024.

Write-downs of and value adjustments to securities held as fixed assets
The write-downs of EUR 389 thousand (previous year: EUR 466 thousand) are attributable to write-downs in connection with over-par purchases of securities.

Income from write-ups to investments, shares in affiliated companies and securities treated as fixed assets
The income of EUR 30 thousand (previous year: EUR 1,783 thousand) is attributable to write-ups of securities that were purchased in the past under pari and fell due in the financial year.

Taxes on income
The reported expense of EUR 830 thousand (previous year: income of EUR 106 thousand) for taxes is mainly the result of the reversal of deferred tax assets. The Minimum Tax Act has no impact on the SECB.

5. Other Information

Auditor’s fee
The total fee charged by the auditor EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Stuttgart, amounted to EUR 258 thousand (previous year: EUR 225 thousand).

The fees for auditing services in the amount of EUR 258 thousand (previous year: EUR 225 thousand) include expenses for the statutory audit of the annual financial statements and management report of the SECB as at 31 December 2024 as well as for the audit of the consolidated financial statements.

Other financial obligations
There are still rental obligations for the bank’s office space in the amount of EUR 1,544 thousand and printers of EUR 9 thousand.

SECB – Organs

Management

The following were appointed Managing Directors during the financial year 2024:

- ***Dr. Franz Michael Siener-Kirsch,***
  Member of the Management Board,
  since 1 November 2022
- ***Erdal Konak,***
  Member of the Management Board,
  since 1 January 2024

The protective clause pursuant to Section 286 (4) HGB was used to disclose the total remuneration of the Management Board.

Board of Directors

The shareholder has appointed the following persons as members of the Board of Directors:

- ***Dieter Goerdten,*** Chairman, since 1 February 2023
  Member of the Group Executive Board,
  SIX Group AG, Zurich
- ***Matthias Sailer,*** Vice Chairman, since 1 July 2023,
  Managing Director
  SIX Interbank Clearing AG, Zurich
- ***Johannes Bungert,*** Member of the Board of Directors, since 28 February 2020, Head Strategy and M&A
  Managing Director
  SIX Group Services AG, Zurich
- ***Jochen Dürr,*** Member of the Board of Directors, since 1 February 2023 until 1 January 2025, Chief Risk Officer, Member of Group Executive Board, SIX Group AG, Zurich
- ***Markus Gumpfer,*** Member of the Board of Directors, since 24 March 2025, Chief Risk Officer, Member of Group Executive Board, SIX Group AG, Zurich

The remuneration of the Board of Directors amounted to EUR 0 thousand (previous year: EUR 0 thousand).

Employees

In addition to the managing directors, the bank employed an annual average of 45 people.

Shareholders

SIX Group AG, Zurich, holds 100% of the bank's capital. The consolidated financial statements can be requested from the company's head office.
SIX Group AG
Pfingstweidstrasse 110
8005 Zurich
or at www.six-group.com/de/company/investors/annual-reporting.html

Disclosure in accordance with CRR

The disclosure report pursuant to Art. 435 to 455 of Regulation (EU) No. 575/2013 in conjunction with Section 26a para. 1 sentence 1 KWG is available on the SECB Euro Swiss Clearing Bank GmbH website at www.secb.de. The disclosures pursuant to Section 26a (1) sentence 2 KWG have been included in an annex to the annual financial statements.

Significant Events after the Balance Sheet Date

No events of particular significance occurred after the balance sheet date.

Dr. Franz Siener-Kirsch, CEO
Erdal Konak, CFO & CRO

SECB Swiss Euro Clearing Bank GmbH
Frankfurt am Main, 23 May 2025

Independent Auditor's Report

To SECB Swiss Euro Clearing Bank GmbH, Frankfurt am Main

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions
We have audited the annual financial statements of SECB Swiss Euro Clearing Bank GmbH, Frankfurt am Main, which comprise the balance sheet as at 31 December 2024 and the income statement for the financial year from 1 January 2024 to 31 December 2024, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of SECB Swiss Euro Clearing Bank GmbH for the financial year from 1 January 2024 to 31 December 2024.

In our opinion, on the basis of the knowledge obtained in the audit,
– the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024 in compliance with German Legally Required Accounting Principles, and

– the accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions
We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report' section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report

Key audit matters in the audit of the annual financial statements
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2024.

These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Valuation of debt securities and other fixed-income securities
Reasons why the matter was determined to be a key audit matter
Valuation under commercial law as at the balance sheet date is based on the moderate lower of cost or market principle. Indications of impairment exist if there is a deterioration in the issuer's credit rating by external rating agencies and if the market price of listed bonds and other fixed-interest securities is below amortized cost on the balance sheet date. If an impairment exists on the balance sheet date, the extent to which the impairment is expected to be permanent must be assessed. Discretionary decisions in assessing whether impairments existing on the balance sheet date are likely to be permanent can have a significant impact on the amount of impairment to be recognized.

Against the background of the business model of SECB Swiss Euro Clearing Bank GmbH, in which the liquidity surpluses from the settlement of payment transactions in euros are mainly invested in bonds and other fixed-income securities for Swiss financial institutions and which account for the vast majority of the company's assets, we identified the valuation of bonds and other fixed-income securities as a key audit matter.

Auditor's response
As part of our audit, we evaluated the procedure used to assess the recoverability of the bonds and other fixed-income securities. We evaluated the information on which the executive directors' assessment was based and, in particular, verified the accuracy of the issuers' credit ratings by external rating agencies and the stock market prices used for comparison with the amortized cost as at the reporting date. In this context, we also verified that the impairment test was applied consistently.

In addition, we evaluated and assessed the assessment of the legal representatives as to the extent to which impairments existing on the balance sheet date are expected to be permanent.

Our audit procedures did not lead to any reservations relating to the valuation of bonds and other fixed-income securities.

Reference to related disclosures
The company's disclosures on the valuation of bonds and other fixed-income securities are contained in section II. "Accounting and valuation" of the notes.

2. Valuation of the provision for impending losses as part of the loss-free valuation of interest-related transactions in the banking book
Reasons why the matter was determined to be a key audit matter
SECB Swiss Euro Clearing Bank GmbH assesses the need to recognize a provision for a surplus of obligations arising from business with interest-related financial instruments in the banking book in accordance with the requirements of Sec. 340a in conjunction with Sec. 249 (1) sentence 1 Alternative 2 HGB and the Institute of Public Auditors in Germany [Institut der Wirtschaftsprüfer in Deutschland e.V.] (IDW) announcement IDW RS BFA 3 (revised). In doing so, SECB applies the periodic method.

Given the company's business model, under which the liquidity surpluses from the settlement of payment transactions in euros mostly for Swiss financial institutions are still mainly held in debt securities and other fixed-income securities, which are offset by variable interest rate liabilities to credit institutions on the liabilities side, we have identified the valuation of the provision for impending losses as part of the loss-free valuation of interest-related transactions in the banking book as a key audit matter.

Auditor's response
We have assessed the Company's approach to determining the provision for impending losses as part of the loss-free valuation of interest-related transactions in the banking book to determine whether the chosen procedure is in accordance with the professional announcement of the Institute of Public Auditors in Germany [Institut der Wirtschaftsprüfer in Deutschland e.V.] on the loss-free valuation of interest-related transactions in the banking book (interest book) (IDW RS BFA 3 (revised)). In this context, we have in particular assessed the determination of future interest revenues from the overnight facilities at the Deutsche Bundesbank and from securities transactions as well as the corresponding future interest obligations from customer deposits.

Our procedures did not lead to any reservations relating to the valuation of the provision for impending losses as part of the loss-free valuation of interest-related transactions in the banking book.

Reference to related disclosures
The Company's disclosures on the valuation of the provision for impending losses as part of the loss-free valuation of interest-related transactions in the banking book are included in the notes to the financial statements, section II. "Accounting and valuation".

Responsibilities of the executive directors and the board of directors for the annual financial statements and the management report
The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The board of directors is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report
Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

– Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control or on the effectiveness of these arrangements and measures;

– Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors;

– Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

– Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the shareholders' meeting on 5 July 2024. We were engaged by the management on 18 November 2024. We have been the auditor of the SECB Swiss Euro Clearing Bank without interruption since the financial year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Lukas Sierleja.
Eschborn/Frankfurt am Main, 27. May 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Sierleja, Wirtschaftsprüfer (German Public Auditor)
Stapel, Wirtschaftsprüfer (German Public Auditor)

SECB
Swiss Euro Clearing Bank
Nibelungenplatz 3
D-60318 Frankfurt am Main