trusted market solutions

CLS Group Holdings AG

Annual Report & Consolidated Accounts 31 December 2024

Trusted by thousands of counterparties within the global FX ecosystem, CLS makes FX safer, smoother and more cost effective.

Contents

Chair's statement
Gottfried Leibbrandt

2024 has been marked by ongoing market volatility, geopolitical uncertainty, technological advancements and significant changes in market structure.

Within this context, operational resilience and risk mitigation have remained central to CLS's focus as we strive to uphold the exceptional service standards expected by our clients and regulators.

A notable industry milestone in 2024 was the shortening of settlement cycles from T+2 to T+1 in the US and Canadian securities markets in May. We engaged extensively with our clients and industry bodies to assess the implications of this transition and address concerns that services such as CLSSettlement may not be usable for some securities-related cross-border currency trades.

Addressing risk in segments of the market not covered by payment-versus-payment (PvP) remains a challenge, particularly in emerging markets and developing economies (EMDE), where currency trading has surged. Throughout the year, we emphasized the importance of public-private collaboration in the development of solutions to address settlement risk for these currencies. Beyond PvP, we recognize the value of various netting solutions to reduce FX settlement risk exposure. For example, CLSNet facilitates the reduction of payment obligations exposed to settlement risk, while enhancing operational and liquidity efficiencies for currencies ineligible for CLSSettlement, such as EMDE currencies.

Adoption of CLSNet remains strong, with average daily netted values increasing year-on-year and more participants joining the service. This growth, combined with the strong performance of CLSSettlement, demonstrates our commitment to providing high quality services that market participants can rely on to mitigate risk and protect their operations.

As a globally regulated and critical service provider to the FX market, we uphold the highest levels of operational resilience above all else. In 2024, our strategy was focused on further enhancing the team's skills and capabilities in the areas of resilience, cybersecurity and technology, positioning us well for the future. We also performed market-wide testing, encouraging our members and other FX market participants to come together and build robust responses in the face of crisis. This collaborative approach serves to strengthen the resilience of not only CLS, but the wider ecosystem, helping it to better withstand future shocks.

I would like to thank our departing Board directors, Brian Gallagher (JPMorgan Chase) and Paolo Muzzarelli (Credit Suisse). Their contributions have been invaluable in shaping our organizational direction, and we wish them every success in their future endeavors.

As CLS evolves to meet market challenges, I look forward to continuing to work with my Board colleagues and the Executive Management Committee to implement our strategy, ensuring that we support our clients with secure, stable and resilient services.

Gottfried Leibbrandt
Chair of the Board

Chief Executive Officer's report
Marc Bayle de Jessé

The global financial landscape continues to evolve, presenting both challenges and opportunities for mitigating settlement risk and enhancing operational efficiencies in the FX ecosystem.

Developments like the shortening of settlement cycles to T+1 in the North American securities market in May 2024, increasing volatility driven by geopolitical events, an elevated cyber risk landscape and intensifying exploration of new technologies, have kept risk management and operational resilience at the forefront of industry discussions.

Overall, 2024 saw strong operational performance and reinforced focus to address challenges within the FX ecosystem. Throughout the period, we also ensured our financial resilience by maintaining a strong capital position at all times.

Our products have demonstrated strong performance and sustained growth. In 2024, we achieved 100% settlement service availability. CLSSettlement reported an average daily settled value of USD7.2 trillion, up 9% year on year with a new record value settled of USD19.1 trillion on 20 June, surpassing the previous record of USD16.0 trillion (20 December 2023).

CLSNet has also seen significant success, with an average daily netted value of USD152 billion (2023: USD115 billion) and a record daily netted value of USD620 billion in December.[1] Trades involving EMDE currencies accounted for over 70% of the average daily netted value total in 2024, highlighting CLS's increasing role in reducing risks associated with trading these currencies.

Our cross currency swaps service continued to grow throughout 2024, with two additional settlement members going live and an 84% year-on-year increase in the values submitted. CLSMarketData also maintained strong momentum.

Throughout 2024, we engaged with our settlement members, clients, regulators, central banks and the broader industry to explore ways to further mitigate settlement risk and enhance efficiencies in the FX market.

A significant focus was the global momentum toward T+1 in the securities market. We recognized the need to understand the scale and potential impact on the FX ecosystem, including CLSSettlement, as well as our settlement members and the buy side. Extensive engagement and outreach with our settlement members and the wider industry informed our decision not to make any operational changes to CLSSettlement ahead of the transition.

Following the T+1 implementation in May 2024, CLSSettlement average daily settlement values increased, and we did not observe any negative impact from the transition. As the EU, the UK and Switzerland prepare for their T+1 transitions in 2027, we will continue to work closely with the industry to address any emerging issues while ensuring the stability, risk mitigation and efficiency necessary for the smooth functioning of the FX ecosystem.

In our efforts to mitigate FX settlement risk for segments of the market not currently covered by PvP, particularly EMDE currencies, we have actively participated in initiatives like the Bank for International Settlements' CPMI-led Payments Interoperability and Extension Taskforce on the G20 roadmap for enhancing cross-border payments, and the Global Foreign Exchange Committee's review of the FX Global Code. The updated FX Global Code, released in January 2025, introduces a "risk waterfall" approach that outlines a hierarchy of methods for mitigating FX settlement risk. This begins with PvP settlement, which fully mitigates FX settlement risk, and includes netting solutions, which are encouraged to at least help reduce FX settlement risk exposure. We strongly support this approach, and our CLSSettlement and CLSNet products provide effective ways to mitigate or help mitigate FX settlement risk.

[1] Netted value refers to bilateral net payment amounts calculated by CLSNet

Our partnership approach with settlement members and the broader FX ecosystem highlights CLS's fundamental role in the FX world and our ongoing commitment to market resilience. In 2024, we invested significantly to further enhance our operational resilience. We formed a Resilience Committee to oversee resilience at an enterprise level and strengthened our cybersecurity capabilities, particularly in the areas of threat intelligence and management. Additionally, we improved our recovery capabilities for CLSSettlement.

On the emerging technology front, we explored innovation in the FX market, including the potential application of wholesale central bank digital currencies to enhance cross-border transaction safety and efficiency. Their success will depend on many factors, including the establishment of robust legal, regulatory and governance frameworks, and public-private collaboration will be pivotal in addressing these challenges.

In 2024, we hosted our FX Market Leaders summit in Paris, bringing together participants from across the industry to discuss accelerated settlement cycles and the role of digital assets and tokenization. We strongly believe that collaboration among market participants at events like this is crucial for understanding and addressing the evolving needs of the market in this rapidly changing landscape.

Finally, I would like to acknowledge our most valuable asset – our people. Recognized in the UK by The Sunday Times once again as one of the best places to work, we are committed to fostering an engaging and positive working environment focused on health, inclusivity and doing the right thing.

As we navigate the challenges of the evolving landscape in 2025, our fundamental strategy remains unchanged. We will continue to engage with the FX ecosystem to explore solutions for mitigating settlement risk, particularly for EMDE currencies. At the same time, we will focus on promoting the adoption and evolution of our products and investing in our resilience to ensure our ongoing success.

Marc Bayle de Jessé
Chief Executive Officer

Chief Financial Officer's report
Trevor Suarez

As a systemically important financial market infrastructure, we must maintain a strong capital position, balanced with appropriate investment, to ensure we operate at the highest standards of financial and operational resilience.

The current market dynamics and evolving economic and geopolitical landscape have heightened the industry's focus on resilience. In response to these challenges, we have continued to invest in our technology and infrastructure, enhancing our resilience and cybersecurity posture, improving risk and controls and evolving our product offerings – all while maintaining a focus on costs and careful management of our balance sheet.

From a financial perspective, 2024 proved to be a strong year for CLS. We achieved a profit before tax of GBP23.8 million, which represents an increase of GBP21.2 million from 2023. This growth is primarily due to unprecedented levels of activity in CLSSettlement and interest income, which increased by GBP2.5 million due to sustained high interest rates in the UK.

Revenue for 2024 reached GBP323.9 million, reflecting an increase of GBP47.2million compared to 2023. CLSSettlement remains the most significant contributor to our overall revenue growth. This year, we settled record payment instruction average daily volumes of 1.2 million, and average daily settled values increased significantly from USD6.6 trillion in 2023 to USD7.2 trillion in 2024. The number of third-party participants using the service increased to over 37,000, further contributing to revenue growth alongside a strategic tariff increase.

In addition to CLSSettlement, we saw strong performance across our other products. CLSNet experienced significant growth in adoption, reflecting the industry's endorsement of the need for a centralized, standardized and automated process that mitigates risk, optimizes liquidity and creates operational efficiency in post-trade processes for currency flows outside of CLSSettlement, particularly EMDE. We also experienced strong revenue growth in our CLSMarketData products.

Operating expenses for 2024 increased by GBP28.2 million to GBP308.3 million, primarily due to our continued investment in critical areas such as resilience, risk and controls, cybersecurity and infrastructure. At the year end, our cash balances increased by GBP28.5 million over the year to GBP258.9 million, and we continue to hold an additional amount of capital over and above regulatory requirements in the form of risk capital.

As we navigate the complexities of the FX landscape in 2025, we remain committed to our ongoing investment program. Our approach will be measured and controlled, ensuring that we maintain a strong capital position while investing in operational resilience.

Trevor Suarez
Chief Financial Officer

2024 results summary

Daily average settled value

7.2 USD trillion

Profits from operations

15.6 GBP million

Total equity at year end

347.9 GBP million

Revenue for the year

323.9 GBP million

Capital resources

258.9 GBP million

Total profit for the year

22.1 GBP million

Chief Risk Officer's report
Deborah Hrvatin

As we reflect on 2024, we recognize the evolving landscape of risks we faced throughout the year.

Our commitment to proactive risk management remains paramount as we navigate a complex environment shaped by technological advancements, geopolitical risks and shifting market dynamics.

The escalation of cyber threats remains a top priority. With increasing reliance on digital infrastructure and data analytics, we must continuously enhance our cybersecurity capabilities. This includes investing in advanced threat detection systems, employee training and incident response protocols to safeguard our assets and client information.

Disruptions in supply chains and operational inefficiencies can significantly impact our business continuity. We remain focused on strengthening our supply chain resilience, investing in technology to enhance operational efficiency and developing robust contingency plans to mitigate potential disruptions.

Throughout 2024, economic uncertainty and geopolitical tensions continued to impact market volatility. To address these challenges, we maintain a comprehensive approach to stress testing and market analysis in line with leading practices enabling us to prevent undue risk to our operational processes and clients. These capabilities allow us to better anticipate and respond to these changes, while ensuring agility and resilience.

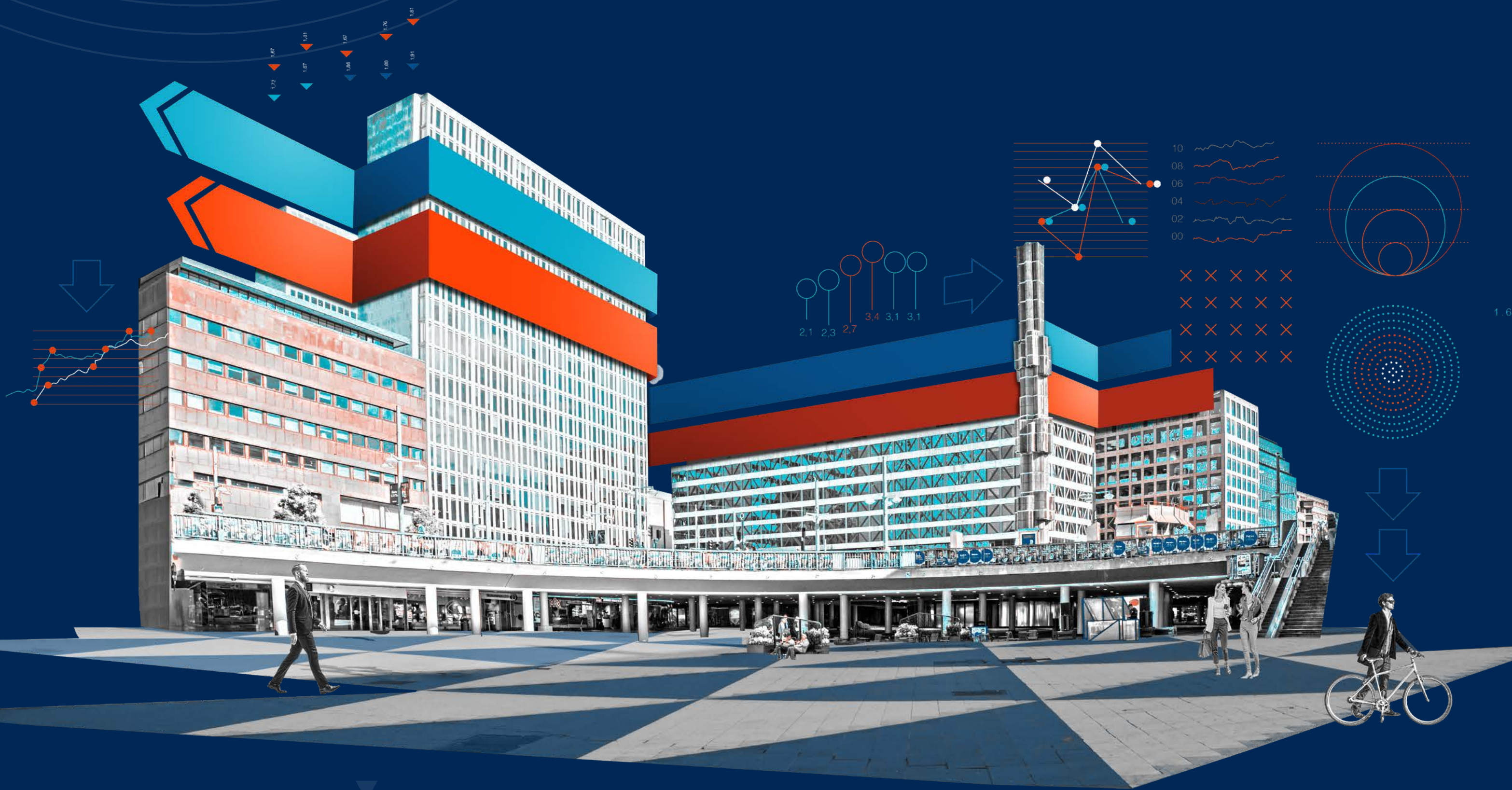
Our strategic initiatives are aligned to manage these risks effectively. We continue to refine our risk assessment processes to identify, evaluate and prioritize risks effectively across all levels of the organization.

By fostering a culture of collaboration across the organization, we integrate risk management into all decision-making processes. This holistic approach enhances our ability to respond to risks proactively.

The risks we face in 2025 are multifaceted and demand proactive and integrated approaches to risk management. By prioritizing cybersecurity, operational resilience and market adaptability, we are positioning CLS for sustainable growth while ensuring we operate in a safe and sound manner.

Deborah Hrvatin
Chief Risk Officer

Governance



Directors' report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ending 31 December 2024. The Governance statement forms part of this report.

The Group has its registered office in Lucerne, Switzerland and subsidiaries in London, UK (CLS UK Intermediate Holdings Ltd., CLS Services Ltd., and CLS Processing Solutions Ltd.), New York, New Jersey and Delaware US (CLS Bank International and CLS US Services Inc.). CLS Bank International provides FX-related settlement services, additional non-settlement services are provided by other CLS Group subsidiaries.

Principal activities and business review

CLS plays a fundamental role in the FX market – it operates the world's largest multicurrency cash settlement system to mitigate settlement risk for the FX transactions of its members and their customers.

Owned by the world's leading financial institutions, CLS settles payment instructions relating to underlying FX transactions in 18 major currencies and certain other transactions that result in one-way payments in a subset of those currencies.

Financial results and dividends

The Group reported a profit after interest and tax of GBP22.1 million, compared to a loss of GBP2.4 million in 2023. Net assets were GBP347.9 million (2023: GBP321.7 million). No dividend is recommended for the year (2023: GBPnil).

Going concern

The Board of Directors has formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going-concern basis in preparing the financial statements.

The Directors estimate, based on their assessment of progress to date on service uptake and having reviewed cash flow forecasts for 2025 and long-term business plans, that sufficient funds will be available in the business for the foreseeable future.

Strategy

The cornerstone of CLS's strategy remains unchanged – to fulfil its mission, as the trusted party at the center of the global FX ecosystem, to minimize systemic risk while improving funding and operational efficiency, enabling our clients to do business with confidence. The organization is committed to preserving and enhancing service operations, strengthening its risk and control environment and evolving its human capital amidst an evolving landscape. While CLS continues to grow participation and revenue across all its service lines, it recognizes the importance of financial prudence through effective cost management and strong balance sheet management.

In addition to reinforcing and refining its operations, the focus of CLS's strategy in 2025 will be on delivering its investment program which is heavily focused on the operational and cyber resilience of its infrastructure and continuing to improve its risk and control posture. Additionally, the evolution of its products and services will continue to remain a strategic priority.

Risk management

The Chief Risk Officer, Deborah Hrvatin, has a dual reporting line to the Risk Management Committee (RMC) and Chief Executive Officer. An appropriate set of risk metrics, the Risk Appetite Statement and various risk policies were reviewed by the RMC and approved by the Board, which also receives a quarterly risk report from the Chief Risk Officer with the agreed metrics.

The RMC also oversees the design and operational effectiveness of an enterprise control framework that enables business management to establish and provide assurance over key control effectiveness with quarterly reports provided by the Chief Controls Officer, Helen Roberts.

Internal controls

The Chief Internal Auditor, Duncan Barnard, has direct access to the Chair, Gottfried Leibbrandt and reports directly to the Audit and Finance Committee (AFC) with an administrative reporting line to the Chief Executive Officer.

The AFC reviewed and approved the annual Internal Audit Plan and reviewed and monitored CLS Group management's responsiveness to findings and recommendations of the Internal Audit division.

The AFC also ensures that the Internal Audit division of the Group has adequate resources and appropriate access to information for effective functioning and in accordance with relevant professional standards.

The AFC also approves the terms of engagement of the Independent Auditor of the Group and reviews the findings of the Independent Auditor and the effectiveness of the audit.

Executive management

The Chair's Committee of the Board reviews and approves the qualifications, remuneration, retention plans and succession plans of Executive Management.

Regulatory affairs

The Board acknowledges that the regulatory developments in multiple jurisdictions are important for informing CLS's strategy. A description of the relevant regulatory developments follows.

Governance

The CPMI-IOSCO Principle 2 of Principles for Financial Market Infrastructures (PFMI) requires that an FMI should have governance arrangements that are clear and transparent. An overview of corporate governance follows this report.

Capital structure

Details of the authorized and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 24. The Company has one class of ordinary shares which carry no right to fixed income. All issued shares are fully paid.

Directors and their interests

The Directors who served during the year are listed on pages 20 to 22.

There were no Directors with an interest in the share capital of CLS Group Holdings AG or any of the subsidiaries at any time during the year. All Directors certified their compliance with the Code of Conduct.

During the year, the Group has maintained Directors and Officers insurance relating to specified liabilities that may arise in relation to Group companies. This remains in force at the date of this report.

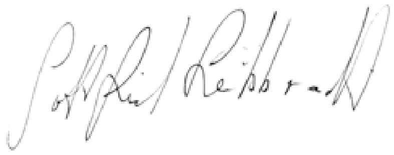
Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

On the recommendation of the AFC, to comply with governance policy, the Board approved the submission of a proposal to shareholders for the reappointment of KPMG AG as the Statutory Auditor for CLS Group Holdings AG and the reappointment of KPMG LLP as the Independent Auditor for the Group's subsidiaries at the Annual General Meeting of Shareholders to be held on 10 June 2025. By order of the Board.



Gottfried Leibbrandt

CLS Group Holdings
AG Chair
25 April 2025

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Directors have prepared the financial statements in accordance with the requirements of Swiss law, International Financial Reporting Standards (IFRS) and the Company's articles of association. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the given circumstances.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

However, Directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and;
- Make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Overview

The Board recognizes the important role the Group plays in the FX market and the importance of providing active governance designed to ensure the effectiveness and soundness of the Group's business practices and operations.

The Group seeks to maintain the highest standards in corporate governance by continually monitoring its practices and incorporating, as appropriate, best governance practices that emerge from regulatory bodies, governance advisors and the financial services industry.

The Group seeks to maintain robust and transparent governance arrangements; a full disclosure regarding CLS governance is more fully described in the Principles for Financial Market Infrastructures (PFMI) Disclosure Framework available on the Group's website.

Governance statement

At the CLS Group Holdings AG Annual General Meeting, shareholders elect Directors to the Board, approve the Group's financial statements, approve the engagement of an Independent Auditor and undertake any other business reserved for the shareholders. The elected Board of Directors is responsible for the oversight of the Group on behalf of its shareholders.

The Board is committed to maintaining an open dialog with individual shareholders and the shareholder community as a whole. Shareholders are invited to contact the Chair of the Board directly or the Company Secretary by using the following email: ShareholderCommunications@cls-bank.com

Board of Directors

The Board is responsible for providing direction and oversight of the Group's business as it represents the interests of its shareholders, members and other stakeholders. The Board continuously reviews and strengthens its own corporate governance, as well as the governance of its subsidiaries, striving to implement best practices where applicable.

The Board has delegated the responsibility to undertake the Group's business and operational activities and to implement the Board's directives to the Executive Management of the Group, headed by the Chief Executive Officer of CLS Group Holdings AG.

In addition, CLS Group Executive Management has established an internal governance structure that clarifies its decision-making process and delineates reporting lines to the Board. The Board and its Committees oversee the performance of Executive Management as it undertakes the Group's business.

The Board held meetings on twelve days in 2024, nine of which were convened in person. Board Committees meet regularly, as needed, to fulfill their chartered responsibilities. In addition to its meetings, the Board receives regular communications from the Chair and Executive Management regarding industry or regulatory developments and from the Chief Executive Officer regarding business matters for the Group.

Board leadership and composition

As of 31 December 2024, the Board was comprised of twenty-one Directors. CLS shareholder institutions are represented by thirteen shareholder Directors, with eight outside Directors. Given CLS's global reach, we have a culturally diverse Board with a large range of different professional experiences.

The Board is required to have a minimum of four outside Directors, one of whom must serve as its Chair.

In addition, the Group's constitutional documents mandate that the roles of Chair and Chief Executive Officer be separated in order to enhance the ability of each to discharge his or her respective duties effectively and as set out in the Group's constitutional documents.

The Chairs of the Audit and Finance Committee, the Chair's Committee, the Nominating and Governance Committee, the Risk Management Committee and the Technology and Operations Committee are all outside Directors.

The Board regularly meets in non-executive session without Executive Management present.

The Nominating and Governance Committee and Board regularly consider and assess the size of the Board and whether it supports the Board's oversight responsibilities. Given the complex business relationships, global constituents, regulatory requirements and responsibilities related to its position as an FMI, the size of the Board is deemed satisfactory, as it provides robust resources and the appropriate skillsets to ensure the Board fulfills its oversight responsibilities.

Board remuneration

Only the outside Directors, including the Chair, are remunerated for their services. In addition, expenses incurred by all Non-Executive Directors in fulfilling their Board responsibilities are reimbursed.

The Group is committed to attracting and retaining experienced and dedicated individuals, who will contribute to the long-term health and success of the Group. In doing so, it considers the appropriate level and structure of remuneration for the Chair and Outside Directors.

CLS shareholders have previously approved the following remuneration for the Chair and outside Directors:

1. The Chair of the Board, who is required to attend meetings with regulatory and oversight agencies, industry associations and shareholders, and who is required to devote up to 50% of his or her time to the Group, receives an annual stipend of USD618,000 (or its equivalent in a different currency),
2. Each outside Director, who is required to spend up to 20% of his or her time on Group matters, receives an annual stipend of USD206,000 (or its equivalent in a different currency), and
3. Outside Directors serving as a member of more than one committee receive an additional USD10,000 for each additional committee exceeding the one committee requirement. Outside Directors who serve as Chair of a committee receive USD35,000 for committee service.

Director compliance and Code of Conduct

All Directors are compliant with legal and regulatory requirements imposed by Swiss, UK and US law.

Directors are required to annually review, receive training on, and attest to their compliance with the Group Directors' Code of Conduct, which sets out standards of ethical conduct and provides guidance regarding the avoidance of conflicts of interest. In addition, Directors are required to disclose all business and industry affiliations.

Led by its Nominating and Governance Committee, the Board also undertakes an annual self-assessment, and a periodic review of its governance structure and practices, including its constitutional documents and charters.

Director development

The Directors attend regular Director Education sessions on regulatory, strategic and risk-related topics and the Board is supportive of, and reimburses, attendance at Director Education programs. In addition, each newly elected Director participates in an induction program.

CLS Group Board Committees

The Board has six board committees to support its oversight responsibilities. Board committees meet regularly to review and advise the Board on matters related to their chartered responsibilities, which extend to all CLS Group subsidiaries.

Audit and Finance Committee

The Audit and Finance Committee (AFC) is charged with overseeing: (i) the Internal Audit function, (ii) the relationship with the Independent Auditor, (iii) internal control systems, risk management systems, and governance processes, and (iv) finance activities, including financial strategies, capital budgeting, pricing policies and budget and forecasting, as well as accounting policies and compliance with legal and accounting standards.

Chair's Committee

The Chair's Committee provides counsel to the Chair and the CEO on Board matters, including agendas and Board policies. In addition, the Committee serves as the Regulatory Relations Committee and is also responsible for reviewing and making recommendations to the Board on human resources and remuneration matters, legal issues, shareholder communications and regulatory affairs. The Chair's Committee also oversees the Group's whistle-blowing policy and processes.

Nominating and Governance Committee

The Nominating and Governance Committee (NGC) advises the Board regarding the governance of the Group and its subsidiaries, including oversight of the process of nominating and vetting Director candidates and ensuring the efficacy of the Group corporate governance practices, including board and committee composition, governance and constitutional documents. In addition, the NGC oversees the board and committee self-evaluations, director inductions and education.

Product Development Committee

While the responsibility for the Group's strategic vision and its implementation lies with the Board, the Product Development Committee (PDC) reviews, refines and advises Executive Management regarding the Group's strategic vision, business opportunities and associated business plans and provides advice, counsel, and recommendations to the Board on the strategic direction of the Group's research and product development programs.

Risk Management Committee

The Risk Management Committee (RMC) is responsible for reviewing and assessing areas of risk such as credit risk, market risk, liquidity risk, legal risk, compliance risk, payment risk, cybersecurity risk, operational risk, including third-party risk (note 30). The RMC also assists the Board in (i) setting the risk appetite and (ii) the proper oversight of the risk management function (including compliance) and the enterprise control framework of the Group.

Technology and Operations Committee

The Technology and Operations Committee (TOPS) oversees the technology and operational aspects of CLS's settlement and non-settlement services, including strategic or significant enhancements or modifications to the CLS core system and support systems. TOPS also supports and guides the management of strategic technology relationships, security and resiliency of the CLS core platforms, contingency policies and procedures.

CLS Group subsidiaries

CLS Group Holdings AG, a Swiss corporation, is the parent holding company for the Group and is owned by 79 shareholders, each of whom (with limited exceptions) is a settlement member or an affiliate of a settlement member of CLS Bank International, a US Edge Act corporation. CLS Bank International provides FX-related settlement services. Additional non-settlement services are provided by other CLS Group subsidiaries.

Supervision and oversight

The Group adheres to the Swiss Code of Best Practice for Corporate Governance and laws, rules, and regulations applicable to Systemically Important Financial Market Utilities (SIFMUs), Edge Act corporations, and to bank holding companies subject to regulation and supervision by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York (Federal Reserve).

As an Edge Act corporation formed under Section 25A of the Federal Reserve Act, CLS Bank is regulated and supervised by the Federal Reserve. In addition, the central banks, whose currencies are settled in CLS Bank have established a cooperative oversight arrangement, the CLS Oversight Committee, as a mechanism to fulfill their responsibilities to promote safety, efficiency and stability in financial markets and payment systems in which CLS Bank participates. The Federal Reserve organizes and administers the CLS Oversight Committee, which is the primary forum for the participating central banks to carry out their oversight of the CLS system.

CLS Bank complies with regulations related to designations imposed by various jurisdictions with which it interacts, including the European Union and US Treasury. In addition, the CLS system is specified by HM Treasury as a recognized inter-bank payment system under the Banking Act 2009 and is, therefore, subject to direct supervision by UK regulatory authorities.

CLS Group Holdings Board and Committee Composition 2024

CLS Group Holdings Board Members	CLS Group Holdings Board	Audit & Finance Committee	Chair's Committee	Nominating & Governance Committee	Product Development Committee	Risk Management Committee	Technology & Operations Committee
Total number of meetings held in 2024	12	9	7	7	5	9†	9†
Gottfried Leibbrandt*	Chair		Chair		•		
Thomas Berkery*	•	Chair[5]	•			•[3]	
Gerard Brady*	•			•		•	•
Debbie Chin	•					•	•
Teddy Cho[1]	•				•		•
Alberto Covin	•				•	•[3]	
Bruno d'Illiers	•	•		•		•[3]	
Brian Gallagher[2]	•	•					•
Karen Keenan*	•	Chair[1]	•[4]	•[3]		•[4]	
Sheryl Kennedy*	•	•	•	Chair			
Michael Lawrence*[1]	•			•	•	•	
Scott Lucas[1]	•			•	•		
Federica Mazzucato	•			•		•	
Paolo Muzzarelli[2]	•				•		
Shuta Okawara	Deputy Chair		•				•
Akila Raman[1]	•	•		•			
Rodolphe Sahel	•				•	•[4]	
Jodi Schenck	•			•	•		
Edward Sterba*	•	•	•				Chair
Oliver Stuart	•	•	•		Chair		
John Trundle*	•	•[4]	•			Chair	•
Bhupesh Vora	•						•
Peter Whitelaw[1]	•					•	•

• Denotes Board/Committee membership
* Outside (Independent) Director
† Includes two joint TOPS-RMC meetings

(1) Elected on 4 June 2024
(2) Resigned on 4 June 2024
(3) Member of Committee until 4 June 2024
(4) Member of Committee from 4 June 2024
(5) Stepped down as Chair on 4 June 2024 but remained Member of Committee

Regulatory developments

CLS operates in a dynamic regulatory environment, shaped by international standards and comprehensive domestic legislative and regulatory frameworks. CLS proactively engages with lawmakers, authorities and standard-setting bodies to share its unique perspectives and advocate for sound policies that, inter alia, facilitate the mitigation of settlement risk in the global FX market. Over the past year, CLS has been particularly focused on FX settlement risk mitigation, the evolving regulatory standards for cybersecurity and operational resilience, RTGS renewal initiatives, jurisdiction-specific requirements for FMIs, the development of effective cross-border recovery and resolution regimes.

Mitigation of FX settlement risk

CLS's proactive engagement with international standard-setting bodies, central banks and industry participants has contributed to a renewed and increased focus on mitigating FX settlement risk, a risk that appears to have been increasing in recent years.

In 2024, CLS leveraged its participation in the New York, London and Tokyo Foreign Exchange Committees (FXCs) and select subcommittees, including the Global Foreign Exchange Committee (GFXC) settlement risk working group, to facilitate meaningful conversations around the mitigation of FX settlement risk. Through these forums, as well as via the public consultation process, CLS shared its recommendations for enhancing the settlement risk principles of the FX Global Code as part of its three-year review.

During the year, CLS continued to participate in the CPMI-led Payments Interoperability and Extension (PIE) Taskforce, an industry body to deliver actions in furtherance of the targets set by the G20 roadmap to enhance cross-border payments. Through this taskforce, CLS is working with stakeholders to explore concrete solutions for cross-border payments that involve currencies that do not have access to PvP.

Operational risk

In 2024, there has been a continued focus from CLS's regulatory and supervisory bodies on cybersecurity and operational risk management. Specifically, in March 2024, the Federal Reserve Board published an update to their Operational Risk Standards for Designated Financial Market Utilities (DFMUs),
Regulation HH. CLS Bank International is a DFMU and subject to the provisions under Regulation HH for its core services. Specific provisions have been incorporated into the final rule under four categories: i) Incident Management; ii) Business Continuity Management and Planning; iii) Third-Party Risk Management;
and iv) Review and Testing. The amendments were predominantly driven by the changes in the operational risk landscape due to an increased reliance on technology and evolving risks, as well as alignment to international and local regulations. The final rule came into effect on 15 April 2024, with a final compliance date of 11 September 2024.

As a systemically important FMI, CLS seeks to continuously strengthen its cybersecurity posture, as well as support global efforts to enhance operational resilience in the broader financial markets. In all aspects of its engagement, CLS underscores the importance of internationally harmonized standards as well as flexible, risk-based approaches, particularly given the dynamic nature of a cyber-threat landscape that transcends sovereign borders.

RTGS system renewal initiatives

As a participant in the respective RTGS systems for each CLSSettlement eligible currency, CLS may be impacted by domestic initiatives to enhance or renew existing infrastructure. Accordingly, CLS seeks to collaborate with central bank payment system operators, both bilaterally and via participation in various RTGS system working groups and forums, to offer its unique perspectives and recommend solutions to further mitigate settlement risk in the global FX market. During the past year, CLS has responded to consultations and has successfully implemented five mandatory industry RTGS system ISO migrations in various jurisdictions regarding the ISO20022 messaging standard.

CLS has also engaged with central banks and international standard-setting bodies to share its perspective on potential proposals to expand RTGS system operating hours to 24x7x365.

CLS continues to monitor and assess evolving jurisdiction specific regulatory requirements for FMIs. Given its unique position as an international FMI, CLS's engagement in this context focuses on the applicability of specific standards and regulations in the cross-border context.

This is particularly true where jurisdiction specific requirements could be duplicative, in which case CLS seeks to promote deference to cooperative arrangements such as the CLS Oversight Committee. Throughout 2024, CLS engaged in bilateral discussions with regulators.

Cross-border recovery and resolution regimes

CLS monitors recovery and resolution related regulatory developments with the view that resolution authorities, and FMIs themselves, should strive to maximize the likelihood that an entity subject to resolution (or its successor entity) continues to participate in FMIs so long as this does not compromise the safe and orderly operation of the FMIs. Where appropriate, CLS comments on pertinent consultations relating to the implementation and enhancement of resolution regimes with respect to continuity of access to FMIs for a firm in resolution. In addition, CLS engages in discussions with relevant resolution authorities regarding the need for ex ante cooperation and coordination in a CLS settlement member resolution scenario.

In order to assist its settlement members and authorities, CLS provides comprehensive information to relevant stakeholders, highlighting key considerations in a resolution scenario, through its responses to a resolution related questionnaire from the Financial Stability Board (the FSB) titled “CLS responses to the FSB’s questionnaire: Continuity of Access to FMIs for firms in resolution.”

Board of Directors

Gottfried Leibbrandt

Originally elected May 2021
Affiliation Outside Director
Role Former Chief Executive Officer of Swift

Thomas Berkery

Originally elected October 2018
Affiliation Outside Director
Role Former Global Engagement Leader and Audit Signing Partner, PwC

Gerard Brady

Originally elected February 2023
Affiliation Outside Director
Role Former Global Chief Information Security Officer (CISO) of Morgan Stanley

Debbie Chin

Originally elected June 2023
Affiliation United Overseas Bank
Role Executive Director, Group Head, Group Technology and Operations Risk Governance and Assurance

Teddy Cho

Originally elected June 2024
Affiliation BNY
Role Managing Director, Chief Information Officer for Markets

Alberto Covin

Originally elected June 2023
Affiliation UniCredit
Role Active Balance Sheet Management, Head of Resolution FMI Strategy

Bruno d'Illiers

Originally elected June 2023
Affiliation BNP Paribas
Role Global Head of Corporate and Institutional Banking (CIB) Operations

Karen Keenan

Originally elected May 2020
Affiliation Outside Director
Role Former Chief Administrative Officer, State Street Corporation

Sheryl Kennedy

Originally elected May 2019
Affiliation Outside Director
Role Former Chief Executive Officer, Promontory Canada & Former Deputy Governor, Bank of Canada

Michael Lawrence

Originally elected June 2024
Affiliation Outside Director
Role Former Managing Director, Transaction & Processing Risk Head, Citigroup

Scott Lucas

Originally elected June 2024
Affiliation JP Morgan Chase
Role Managing Director, Head of Markets DLT

Federica Mazzucato

Originally elected May 2022
Affiliation UBS Investment Bank
Role Global Head of Exchange Traded Derivatives, FX Prime Services and FX Algos

Shuta Okawara

Originally elected May 2021
Affiliation MUFG Bank
Role Managing Director, Head of Transactions Services Division

Akila Raman

Originally elected June 2024
Affiliation Goldman Sachs
Role Partner, Chief Commercial and Strategy Officer of Transaction Banking

Rodolphe Sahel

Originally elected June 2023
Affiliation Société Générale
Role Managing Director, Global Head of Balance Sheet Risk Management

Jodi Schenck

Originally elected June 2023
Affiliation Citigroup
Role Head of North American Corporate FX Sales and Solutions

Edward Sterba

Originally elected May 2019
Affiliation Outside Director
Role Former Chief Technology Officer, HSBC

Oliver Stuart

Originally elected May 2022
Affiliation Morgan Stanley
Role Managing Director, Global Head of Institutional Securities Group (ISG) Trading Operations

John Trundle

Originally elected May 2020
Affiliation Outside Director
Role Former Chief Executive Officer of Euroclear UK & Ireland

Bhupesh Vora

Originally elected June 2023
Affiliation Royal Bank of Canada
Role European Chief Information Officer Capital Markets Europe

Peter Whitelaw

Originally elected June 2024
Affiliation National Australia Bank
Role Executive General Manager, Resilience Risk

Directors resigned in 2024

Brian Gallagher
Resigned June 4

Paolo Muzzarelli
Resigned June 4

Company Secretaries

Philippe Weber

Originally appointed April 2002
Affiliation CLS Group Holdings AG (Attorney, Niederer Kraft & Frey, Zurich)
Role Company Secretary

Michael Preston

Originally appointed April 2015
Affiliation CLS Bank International
Role Corporate Secretary

Executive Management Committee

Marc Bayle de Jessé

Chief Executive Officer

Thomas Barkhuff

Chief Information Officer

Duncan Barnard

Chief Internal Auditor

John Hagon

Chief Operating Officer

Deborah Hrvatin

Chief Risk Officer

Helen Roberts

Chief Controls Officer

Trevor Suarez

Chief Financial Officer

Gaynor Wood

General Counsel

Consolidated accounts

Statutory Auditor’s report

To the General Meeting of CLS Group Holdings AG, Lucerne

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of CLS Group Holdings AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements (pages 27-64) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the ‘Auditor's Responsibilities for the Audit of the Consolidated Financial Statements’ section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

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

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

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

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

Board of Directors’ Responsibilities for the Consolidated Financial Statements

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

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

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

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

We also:

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

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

Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Philipp Gämperle

Licensed Audit Expert
Auditor in Charge
Zurich
25 April 2025

Isabella Schilling

Licensed Audit Expert
25 April 2025

Consolidated statement of profit or loss

For the year ended 31 December 2024 (All amounts stated in GBP000)

	Notes	2024	2023
Revenue	4	**323,920**	**276,678**
Operating expenses			
Operating expenses	5	**(308,341)**	(280,095)
Profit/(loss) from operations	5	**15,579**	**(3,417)**
Finance income	7	9,221	6,771
Finance expense		(1,041)	(778)
Profit before tax		**23,759**	**2,576**
Tax expense for the year	8	(1,685)	(4,964)
Total profit/(loss) for the year		**22,074**	**(2,388)**

Notes from pages 33 to 64 form part of these consolidated financial statements.

Consolidated statement of comprehensive income and loss

For the year ended 31 December 2024 (All amounts stated in GBP000)

	Notes	2024	2023
Profit/(loss) for the year		22,074	(2,388)
Exchange rate differences on translation of foreign operations		(359)	(153)
Exchange rate movements taken to the cash flow hedge reserve		4,471	(4,647)
Fair value movements taken to the OCI revaluation reserve		8	(60)
Total comprehensive profit/(loss)		**26,194**	**(7,248)**
Attributable to:			
Equity holders of parent		26,194	(7,248)
Total comprehensive profit/(loss)		**26,194**	**(7,248)**

Notes from pages 33 to 64 form part of these consolidated financial statements.

Consolidated statement of financial position

At 31 December 2024 (All amounts stated in GBP000)

	Notes	31 December 2024	31 December 2023
Non-current assets			
Intangible assets	9	98,790	109,924
Property, plant and equipment	10	7,637	6,727
Right of use assets	11	8,245	9,996
Other investments	13	599	333
Deferred tax asset	14	2,827	330
		118,098	**127,310**
Current assets			
Trade and other receivables	15	42,024	38,090
Current tax assets	21	4,954	6,778
Derivative financial instruments	16	2,107	–
Investments at fair value	19	80,055	76,118
Cash deposits	17	94,038	73,446
Cash and cash equivalents	18	84,795	80,841
		307,973	**275,273**
Total assets		**426,071**	**402,583**
Current liabilities			
Trade and other payables	20	(60,331)	(61,732)
Derivative financial instruments	16	–	(2,147)
Lease liabilities	23	(2,550)	(2,411)
		(62,881)	**(66,290)**
Net current assets		**(245,092)**	**208,983**
Non-current liabilities			
Other liabilities	22	(7,179)	(5,454)
Lease liabilities	23	(8,105)	(9,127)
		(15,284)	**(14,581)**
Total liabilities		**(78,165)**	**(80,871)**
Net assets		**347,906**	**321,712**

Notes from pages 33 to 64 form part of these consolidated financial statements.

	Notes	31 December 2024	31 December 2023
Equity			
Share capital	24	202,582	202,582
Share premium account		116,104	116,104
Combined merger and consolidated reserves	25	116,631	116,631
Translation reserves		3,004	3,363
Cash flow hedge reserve		1,759	(2,712)
OCI revaluation reserve		184	176
Retained losses		(92,358)	(114,432)
Total equity		**347,906**	**321,712**

The consolidated financial statements were approved by the Board of Directors on 25 April 2025 and signed on its behalf by:

Gottfried Leibbrandt
CLS Group Holdings AG
Chair
25 April 2025

Marc Bayle de Jessé
CLS Group Holdings AG
Chief Executive Officer
25 April 2025

Consolidated statement of changes in equity

For the year ended 31 December 2024 (All amounts stated in GBP000)

	Share capital-ordinary shares	Share capital - Treasury shares	Share premium	Combined merger and Share consolidated reserves	Translation reserves	Cash flow hedge reserve	OCI reserve	Retained losses	Total equity attributable to parent	Total equity
Balance at 1 January 2023	**204,577**	**(1,995)**	**116,104**	**116,631**	**3,516**	**1,935**	**236**	**(112,044)**	**328,960**	**328,960**
Loss for the year	–	–	–	–	–	–	–	(2,388)	(2,388)	(2,388)
Other comprehensive loss	–	–	–	–	(153)	(4,647)	(60)	–	(4,860)	(4,860)
Balance at 31 December 2023	**204,577**	**(1,995)**	**116,104**	**116,631**	**3,363**	**(2,712)**	**176**	**(114,432)**	**321,712**	**321,712**
Profit for the year	–	–	–	–	–	–	–	22,074	22,074	22,074
Other comprehensive income	–	–	–	–	(359)	4,471	8	–	4,120	4,120
Balance at 31 December 2024	**204,577**	**(1,995)**	**116,104**	**116,631**	**3,004**	**1,759**	**184**	**(92,358)**	**347,906**	**347,906**

Notes from pages 33 to 64 form part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 December 2024 (All amounts stated in GBP000)

	Notes	2024	2023
Profit/(loss) from operations		**15,579**	**(3,417)**
Adjustments for:			
Amortization of intangible assets	9	26,436	34,577
Depreciation of property, plant and equipment and right of use assets	10,11	4,214	4,056
Foreign exchange gains/ (losses) recognized in profit from operations		417	(769)
Lease payments		(2,449)	(3,505)
Profit/(loss) on matured hedges		2,384	(413)
Operating cash flows before movements in working capital		**46,581**	**30,529**
(Increase)/decrease in receivables		(3,122)	1,136
(Decrease)/Increase in payables		(2,484)	4,768
Cash generated from operations		**40,975**	**36,433**
Income taxes (payable)/receivable		(1,910)	2,060
Net cash inflow from operating activities		**39,065**	**38,493**
Investing activities:			
Interest received		4,015	3,141
Maturity of cash investments	17,18	32,500	40,000
Placing of cash investments		(52,500)	(75,000)
Sale of FVOCI investments		–	3
Purchase of FVOCI Investments		(248)	–
Additions to intangible assets	9	(18,879)	(16,419)
Net cash outflow from investing activities		**(35,112)**	**(48,275)**
Net increase/(decrease) in cash and cash equivalents		**3,953**	**(9,782)**
Cash and cash equivalents at beginning of year		**80,841**	90,827
Effect of foreign exchange rate changes		**1**	(204)
Cash and cash equivalents at end of year		**84,795**	**80,841**
Cash and cash equivalents as presented on the consolidated statement of financial position		**84,795**	**80,841**

Notes from pages 33 to 64 form part of these consolidated financial statements.

Notes to the consolidated financial statements

All amounts in GBP000 unless stated otherwise

1. General information

Reporting entity

CLS Group Holdings AG is a company limited by shares (Aktiengesellschaft) pursuant to articles 620 et seq. of the Swiss Code of Obligations and incorporated and registered in the Commercial Register of the Canton of Lucerne, Switzerland. The address of the registered office is c/o BDO AG Landenbergstrasse 34, 6002 Lucerne, Switzerland.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies').

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the requirements of Swiss Law. In 2004, the Group voluntarily adopted the IFRS and International Accounting Standards (IASs) endorsed by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for, when used, the inclusion of derivative financial instruments at fair value. The principal accounting policies adopted are set out in note 2 below.

Basis of preparation

The accounts have been prepared in accordance with the requirements of Swiss law, IFRS and the Company's articles of incorporation. These requirements include designing, implementing and maintaining the internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in circumstances.

Going concern

The Directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future of at least one year from the date these financial statements are issued. The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. These forecasts have been stressed for severe yet plausible downside scenarios, including stressing for significant operational risk events, which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Functional and presentation currency

These financial statements are presented in pounds sterling (GBP) because that is the currency of the primary economic environment in which the Group operates.

Unless otherwise stated all amounts are presented in rounded thousands (GBP000).

2. Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

A. Basis of consolidation

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date where control ceases.

ii. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest in the former subsidiary is measured at fair value when control is lost.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii. Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated.

B. Changes in accounting policy

i. New standards, interpretations and amendments effective

During the year, the following amendments to accounting standards came into effect:

- IAS 1 Presentation of Financial Statements: Non- current Liabilities with Covenants and; Classification of Liabilities as Current or Non-current
- IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. Supplier Finance Arrangements

Following review of the amendments, the Directors consider that none of the standards, interpretations, and amendments effective for the first time from 1 January 2024 have had a material effect on the financial statements.There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2024 that had a material impact on the consolidated financial statements.

C. Foreign currencies

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Foreign currency differences are generally recognized in profit or loss.

However, foreign currencies arising from the translation of the following items are recognized in OCI:

- An investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment In a foreign operation to the extent that the hedge is effective; and
- Qualifying cashflow hedges to the extent that the hedges are effective.

ii. Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into pounds sterling at exchange rates at the reporting date. The income and expenses of foreign operations are translated into pounds sterling at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in Other Comprehensive Income (OCI) and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-Controlling Interest (NCI). When a foreign operation is disposed of such that control is lost the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

D. Revenue recognition

i. Instruction processing charges, fees and other income

Revenue from contracts with customers, is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Processing charges, fees and other income are recognized once the service has been delivered. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition.

The five-step model includes:

1) identifying the contract with the customer;
2) identifying each of the performance obligations included in the contract;
3) determining the amount of consideration in the contract;
4) allocating the consideration to each of the identified performance obligations; and
5) recognizing revenue as each performance obligation is satisfied.

Processing charges, fees and other income are recognized once the service has been delivered.

E. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal obligation or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Pension costs

The Group operates a defined contribution pension scheme in the UK and USA. The costs relating to which are recognized in profit or loss in the period in which they are incurred.

iii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Deferred compensation

The Group has deferred compensation in place at the year end. Staff compensation may include awards in the form of deferred bonuses in cash. The vesting of deferred bonuses is dependent on future service. These deferred liabilities are discounted to present value using the appropriate discount rate.

Deferred bonuses are only payable once the conditions of the deferred arrangement have been met and will, at a minimum, require the employee to be in good standing at the payment date. If the level of benefit depends on the length of service, an obligation arises when the service is rendered.

Any adjustments will be booked through the profit and loss in the period they arise.

F. Leasing

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

Leases for where CLS is the lessee requires CLS to recognize both:

- a lease liability, initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incidental borrowing rate, and
- a right of use (ROU) asset, measured initially at cost, which comprises the initial measurement of the lease liability adjusted for any lease payments made at or prior to commencement date, plus any initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension period, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Subsequently the lease liability will increase for the accrual of interest through the income statement, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made.

The right of use asset will amortize to the income statement under the straight-line method over the life of the lease. It is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Short-term leases and leases of low-value assets

The Group has elected to not recognize right of use assets and lease liabilities of leases of low-value items and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it's an operating lease.

When the Group is an intermediate lessor, it accounts for interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

G. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specified borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

H. Interest income

Interest income is accrued in line with the maturity of the instrument, by reference to the principal outstanding and at the effective interest rate applicable.

I. Taxation

Taxation expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date within the relevant tax jurisdiction.

Current tax assets and liabilities are offset only in the Statement of Financial Position if the entity has the legal right and intention to settle on a net basis.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit or loss account, except when it relates to items charged or credited in OCI, in which case the deferred tax is also dealt with in OCI.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the relevant group company intends to settle its current tax assets and liabilities on a net basis.

J. Intangible assets

The Group holds copyright and contractual rights to certain bespoke software developed under contract with third parties for the exclusive use within its business.

The Group has identified the following assets:

Intangible asset	Description
Strategic platforms	Enhanced developments including the CLSSettlement Service
All other business systems	Ancillary business systems

Recognition and measurement

The Group’s internally-generated intangible assets are recognized only when the following conditions are met:

- It is an asset that has been created and can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Assets are initially classified as assets under construction until the asset is complete and ready to be brought into service. At that date it is classified into one of the asset groups described above.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization

Amortization is calculated to recognize the cost of intangible assets over their useful economic life (UEL). The Group has identified a UEL and amortization policy for each of its intangible assets.

The following policies have been applied for each separately identified component of intangible assets

Intangible asset component	Maximum asset life and amortization policy
Upgrades and enhancements to the core service	5 years, straight line
Unified services platform	10 years, straight line
Other CLS products	5 years, straight line
All other business systems	5 years, straight line

Amortization methods, useful economic lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of assets

Intangible assets are reviewed annually for impairment to determine whether there is any indication of impairment. An impairment test is required if there are indicators of impairment. Intangible assets with indefinite useful life must be tested annually for impairment irrespective of whether there is any indication of impairment. Any impairment loss is recognized in the Consolidated Income Statement.

K. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities comprise all assets and liabilities reflected in Statement of Financial Position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefit plan.

The Group recognizes financial assets and financial liabilities in the Statement of Financial Position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology.

Financial assets are classified into one of the following three categories:

- financial assets at amortized cost;
- financial asset (debt and equity investments) at fair value through other comprehensive income (FVOCI); or
- financial asset at fair value through the profit or loss (FVTPL)

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortized costs; or
- financial liabilities at fair value through the profit or loss (FVTPL)

The classification and the basis for measurement are subject to the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

The assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Financial asset at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group holds a small number of investments in equity instruments that are not held for trading and do not have a quoted market price in an active market, the Group elect under IFRS 9 to measure these as FVOCI.

If an equity investment is designated as FVOCI, all gains and losses, except for dividend income, are recognized in Consolidated Statement of Comprehensive Income and are not subsequently included in the Consolidated Statement of Income Statement.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortized cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortized cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss (FVTPL)

Financial liabilities not measured at amortized cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Derecognition

Financial assets

The Group derecognizes a financial asset when;

- The contractual rights to the cash flow from the financial asset expire;
- It transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or

The Group neither transfers nor retains substantially all of the risks and rewards ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognized as a gain or loss in profit or loss.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, canceled, or expire.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial assets are modified, the Group evaluates whether the cash flows of the modified assets are substantially different. If the cash flows are substantially different, then contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognized and a new financial asset is recognized at either amortized cost or fair value.

If the cash flows are not substantially different, then modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Income Statement.

Financial liabilities

If the terms of a financial liabilities are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognized and new financial liabilities are recognized at either amortized cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the Group recalculates the gross carrying amount of the financial liabilities and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the Income Statement.

Derivative financial instruments and hedge accounting

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivatives financial instruments are recognized in the Statement of Financial Position as financial asset at fair value through profit or loss. Fair values are derived form prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In the Statement of Financial Position, derivative financial instruments with positive fair values (unrealized gains) are included as assets and derivative financial instruments with negative fair values (unrealized losses) are included as liabilities.

Cash flow hedges

The Group applies hedge accounting to represent, to the maximum possible extent permitted under accounting standards, the economic effects of its currency risk management strategy. Derivatives are used to hedge exchange rate exposures. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Group applies cash flow hedge accounting.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedge instrument in cash flow hedge relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging, recognized in other comprehensive income and accumulated in a separate component of equity.

If a hedge no longer meets the criteria for hedge accounting or the hedge instrument is sold, expires, is terminated or is exercized, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedge is discontinued, the amount that has been accumulated in the hedge reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedge expected future cash flow affect profit or loss.

If the hedge future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and cost of hedging reserve are immediately classified to profit or loss.

L. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized as the proceeds received, net of direct issue costs.

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make estimates and judgments that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Estimates, judgments and any underlying assumptions are reviewed on an ongoing basis. The financial impact of any revisions to accounting estimates are recognized in both the current and future periods to which the estimate relates to.

The below estimates and judgments are considered important to the portrayal of the Group's financial condition.

Assumptions and estimation uncertainties

Critical estimates made in the preparation of the financial statements are as follows:

- Tax: At the balance sheet date there are prior tax years for which management believes a provision is required. The provision has been estimated by management at an appropriate level calculated at the more likely outcome. This provision will be released if not expensed once the years in question are formally agreed and closed with relevant tax authorities.
- Assets in the course of construction: Management applies judgment in evaluating whether an asset in the course of construction (work-in-progress) is ready for its intended use before transferring it to the Fixed Asset Register, considering factors such as operational readiness, functionality testing, and compliance with relevant criteria. The timing of this assessment directly impacts when amortization begins.
- Investment in Swift: Shares in Swift do not have a quoted market price in an active market. The fair value of the investment has therefore been determined using the nominal value per share calculated annually and approved by the board of SWIFT.
- Fair value of intangible assets: Much of the Group's intangible assets are in-house developed proprietary technology where no external market valuations exist. The intangible assets are assessed annually to determine if there is any indication that any of the intangible assets might be impaired, which uses value-in-use calculations. These calculations use estimates around future cash flow projections using the Group's 5 Year Financial plan, with longer term cash flows extrapolated using an estimated annual growth rate.

Critical judgments made in the preparation of these financial statements are as follows:

- Internal Cost Capitalization: Management assess every project individually to determine whether specific activities and development for the project meet capitalization criteria under US GAAP, assessing factors such as the nature of work performed, technical feasibility, and the stage of development. Timesheet data is used to capture the time worked on relevant projects and this time is then converted into a cost which is used to capitalize the cost to Intangible Assets.
- Useful Economic Life (UEL): During the year, management has conducted a review of the estimated UEL of the internally generated intangible assets. Continued expenditure on application development maintains and enhances

their future economic benefits and therefore management is of the opinion that the current estimated UELs can be maintained. Intangible assets are described in note 9.

- Deferred Tax: At the balance sheet date, management has reviewed the carrying value of the deferred tax asset using as its support the Group's projected 5 Year Financial plan. The forecasted income profile contained within the plan supports the value of the asset and therefore management is of the opinion that the value is appropriate. Deferred tax assets are described in note 14.

4. Revenue

	2024	2023
Instruction processing charges	289,501	247,370
Annual account maintenance fees	8,851	8,820
CCP Settlement	4,000	3,750
Liquidity usage fees	2,548	2,638
Other revenues	19,020	14,100
Total revenue	**323,920**	**276,678**

5. Profit/(loss) from operations

The profit/(loss) from operations has been arrived at after charging:

	Notes	2024	2023
Staff costs	6	145,547	130,663
IT service charges		51,210	52,691
Amortization of intangible assets	9	26,436	30,460
Impairment of intangible assets	9	-	4,117
Depreciation of property, plant and equipment	10,11	4,214	4,056
Foreign exchange loss/(gain)		243	(609)
Foreign exchange loss/(gain) on forward contracts		177	(162)
Telecom costs		26,912	21,383
Professional service costs		34,421	20,841
Establishment costs		3,162	3,045
Auditor's remuneration for audit services (see below)		860	920
Other		15,159	12,690
Total		**308,341**	**280,095**

The analysis of auditor's remuneration is as follows:

	2024	2023
Fees payable to the Company's auditors for the audit of the Company's annual accounts		
– Current year	45	40
Audit of the Company's subsidiaries pursuant to legislation		
– Current year	815	770
– Prior year	-	110
Total audit fees	**860**	**920**
Fees payable to the Company's auditors and their associates for other services to the Group: Tax services	360	407
Total non-audit fees	**360**	**407**
Total fees	**1,220**	**1,327**

KPMG AG will be appointed auditor for the Group at the annual general meeting on 10 June 2025 for one year.

6. Staff costs

The average monthly number of permanent persons employed by the Group (including Directors), by area, was:

Number of staff	2024	2023
Service delivery and technology	383	355
Risk and control	239	202
Corporate	54	54
Total	**676**	**611**

Total aggregate remuneration comprised:

	2024	2023
Salaries	124,855	111,081
Temporary staff	8,539	5,707
Social security costs	7,578	9,777
Pension costs	7,508	7,240
Total	**148,480**	**133,805**

During 2024 GBP2,933,000 (2023: GBP3,142,000) of the above costs were incurred in the creation of intangible assets and have been capitalized.

Analysis of Directors’ remuneration is included in note 28.

7. Finance income

	2024	2023
Investment income	4,991	4,177
Interest income	4,230	2,594
Total	**9,221**	**6,771**

8. Tax

	2024	2023
Current tax:		
UK corporation tax		
– Current year	-	-
– Adjustments in respect of previous periods	-	-
Non-UK corporation tax		
– Current year	(3,887)	(2,189)
– Withholding tax	(358)	(385)
Current tax expense for the year	**(4,245)**	**(2,574)**
Deferred tax:		
Relating to origination and reversal of temporary differences	(935)	4,669
Adjustments recognized in the year for deferred tax of prior periods	-	(154)
Differences arising from deferred tax functional currency	3,495	(6,905)
Deferred tax credit/(charge) for the year	**2,560**	**(2,390)**
Total tax charge for the year	**(1,685)**	**(4,964)**

Non-UK tax relates to USA, Switzerland and Japan.

Taxes are calculated at the substantively enacted tax rates applicable in the different jurisdictions in which the Group operates. The charge for the year can be reconciled to the loss before tax as reported in the consolidated statement of profit and loss as follows:

	2024	2023
Profit before tax	23,759	2,576
Group blended statutory tax rate	31%	24%
Charge at blended statutory tax rate	(7,368)	(606)
Current tax affecting items:		
Permanent disallowable expenses and non-taxable income	(500)	5,285
Adjustments in respect of current income tax of previous periods	(446)	(20)
Deferred tax expense relating to changes in the tax rates	1,621	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(976)	(308)
Deferred tax affecting items:		
Foreign exchange rate movement	3,774	(6,820)
Differences on which no deferred tax is recognized	2,210	(2,495)
Total tax (charge) for the year	**(1,685)**	**(4,964)**

9. Intangible assets

	Assets in course of construction	Settlement Assets	Non-settlement Assets	Total
Cost				
Opening balance 1 January 2023	**10,380**	**299,308**	**23,406**	**333,094**
Additions	16,419	-	-	16,419
Transfers	(14,753)	7,439	7,314	-
Transfers to property, plant and equipment	(3,168)	-	-	(3,168)
Effects of movements in exchange rates	(5)	-	-	(5)
Closing balance 31 December 2023	8,873	**306,747**	**30,720**	**346,340**
Additions	18,879	-	-	18,879
Transfers	(15,963)	15,963	-	-
Transfers to property, plant and equipment	(2,877)	-	-	(2,877)
Closing balance 31 December 2024	**8,912**	**322,710**	**30,720**	**362,342**
Accumulated amortization				
Opening balance 1 January 2023	**-**	**184,308**	**17,531**	**201,839**
Charge for the year	-	26,569	3,748	30,317
Impairment of intangible assets	-	4,117	143	4,260
Closing balance 31 December 2023	**-**	**214,994**	**21,422**	**236,416**
Charge for the year	-	21,586	4,850	26,436
Other adjustments	-	700	-	700
Closing balance 31 December 2024	**-**	**237,280**	**26,272**	**263,552**
Net book value				
31 December 2024	**8,912**	**85,430**	**4,448**	**98,790**
31 December 2023	8,873	91,753	9,298	109,924

During the prior year an impairment was recognized in relation to various assets within the Settlement and Non-settlement cash generating units of GBP4.1 million and GBP0.1 million respectively.

10. Property, plant and equipment

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
Cost				
Opening balance 1 January 2023	**8,837**	**10,042**	**409**	**19,288**
Additions	-	3,168	-	3,168
Disposals	-	(358)	-	(358)
Closing balance 31 December 2023	**8,837**	**12,852**	**409**	**22,098**
Transfers from Intangible assets	-	2,877	-	2,877
Disposals	-	-	-	-
Closing balance 31 December 2024	**8,837**	**15,729**	**409**	**24,975**
Accumulated depreciation				
Opening balance 1 January 2023	**5,170**	**8,815**	**387**	**14,372**
Disposals	-	(358)	-	(358)
Charge for the year	565	777	15	1,357
Closing balance 31 December 2023	**5,735**	**9,234**	**402**	**15,371**
Disposals	-	-	-	-
Charge for the year	478	1,482	7	1,967
Closing balance 31 December 2024	**6,213**	**10,716**	**409**	**17,338**
Net book value				
31 December 2024	**2,624**	**5,013**	**-**	**7,637**
31 December 2023	3,102	3,618	7	6,727

11. Right of use assets

The Group leases office space and small office equipment.

	Property	Office Equipment	Total
Cost			
Opening balance 1 January 2023	**20,474**	706	**21,180**
Additions to right of use assets	**5,537**	81	5,618
Derecognition of right of use assets	(1,989)	-	(1,989)
Closing balance 31 December 2023	**24,022**	**787**	**24,809**
Additions to right of use assets	-	496	496
Disposals	-	(513)	(513)
Closing balance 31 December 2024	**24,022**	**770**	**24,792**
Accumulated depreciation			
Opening balance 1 January 2023	**11,433**	**681**	**12,114**
Charge for the year	2,663	36	2,699
Closing balance 31 December 2023	**14,096**	717	**14,813**
Charge for the year	2,189	58	2,247
Disposals	-	(513)	(513)
Closing balance 31 December 2024	**16,285**	**262**	**16,547**
Closing balance 31 December 2024	**7,737**	**508**	**8,245**
Closing balance 31 December 2023	9,926	70	9,996

IFRS 16 Lease Accounting replaced IAS 17 Leases which was applied using the 'modified approach' from the 1 January 2019. This change has resulted in CLS bringing onto its balance sheet the assets which it has the right to use and depreciate over the estimated lease term. Lease liabilities (note 23) have also been recognized as the present value of any minimum lease payments.

During the prior year, changes to the monthly lease payments on our New York office space resulted in a reduction in the remaining payments for the term of the lease. The right of use asset was recalculated and the reduction derecognized.

	2024	2023
Amounts recognized in profit or loss		
Interest on lease liabilities	**1,041**	**778**
Amounts recognized in statement of cash flows		
Total cash outflow for leases	**2,449**	**3,505**

12. Subsidiaries

Details of investments in which the Group or the Company holds 50% or more of the nominal value of any class of share capital are as follows:

Name of company	Nature of business	% Holding 2024	% Holding 2023	No. of shares Capital ('000) 2024	No. of shares Capital ('000) 2023
CLS UK Intermediate Holdings Ltd. (incorporated in the UK)	Provision of CLS Group corporate services	100%	100%	693,247	693,247
CLS Services Ltd. (incorporated in the UK)	Provision of operational support to the CLS Settlement system and Group entities	100%	100%	2,400	2,400
CLS Bank International (incorporated in the US)	Foreign exchange settlement risk and liquidity management	100%	100%	48	48
CLS US Services Inc. (incorporated in the US)	Provision of operational support to the CLS Settlement system and Group entities	100%	100%	10	10
CLS Processing Solutions Ltd. (incorporated in the UK)*	Provision of non-settlement products	100%	100%	34,700	27,000

*In 2024, CLS UK Intermediate Holdings Ltd. Increased its investment in CLS Processing Solutions Ltd by 7,700,000 number of shares (2023: 9,000,000).

CLS Services Ltd., CLS Bank International, CLS US Services Inc. and CLS Processing Solutions Ltd are wholly-owned subsidiaries of CLS UK Intermediate Holdings Ltd.

13. Other investments

These include investments in equity which do not have a quoted price in an active market. As such, they are valued using different techniques in accordance with the Group's valuation policy:

	2024	2023
Investment in SWIFT	599	333
Balance at 31 December	**599**	**333**

Investment in SWIFT

CLS Bank International owns 87 shares (2023: 50 shares) in SWIFT which were purchased between February 2024 and May 2021. These shares are included in the balance sheet of the Group at cost.

This investment is not required to be accounted for under the equity method of accounting as the Company does not have significant influence. The investment is held on the Group balance sheet at FVOCI in accordance with IFRS 9.

The shares do not have a quoted market price in an active market. The fair value of the investment has been determined using the nominal value per share calculated annually and approved by the board of SWIFT. The last available price determined in June 2024 was EUR8,040 (2023: EUR7,760) per share. The Group does not intend to dispose of this investment.

Balance at 31 December 2023	**333**
New allocations (37 shares at EUR7,760)	248
FVOCI	22
Foreign Exchange Movement	(4)
Balance at 31 December 2024	**599**

Every three years SWIFT reallocates its share capital to its members based on their proportion of usage of its service. If this results in a buy-back of shares from CLS Bank International, then these would be transferred at a price that is triennially determined by the Board of SWIFT.

14. Deferred tax asset and liabilities

	Asset/(liability) recognized on			
	Trading losses	**Tax depreciation**	**Accruals**	**Total**
Balance at 1 January 2023	**26,108**	**(27,524)**	**3,799**	**2,383**
Foreign exchange movement	(1,360)	(4,930)	(193)	(6,483)
(Charge)/credit to income in the year	(5,920)	10,447	(97)	4,430
Balance at 31 December 2023	**18,828**	**(22,007)**	**3,509**	**330**
OCI movement	(13)			(13)
Foreign exchange movement	246	3,145	54	3,445
(Charge)/credit to income in the year	(6,557)	5,501	121	(935)
Balance at 31 December 2024	**12,504**	**(13,361)**	**3,684**	**2,827**

The above table shows the net deferred asset and liability posting at the year end.

Deferred tax assets have not been recognized by the UK subsidiaries in respect of the following items because it is not considered probable that there will be sufficient future taxable profits to offset them.

	2024	**2023**
Temporary differences	1,768	1,881
Tax losses	10,844	11,027
Total	**12,612**	**12,908**

Tax losses for which no deferred tax asset was recognized expire as follows.

	2024	**Expiry date**	**2023**	**Expiry date**
Never expire	10,844	-	11,027	-

15. Trade and other receivables

	2024	2023
Trade receivables	27,528	24,226
Prepayments and accrued income	11,256	11,401
VAT recoverable	1,253	1,346
Other receivables	1,987	1,117
Total	**42,024**	**38,090**

Prepayments mainly include amounts paid for IT maintenance, IT licenses and insurance.

16. Derivative financial instruments

The Group uses currency derivatives to mitigate exposure to significant foreign currency cash flows. For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognized initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognized in the income statement immediately. Transactions relating to these hedging instruments are expected to be incurred in 2024 and early 2025.

At the balance sheet date, the Group had the following commitments to financial instruments used for risk management purposes.

	At 31 December 2024		At 31 December 2023	
	Notional contract amount	Fair value £'000	Notional contract amount	Fair value £'000
Forward foreign currency contracts in hedging relationships	USD151m	2,107	USD158m	(2,147)
Closing balance at 31 December	**USD151m**	**2,107**	**USD158m**	**(2,147)**

The maximum length of time over which the Group hedges exposure to the variability in future cash flows for forecast transactions is 18 months (2023: 18 months).

Gains and losses transferred from the cash flow hedging reserve to the income statement included a loss of GBP2,384,000 (2023: GBP412,000) transferred to administration and general expenses including taxation.

The amount is allocated as follows: Bonus expense nil (2023: nil); payroll expense GBP1,043,000 (2023: GBP180,000 expense); supplier payments expense GBP894,000 (2023: GBP155,000 expense); tax expense GBP447,000 (2023: GBP77,000 expense).

Hedge ineffectiveness was nil (2023:nil). Further details of derivative financial instruments are provided in note 30.

17. Cash deposits

Cash deposits are amounts held in money market deposit accounts. All deposits mature within 12 months of the date of deposit.

	2024	2023
Deposits	94,038	73,446

18. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term money market deposits held by the Group with a maturity of three months or less. The carrying amount of these assets approximates to their fair value because they are short-term in nature.

	2024	2023
Cash at bank	84,795	80,841

19. Investments at fair value

All investments held as FVOCI are short-dated investment grade securities with a maturity of 12 months or less.

	At 31 December 2024	At 31 December 2023
Investments held as FVOCI	80,055	76,118
Total	**80,055**	**76,118**

20. Trade and other payables

	At 31 December 2024	At 31 December 2023
Accruals	(40,891)	(39,888)
Deferred income	(8,993)	(9,224)
Trade payables	(6,578)	(5,436)
Taxation and social security costs	(2,395)	(3,663)
Other payables	(1,474)	(3,521)
Total	**(60,331)**	**(61,732)**

Trade and other payables principally comprise accruals relating to trade purchases for the CLSSettlement system.

The Directors consider that the carrying amount of trade payables approximates to their fair value because they are short term in nature.

21. Current tax assets/(liabilities)

	At 31 December 2024	At 31 December 2023
US State tax	(269)	(168)
Japan tax	-	(34)
Total tax liabilities	**(269)**	**(202)**
UK Corporation tax	-	–
US City tax	1,257	1,285
US Federal tax	2,504	4,176
US State tax	951	1,013
US New Jersey tax	511	506
Total tax assets	**5,223**	**6,980**
Net tax assets	**4,954**	**6,778**

The Directors consider that the carrying amount of tax assets and tax liabilities approximates to their fair value because they are short-term in nature.

22. Other liabilities

	At 31 December 2024	At 31 December 2023
Deferred compensation	(7,179)	(5,454)
Total	**(7,179)**	**(5,454)**

Deferred compensation is recognized as employee services are received. It vests and is paid over a three-year period.

23. Lease liabilities

	At 31 December 2024	At 31 December 2023
Lease liabilities – Office equipment	(499)	(70)
Lease liabilities – Property	(10,156)	(11,468)
Total	**(10,655)**	**(11,538)**

	At 31 December 2024	At 31 December 2023
Current lease liabilities	(2,550)	(2,411)
Non-current Lease liabilities	(8,105)	(9,127)
Total	**(10,655)**	**(11,538)**

24. Share capital

Allotted and fully paid	*No. ordinary shares CHF1,400 each	Total nominal value CHF000	Total nominal value GBP000
31 December 2024	**291,858**	**408,601**	**202,582**
31 December 2023	291,858	408,601	202,582

*Includes 3,344 of Treasury shares that CLS repurchased from shareholders in 2018.

Treasury Shares

	Number of registered shares
31 December 2024	**3,344**
31 December 2023	3,344

On 6 June 2023, CLS Group AG's Articles of Association were amended to introduce a new share capital band. This allows the Board of Directors to authorize the issue of up to 10,000 new registered shares or cancel up to 10,000 existing registered shares, up until 6 June 2028.

	Upper limit		Lower limit	
Authorized	No. ordinary shares CHF1,400 each	Total nominal value CHF000	No. ordinary shares CHF1,400 each	Total nominal value CHF000
31 December 2024	**301,858**	**422,601**	**281,858**	**394,601**
31 December 2023	301,858	422,601	281,858	394,601

25. Merger and consolidated reserves

a. CLS Group Holdings AG (CLS AG) was established in April 2002, as a new Swiss incorporated holding company of CLS Group. At the reorganization date all existing institutional shareholders of CLS UK Intermediate Holdings Ltd. (CLS UK), the pre-reorganization UK incorporated holding entity of the CLS Group, were offered new shares in CLS AG in exchange for their existing shares in CLS UK.

b. The consolidated net assets of CLS UK at April 2002 (the reorganization date) were GBP105.6 million, represented by combined share capital and premium of GBP216.6 million and retained losses of GBP111.0 million.

c. The nominal value of the share capital offered by CLS AG in exchange for CLS UK was CHF236 million (GBP99.9 million).

d. Post reorganization, the consolidated net assets and retained losses of CLS AG remained the same, i.e. GBP105.6 million and GBP111.0 million creating a difference of GBP116.6 million. This difference is recorded as a merger and consolidated reserve for the Company.

The table below details this information.

As at April 2002	Pre-merger CLS UK Intermediate Holdings Ltd.	Post-merger CLS Group Holdings AG
Share capital	205.6	99.9
Share premium	11.0	–
Merger and consolidation reserve	–	116.7
Retained losses	(111.0)	(111.0)
Total equity	**105.6**	**105.6**

	Merger reserve	Consolidated reserve	Total
Balance at 1 January and 31 December 2024	5,686	110,945	116,631

CLS Group has opted to utilize an exemption available under IFRS 1 (First-Time Adoption of IFRS) in respect of not applying IFRS 3 Business Combinations to the Group reconstruction which took place in 2002. Under this exemption, the Group can continue to show the reconstruction as a uniting of interests (i.e. as a merger) and need not retrospectively apply IFRS 3.

26. Financial commitments

Financial commitments are defined as those items which are considered material and outside normal purchase commitments that are contracted for, but not provided for, at the balance sheet date.

Financial commitments are as follows:

	At 31 December 2024	At 31 December 2023
Contracted for but not provided for:		
- Services agreement	459,060	486,898
- Other	25,200	39,667
Total	**484,260**	**526,565**

27. Contingent liabilities

There are no contingent liabilities at 31 December 2024 (2023: nil).

28. Related party transactions

Related parties

No single shareholder has overall control as resolutions are generally taken by majority and operate under a one shareholder one vote system. At 31 December 2024, the largest individual shareholder had 4.8% (2023: 4.8%) of total share capital.

Related party transactions

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of the Directors of the Swiss holding company (CLS Group Holdings AG) is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. It includes the total emoluments for services payable by any Group company for the period that they were Directors of CLS Group Holdings AG.

	At 31 December 2024	At 31 December 2023
Short-term employee benefits (USD)	2,247	2,392
Total (USD)	**2,247**	**2,392**
Short-term employee benefits (GBP)	1,793	1,881
Total (GBP)	**1,793**	**1,881**

29. Controlling party

In the opinion of the Directors there is no one controlling party of the Group. The Company accounts of CLS Group Holdings AG (a company incorporated in Switzerland) are available at its registered office c/o BDO AG, Landenbergstrasse 34, 6002 Lucerne, Switzerland.

30. Treasury and capital risk management

Enterprise Risk Management Framework

CLS has established an Enterprise Risk Management Framework (the ‘ERM Framework’), which is reviewed and approved by the CLS Group Board and remains subject to the CLS Group Board’s oversight. The ERM Framework, covering Operational Risk (including Model Risk, Technology and Information Security, Physical Security, Governance and Oversight Risk, Third Party Risk), Liquidity & Market Risk, Participation & Credit Risk, Strategic Risk, Legal Risk, Financial Risk, Systemic Risk and Compliance Risk, supports a resilient approach for delivering on the CLS’s FMI mandate and enables CLS to undertake a systematic approach to identifying, managing, mitigating and reporting current, as well as emerging, risks across the organization. Under the ERM Framework, roles and responsibilities are described in order to foster transparency, accountability and ownership for risk oversight and management across the CLS Group Board, Risk Management Committee, the CEO, the EMC, the CRO, and CLS’s Internal Audit division. Enterprise-wide risk-related matters are reported and escalated to the CRO and, as appropriate, the EMC and the Risk Management Committee. The Risk Management Committee, as appropriate, escalates such matters to the CLS Group Board for a corrective action discussion. The CLS Group Board and the Risk Management Committee also receive quarterly ERM reports.

The ERM Framework is supported by the policies and procedures for each individual risk and control function. It is supplemented by the CLS Risk Appetite Statement, which defines the risk and establishes the associated risk appetite and tolerances that CLS is prepared to accept and manage for CLS as a discrete entity, risks to Settlement Members, and broader systemic risks to the CLS ecosystem. The CLS Risk Appetite Statement is supported by relevant Key Risk Indicators with specified trigger levels, with a clear governance structure to ensure ownership, accountability and escalation. The CLS Group Board owns, oversees and approves the CLS Risk Appetite Statement, which is reviewed on an annual basis. The Risk Management Committee receives a quarterly ERM Report, including a CLS Risk Appetite Assessment and related corrective action plans from the CRO.

Financial Risk Management

The Group's principal financial instruments, other than derivatives, comprise cash and short-term deposits, investments, trade receivables and trade payables, which represent the Group's maximum risk exposure to financial assets.

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group uses foreign exchange forward contracts to hedge these exposures.

Treasury and capital risk management is carried out by the Finance division to reduce financial risk and to ensure sufficient liquidity is available to meet its operational needs and to invest in short-term deposits and investments. Finance works closely with all the CLS divisions to ensure its understanding of underlying business requirements. The Group's Treasury and Capital Management policy is approved by the Board and is reviewed by the Audit and Finance Committee on an annual basis.

Details of significant accounting policies and methods adopted, including the criteria for recognition of financial instruments, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the consolidated financial statements.

1. Market risk

Market risk is the risk of loss of income or market value due to fluctuations in factors such as interest rates, foreign exchange rates, equity and commodity prices, or changes in volatility or correlations of such factors.

Foreign currency risk

The Group's foreign exchange risk is comprised of structural foreign exchange exposures from its overseas operations, primarily in the US and to a lesser extent in Switzerland, Japan and Hong Kong. To reduce exposure to currency fluctuations the Group has a policy which allows the purchasing of forward exchange contracts and applying cash flow hedge accounting (see note 16) or holding foreign currency short-term deposits when taking into account an analysis of the future currency forecasts.

Interest rate risk

Interest rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest rates. The material sources of interest rate risk are repricing risk and yield curve risk. The Group manages this risk by projecting future cash flows for short-, medium- and long-term planning. Separately, subject to normal operational requirements, the Group aims to optimize its returns from yields by entering into short-term investment positions with banks.

This exposes the Group to cash flow interest rate risk as cash and short-term deposits are affected by market rates.

2. Credit risk

Credit risk arises from the risk of loss of principal or income on the failure of an obligor or counterparty to meet their contractual obligations. The Group is exposed to low credit risk as cash and deposits are invested with banks with high credit ratings by the public rating agencies and trade and other receivables are mainly from members/shareholders. Further, the Group has risk management limits in place to ensure there is no material counterparty concentration risk; the limits are assigned and monitored for adherence by the 2nd Line of Defense Risk Management team. The Group monitors and arranges settlement of receivable balances with third parties on a timely basis.

3. Liquidity risk

The risk that the Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and material liquidity to support its assets. The Group maintains significant cash reserves and does not consider itself to be exposed to liquidity risk within its business.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

	Contractual cashflows				
	1 year	1-2 years	More than 5 years	Total	Carrying amount
As at 31 December 2024					
Non-derivative financial liabilities					
Trade payables	(6,578)	-	-	(6,578)	6,578
Other payables	(1,474)	-	-	(1,474)	1,474
Non- trade payable and accrued expenses	(13,107)	(37,357)	-	(50,464)	50,465
Lease liabilities	(3,455)	(3,234)	(3,152)	(9,841)	10,655
	(24,614)	**(40,591)**	**(3,152)**	**(68,357)**	**69,172**
Derivative financial liabilities					
Gross settled (forward foreign exchange contracts)					
- Inflow	101,363	19,155	-	120,518	-
- (Outflow)	(99,835)	(18,558)	-	(118,393)	(2,107)
	1,528	597	-	2,125	(2,107)

	Contractual cashflows				
	1 year	1-2 years	More than 5 years	Total	Carrying amount
As at 31 December 2023					
Non-derivative financial liabilities					
Trade payables	(5,436)	-	-	(5,436)	5,436
Other payables	(3,521)	-	-	(3,521)	3,521
Non- trade payable and accrued expenses	(16,993)	(32,012)	-	(49,005)	49,005
Lease liabilities	(2,409)	(3,307)	(5,901)	(11,617)	11,538
	(28,359)	**(35,319)**	**(5,901)**	**(69,579)**	**69,500**
Derivative financial liabilities					
Gross settled (forward foreign exchange contracts)					
- Inflow	99,095	25,167	-	124,262	-
- (Outflow)	(101,140)	(25,288)	-	(126,428)	2,147
	(2,045)	(121)	-	(2,166)	2,147

Capital risk

The risk that the Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes).

CLS has developed a Recovery and Orderly Wind-Down Plan, approved by the CLS Bank Board and CLS Group Board, in recognition that the failure of the Settlement Service could result in systemic disruptions in the financial markets. The CLS Recovery and Orderly Wind-Down Plan focuses on the continuity of the Settlement Service and CLSClearedFX during severe idiosyncratic and systemic stress events. Under this plan CLS Bank holds liquid net assets funded by equity (LNAFE) at a sufficient level to cover the costs of recovery following a significant loss and the subsequent orderly wind-down of the Settlement Service and CLSClearedFX. The amount of LNAFE is equal to six months of current operating expenses and is also sufficient to fund the recovery and orderly winddown of CLS Bank's business. Furthermore, CLS Group holds risk capital in aggregate to absorb for the potential impact of operational risk losses. This capital will by design include at least the minimum level of capital as per regulations and will also include an additional amount as determined by the CLS Board each year after careful evaluation of CLS's risk profile.

Fair value of financial assets and financial liabilities

Set out below is a comparison by category of book values and fair values of the Group's financial assets and financial liabilities:

	31 December 2024		31 December 2023	
	Book value	Fair value	Book value	Fair value
Financial assets				
1. Other investments	599	599	333	333
2. Loans and receivables:				
Trade and other receivables	42,024	42,024	38,090	38,090
Derivative financial instruments	2,107	2,107	–	–
3. FVOCI investments	80,055	80,055	76,118	76,118
4. Deposits	94,038	94,038	73,446	73,446
5. Cash and cash equivalents	84,795	84,795	80,841	80,841
Total financial assets	**303,618**	**303,618**	**268,828**	**268,828**
Financial liabilities				
5. Financial liabilities at amortized cost:				
Trade and other payables	(60,331)	(60,331)	(61,732)	(61,732)
6. Derivative financial instruments	-	-	(2,147)	(2,147)
7. Other liabilities	(7,179)	(7,179)	(5,454)	(5,454)
Total financial liabilities	**(67,510)**	**(67,510)**	**(69,333)**	**(69,333)**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Fair value hierarchy as at 31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in SWIFT (Note 13)	-	-	599	599
Derivative financial instruments	-	2,107	-	2,107
FVOCI investments	72,035	8,020	-	80,055

	Fair value hierarchy as at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment in SWIFT (Note 13)	–	–	333	333
FVOCI investments	25,855	50,263	–	76,118
Financial liabilities				
Derivative financial instruments	–	(2,147)	–	(2,147)

Fair value through profit and loss

Derivative financial instruments at fair value through profit or loss represent forward foreign currency contracts with a notional value of USD159 million (2023: USD158 million).

Interest rate risk profile

Set out below is an analysis of the interest risk profile of the Group's financial assets (excluding trade debtors and other receivables) by currency:

	Cash at bank	Deposits less than 12 months	Quoted commercial paper investments	Total
As at 31 December 2024				
Pound sterling	73,266	94,038	80,055	247,359
US dollar	8,860	–	–	8,860
Swiss franc	768	–	–	768
Other currencies	1,901	–	–	1,901
Total deposits, cash and cash equivalents	**84,795**	**94,038**	**80,055**	**258,888**
Fixed rate assets	–	94,038	80,055	174,093
Floating rate assets	63,627	–	–	63,627
Balances for which no interest is paid	21,168	–	–	21,168
Total deposits, cash and cash equivalents	**84,795**	**94,038**	**80,055**	**258,888**
As at 31 December 2023				
Pound sterling	68,650	65,000	76,118	209,768
US dollar	8,653	8,446	–	17,099
Swiss franc	2,410	–	–	2,410
Other currencies	1,128	–	–	1,128
Total deposits, cash and cash equivalents	**80,841**	**73,446**	**76,118**	**230,405**
Fixed rate assets	–	73,446	76,118	149,564
Floating rate assets	67,417	–	–	67,417
Balances for which no interest is paid	13,424	–	–	13,424
Total deposits, cash and cash equivalents	**80,841**	**73,446**	**76,118**	**230,405**

The effective interest rate on the average daily closing balances is 4.0% (2023: 3.2%).

Interest rate sensitivity on cash balances

At the date of reporting, if interest rates had been either:

- 15 basis points higher or lower and all other variables had been constant then the effective interest rates would have been 4.15% or 3.85% (2023: 3.35% or 3.05%). Profit for the year ending 31 December 2024 (assuming the same closing balance values for one year) would increase or decrease by GB389k (2023: increase or decrease by GBP345k).
- 20 basis points higher or lower and all other variables had been constant then the effective interest rates would have been 4.20% or 3.80% (2023: 3.4% or 3.0%). Profit for the year ending 31 December 2024 (assuming the same closing balance values for one year) would increase or decrease by GBP518k (2023: increase or decrease by GBP461k).

Foreign currency sensitivity

The Group's main sensitivity to changes in exchange rates is on its bank balances and investments held in foreign currency in order to finance its overseas operations, particularly USD and CHF. In 2024, GBP weakened 1% against the USD and strengthened 7% against the CHF. This led to an unrealized gain on exchange of GBP29k (2023 GBP0.2 million unrealized loss) on GBP/USD and a gain of GBP0.9k (2023: GBP0.2k gain) on GBP/CHF respectively.

The following table details the gain/(loss) that would have been made following a 25% weakening in GBP against CHF and USD from the year-end rate.

	At 31 December 2024	At 31 December 2023
US Dollar	(9,716)	4,275
Swiss Franc	-	603
Total (GBP)	**(9,716)**	**4,878**

31. Capital management

The Group has processes and controls to monitor and manage its liquidity and capital to ensure that entities in the Group will be able to continue as going concerns. The liquidity structure of the Group consists cash, cash equivalents, deposits and FVOCI investments (as described in notes 17, 18 and 19) and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as described in notes 24 to 25.

CLS Bank International (a wholly-owned subsidiary of CLS Group Holdings AG) is regulated by the Federal Reserve Bank of New York and is subject to its equity capital requirements. No breaches were reported to the regulator in either year.

The Executive Management Committee reviews the capital of the Group on a monthly basis as part of its stated objectives. It is additionally presented toy the Board on a regular basis and formally reviewed including a reapproval of the Group's Treasury and Capital Management Policy at least annually. These objectives ensure that the funding profile of the Group is managed effectively as a going concern and in compliance with supervisory targets. These targets were achieved in both the current and prior years.

32. Post balance sheet events

Subsequent events were evaluated through to 25 April 2025 being the date that the financial statements were available for issue by the directors and signed on their behalf by the Chief Executive Officer and the Chair.

There were no post balance sheet events after 31 December 2024. CLS has continued to operate effectively despite recent geopolitical and other market events.

33. Standards issued but not yet adopted

Certain new standards, revisions and interpretations of existing standards have been published that have to be applied in future financial periods but are not yet adopted by the Group. These changes are not expected to have any significant impact on the Group's consolidated financial statements (see also Changes in accounting policy (page 34).

Five year summary

Unaudited		2024	2023	2022	2021	2020
Revenue for the year	GBPm	323.9	276.7	253.3	237.9	212.5
Operating expenses (Reported basis)	GBPm	308.3	280.1	244.9	254.9	232.6
Profit/(loss) from operations	GBPm	15.6	(3.4)	8.4	(17.0)	(20.1)
Total profit/(loss) for the year	GBPm	22.1	(2.4)	13.4	(8.3)	(15.4)
Total assets at year end	GBPm	426.1	402.6	402.2	383.9	407.4
Total equity	GBPm	347.9	321.7	329.0	313.3	322.8
Daily average settled values	USDtr	7.2	6.6	6.5	6.2	5.9
Average revenue per USD million settled	GBP	0.15	0.14	0.13	0.13	0.12
Daily average billable volume Number of sides		1,200,000	1,153,000	1,158,000	972,000	1,052,000
Average revenue per instruction	GBP	0.92	0.82	0.73	0.82	0.67
Average monthly number of employees in year	No.	676	611	563	534	500
Number of shareholders at year end	No.	79	79	79	79	79
Number of settlement members at year end	No.	73	74	74	74	74

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