

# FINANCIAL REPORT

H1-2014



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	30 June		31 December
		2014	2013	2013
<b>ASSETS</b>				
Cash and balances with central bank		2,004,315,759	1,718,115,581	1,843,810,396
Treasury bills and other eligible bills		15,781,491	14,125,988	-
Loans and advances to banks		246,741,984	217,896,125	303,651,723
Derivative financial instruments		63,386,124	21,932,035	102,003,040
Trading assets		6,619,884	5,744,412	6,394,761
Loans and advances to customers		150,823,511	110,994,427	124,184,586
Investment securities	7	763,238,452	765,805,831	694,314,286
Deferred income tax assets		1,365,795	347,820	3,765,795
Intangible assets	8	40,908,964	22,126,592	40,997,575
Information technology systems	9	26,078,147	21,970,426	24,036,680
Property, plant and equipment	10	65,332,263	52,253,799	66,134,735
Other assets		34,867,747	26,339,418	25,384,973
<b>Total assets</b>		<b>3,419,460,121</b>	<b>2,977,652,454</b>	<b>3,234,678,550</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Deposits from banks		1,738,485	1,685,724	1,528,791
Derivative financial instruments		12,698,247	6,038,724	35,312,224
Due to customers		3,086,309,071	2,713,379,331	2,891,520,464
Other liabilities		29,671,004	23,114,736	35,045,518
Current income tax liabilities		292,823	3,224,037	336,368
Deferred tax liabilities		1,484,725	855,604	1,501,045
Provisions		15,938,158	3,853,283	21,493,079
<b>Total liabilities</b>		<b>3,148,132,513</b>	<b>2,752,151,439</b>	<b>2,986,737,489</b>
<b>Equity</b>				
Ordinary shares	11	3,065,634	2,927,674	2,927,674
Share premium		60,805,450	39,496,150	35,636,056
Share option reserve		2,943,888	3,349,958	2,546,508
Other reserve		2,624,615	(337,452)	1,814,847
Treasury shares	12	(8,635,109)	(28,433,551)	(2,959,769)
Retained earnings		210,523,130	208,498,236	207,975,745
<b>Total equity</b>		<b>271,327,608</b>	<b>225,501,015</b>	<b>247,941,061</b>
<b>Total liabilities and equity</b>		<b>3,419,460,121</b>	<b>2,977,652,454</b>	<b>3,234,678,550</b>

The notes on pages 7 to 15 form an integral part of this condensed interim financial information

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	6 months ended 30 June	
		2014	2013
Fee and commission income		35,045,277	33,785,340
Fee and commission expense		(4,100,060)	(3,804,278)
<b>Net fee and commission income</b>		<b>30,945,217</b>	<b>29,981,062</b>
Interest income		9,544,941	10,025,629
Interest expense		(2,345,693)	(2,190,769)
<b>Net interest income</b>		<b>7,199,248</b>	<b>7,834,860</b>
Net trading income	4	32,187,803	22,403,427
<b>Operating income</b>		<b>70,332,268</b>	<b>60,219,349</b>
Operating expenses	5	(57,165,726)	(43,651,529)
<b>Operating profit</b>		<b>13,166,542</b>	<b>16,567,820</b>
Income tax expense		(2,063,211)	(3,021,138)
<b>Net profit</b>		<b>11,103,331</b>	<b>13,546,682</b>
<i>Earning per share</i>	6	0.75	0.95
<i>Diluted earning per share</i>	6	0.75	0.95
<i>Weighted average number of ordinary shares</i>	6	14,804,718	14,262,567

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## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 June	
	2014	2013
Net profit for the period	11,103,331	13,546,682
Other comprehensive income: Gains / (losses) recognised directly in equity		
<i>Items to be recycled</i>		
Available-for-sale financial assets	978,813	(2,450,843)
Income tax relating to Available-for-sale financial assets	(183,038)	458,308
Hedge reserve	-	-
Income tax relating to Hedge reserve	-	-
Currency translation differences	13,993	65,710
<i>Items not to be recycled</i>	-	-
Other comprehensive income for the period, net of tax	809,768	(1,926,825)
Total comprehensive income for the period	11,913,099	11,619,857

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## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2014	2,927,674	35,636,056	2,546,508	1,814,847	(2,959,769)	207,975,745	247,941,061
Net profit of the period	-	-	-	-	-	11,103,331	11,103,331
Available-for-sale financial assets	-	-	-	978,813	-	-	978,813
Income tax relating to components of other comprehensive income	-	-	-	(183,038)	-	-	(183,038)
Currency translation differences	-	-	-	13,993	-	-	13,993
Total comprehensive income for the period	-	-	-	809,768	-	11,103,331	11,913,099
Dividend	-	-	-	-	-	(8,648,833)	(8,648,833)
Employee stock option plan:							
Value of services provided	-	-	490,267	-	-	-	490,267
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(92,887)	-	-	92,887	-
Purchase of treasury shares	-	-	-	-	(8,971,154)	-	(8,971,154)
Sale of treasury shares	-	(42,796)	-	-	3,295,814	-	3,253,018
Capital increase	137,960	25,212,190	-	-	-	-	25,350,150
Balance at 30 June 2014	3,065,634	60,805,450	2,943,888	2,624,615	(8,635,109)	210,523,130	271,327,608

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## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2013	2,927,674	39,496,150	3,003,351	1,589,373	(9,184,665)	203,296,357	241,128,240
Net profit of the period	-	-	-	-	-	13,546,682	13,546,682
Available-for-sale financial assets	-	-	-(2,450,843)	-	-	-	(2,450,843)
Income tax relating to components of other comprehensive income	-	-	-	458,308	-	-	458,308
Currency translation differences	-	-	-	65,710	-	-	65,710
Total comprehensive income for the period	-	-	-(1,926,825)	-	-	13,546,682	11,619,857
Dividend	-	-	-	-	-	(8,405,989)	(8,405,989)
Employee stock option plan:							
Value of services provided	-	-	407,793	-	-	-	407,793
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(61,186)	-	-	61,186	-
Purchase of treasury shares	-	-	-	-	(19,248,886)	-	(19,248,886)
Balance at 30 June 2013	2,927,674	39,496,150	3,349,958	(337,452)	(28,433,551)	208,498,236	225,501,015

The notes on pages 7 to 15 form an integral part of this condensed interim financial information

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Notes	6 months ended 30 June	
		2014	2013
<b>Cash flow from / (used in) operating activities</b>			
Fees and commission received		31,890,183	34,445,409
Fees and commission paid		(3,938,889)	(3,701,309)
Interest received		13,263,063	19,494,466
Interest paid		(408,487)	(1,308,115)
Net trading income		31,369,848	22,316,959
Income tax paid		(1,935,346)	(2,487,785)
Payments to employees		(25,936,397)	(18,688,549)
Payments to suppliers		(26,913,491)	(12,653,241)
<b>Cash flow from operating profit before changes in operating assets and liabilities</b>		<b>17,390,484</b>	<b>37,417,835</b>
<b>Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities</b>			
Loans and advances to customers		(26,638,925)	(19,266,251)
Derivative financial assets		38,616,916	7,155,332
Derivative financial liabilities		(22,613,977)	(1,865,471)
Due to customers		199,305,592	170,836,378
Other liabilities		(11,442,306)	(1,705,208)
<b>Net cash from operating activities</b>		<b>194,617,784</b>	<b>192,572,615</b>
<b>Cash flow from / (used in) investing activities</b>			
Purchase of Property, plant and equipment and Information technology systems	9/10	(7,693,036)	(11,606,060)
Proceeds from sale and reimbursement of investment securities		263,079,145	230,808,540
Purchase of investment securities		(341,819,652)	(279,079,075)
<b>Net cash used in investing activities</b>		<b>(86,433,543)</b>	<b>(59,876,595)</b>
<b>Cash flow from / (used in) financing activities</b>			
Purchase of treasury shares		(8,971,154)	(19,248,886)
Sale of treasury shares		3,253,018	-
Capital increase	11	25,350,150	-
Dividend and payments out of reserves	1	(8,648,833)	(8,405,989)
<b>Net cash from / (used in) in financing activities</b>		<b>10,983,181</b>	<b>(27,654,875)</b>
<b>Increase in cash and cash equivalents</b>		<b>119,167,422</b>	<b>105,041,145</b>
<b>Movements in cash and cash equivalents</b>			
Balance at beginning of year		2,145,933,328	1,843,410,825
Increase / (decrease)		119,167,422	105,041,145
<b>Balance at 30 June</b>		<b>2,265,100,750</b>	<b>1,948,451,970</b>

The notes on pages 7 to 15 form an integral part of this condensed interim financial information

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. Scope of operations and general information

Swissquote Group Holding Ltd and its subsidiaries provide Online Financial Services that mainly consist of the services provided by Swissquote Bank Ltd through its financial web portal [www.swissquote.ch](http://www.swissquote.ch). The Group foreign subsidiaries which are based in United Arab Emirates (Dubai), United Kingdom (London), Malta (Mriehel) and Republic of China (Hong Kong) are responsible for the sales of the Group services in respective markets through dedicated web portals.

At the Annual General Meeting of shareholders held on 7 May 2014, the shareholders have resolved a dividend of CHF 0.60 per share (dividend paid on 14 May 2014).

## 2. Accounting policies and presentation matters

The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. The Consolidated Interim Financial Statements should be read in conjunction with the 2013 Group's consolidated financial statements. Except as described below, the accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the Annual Financial Statements. Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be appropriate to anticipate or defer such costs at the end of the financial year.

The below mentioned changes in accounting policy are also expected to be reflected in the Group's consolidated financial statements for the year ending 31 December 2014.

### Standards, amendments and interpretations effective on 1 January 2014

#### (a) IAS 32 (amended) and IFRS 7 (amended), « Financial instruments »

The Group has adopted IAS 32 (amended) and IFRS 7 (amended), "Financial instruments", with date of initial application of 1 January 2014. The amendments clarify the requirements for offsetting financial instruments and implement new disclosures to facilitate the comparison between IFRS and US GAAP.



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. Reportable segments

The analysis of reportable segments and cost center for the 6 months period ending 30 June 2014 and 2013 are as follows:

In CHFm	6 months ended 30 June	
	2014	2013
Net Revenues - Private Clients	35.7	35.5
Direct Operating Costs - Private Clients	(3.9)	(3.1)
Direct Marketing Costs - Private Clients	(1.1)	(1.5)
<i>Direct Contribution margin - Private Clients</i>	<i>30.7</i>	<i>30.9</i>
Net Revenues - B2B Clients	8.9	8.9
Direct Operating Costs - B2B Clients	(1.9)	(1.4)
Direct Marketing Costs - B2B Clients	(0.3)	(0.7)
<i>Direct Contribution margin - B2B Clients</i>	<i>6.7</i>	<i>6.8</i>
<b>Direct Contribution margin - Securities</b>	<b>37.4</b>	<b>37.7</b>
Net Revenues - eForex (excluding Nostro)	28.1	15.2
Net Revenues - eForex Nostro	(2.3)	0.6
Direct Operating Costs - eForex	(9.3)	(4.6)
Direct Marketing Costs - eForex	(1.8)	(1.4)
<b>Direct Contribution margin - eForex</b>	<b>14.7</b>	<b>9.8</b>
Operating Cost - Technology	(13.7)	(10.7)
Operating Cost - Operations	(13.4)	(10.3)
Operating Cost - Marketing	(3.3)	(3.1)
Operating Cost - G&A	(7.8)	(6.3)
<b>Platform and Infrastructure Operations Costs (cost center)</b>	<b>(38.2)</b>	<b>(30.4)</b>
Other - Provisions	(0.7)	(0.5)
<b>Operating profit</b>	<b>13.2</b>	<b>16.6</b>
Income tax expense	(2.1)	(3.1)
<b>Net profit</b>	<b>11.1</b>	<b>13.5</b>

At 30 June 2014:

- ▶ No other country than Switzerland represented more than 10% of revenues or assets;
- ▶ The Group does not have any client representing more than 10% of its revenues.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. Reportable segments (continued)

In CHFm	30 June 2014	30 June 2013
Assets - Securities / Private Clients	2,611.7	2,377.8
Assets - Securities / B2B Clients	441.4	391.0
Assets - eForex	265.7	130.2
Assets - Platform and Infrastructure	100.6	78.7
<b>Total assets</b>	<b>3,419.4</b>	<b>2,977.7</b>
Liabilities - Securities / Private Clients	2,563.7	2,334.7
Liabilities - Securities / B2B Clients	349.7	303.2
Liabilities - eForex	194.2	92.7
Liabilities - Platform and Infrastructure	40.5	21.6
<b>Total liabilities</b>	<b>3,148.1</b>	<b>2,752.2</b>
<b>Total equity</b>	<b>271.3</b>	<b>225.5</b>

### 4. Net trading income

	6 months ended 30 June	
	2014	2013
<b>Foreign exchange revenues</b>		
- eForex	25,782,541	15,777,603
- Other foreign exchange income	5,787,261	6,418,342
	31,569,802	22,195,945
<b>Unrealised fair value gains/(losses)</b>		
- From Investment securities	(225,867)	(317,226)
- From Trading assets	254,931	278,120
	29,064	(39,106)
<b>Realised gains/(losses)</b>		
- From financial assets	588,937	246,588
<b>Total</b>	<b>32,187,803</b>	<b>22,403,427</b>

Since the acquisition of MIG Bank Ltd in 2013, the Group has started to operate a principal model in addition to the existing agency model. In an agency model, when a customer executes a trade, the Group acts as a riskless intermediary, simultaneously entering into trades with the customer and the FX market maker. In a principal model, the Group may maintain the trading position and not offset the trade with another party. As a result, price changes in currencies and lack of liquidity in currencies may incur trading gains or losses using principal model execution. At 30 June 2014, Foreign exchange revenues comprise of a negative amount of CHF 2.3 million related to the operation of the former MIG principal model (30 June 2013: + CHF 0.6 million).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. Operating expenses

	6 months ended 30 June	
	2014	2013
Payroll & related expenses	28,864,785	19,716,885
Other operating expenses	14,608,216	11,715,763
Marketing expenses	6,455,642	6,712,348
Depreciation and amortisation	6,542,653	5,006,533
Provisions	694,430	500,000
<b>Total</b>	<b>57,165,726</b>	<b>43,651,529</b>

### 6. Earning per share

#### a) Basic

	6 months ended 30 June	
	2014	2013
Net Profit	11,103,331	13,546,682
Weighted average number of ordinary shares in issue	14,804,718	14,262,567
Earning per share	0.75	0.95

#### b) Diluted

	6 months ended 30 June	
	2014	2013
Net Profit	11,103,331	13,546,682
Weighted average number of ordinary shares in issue	14,804,718	14,262,567
Adjustments for share options	19,991	-
<b>Weighted average number of ordinary shares for diluted earnings per share options</b>	<b>14,824,709</b>	<b>14,262,567</b>
Diluted earning per share	0.75	0.95

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 7. Investment securities

	6 months ended 30 June 2014			Recognition as per IAS 39 of unrealised gains/(losses)		
	Carrying value	Fair value	Unrealised gains/(losses)	Comprehensive income	Income Statement	Not recognised
Available-for-sale	523,638,816	523,638,816	2,933,536	2,933,536	-	-
Held-to-maturity	225,320,020	238,938,468	13,618,448	-	-	13,618,448
Fair value through profit & loss	14,279,616	14,279,616	(2,564,841)	-	(2,564,841)	-
	<b>763,238,452</b>	<b>776,856,900</b>	<b>13,987,143</b>	<b>2,933,536</b>	<b>(2,564,841)</b>	<b>13,618,448</b>

	6 months ended 30 June 2013			Recognition as per IAS 39 of unrealised gains/(losses)		
	Carrying value	Fair value	Unrealised gains/(losses)	Comprehensive income	Income Statement	Not recognised
Available-for-sale	471,154,890	471,154,890	504,770	504,770	-	-
Held-to-maturity	291,716,180	307,085,218	15,369,038	-	-	15,369,038
Fair value through profit & loss	2,934,761	2,934,761	(2,393,948)	-	(2,393,948)	-
	<b>765,805,831</b>	<b>781,174,869</b>	<b>13,479,860</b>	<b>504,770</b>	<b>(2,393,948)</b>	<b>15,369,038</b>

### 8. Intangible assets

	Customer relationships	Goodwill	Total
<b>6 months ended 30 June 2014</b>			
Opening net book amount	2,008,510	38,989,066	40,997,576
Addition	-	-	-
Depreciation	(88,612)	-	(88,612)
<b>Closing net book amount</b>	<b>1,919,898</b>	<b>38,989,066</b>	<b>40,908,964</b>
<b>6 months ended 30 June 2013</b>			
Opening net book amount	2,185,732	20,029,472	22,215,205
Addition	-	-	-
Depreciation	(88,612)	-	(88,612)
<b>Closing net book amount</b>	<b>2,097,120</b>	<b>20,029,472</b>	<b>22,126,592</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 9. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
<b>6 months ended 30 June 2014</b>				
Opening net book amount	4,260,034	16,875,130	2,901,516	24,036,680
Addition	252,095	6,268,901	445,241	6,966,237
Depreciation	(606,147)	(3,512,629)	(805,994)	(4,924,770)
<b>Closing net book amount</b>	<b>3,905,982</b>	<b>19,631,402</b>	<b>2,540,763</b>	<b>26,078,147</b>
<b>6 months ended 30 June 2013</b>				
Opening net book amount	5,281,786	14,605,848	1,856,189	21,743,823
Addition	633,950	3,105,549	803,427	4,542,926
Depreciation	(807,775)	(2,888,222)	(620,326)	(4,316,323)
<b>Closing net book amount</b>	<b>5,107,961</b>	<b>14,823,175</b>	<b>2,039,290</b>	<b>21,970,426</b>

Additions to Information technology systems include an amount of CHF 3,298,267 (2013: CHF 2,552,017) representing own costs capitalised in connection with the development of the systems of the Group.

### 10. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
<b>6 months ended 30 June 2014</b>				
Opening net book amount	63,811,143	906,186	1,417,406	66,134,735
Addition	186,460	267,366	272,973	726,799
Depreciation	(1,087,316)	(191,039)	(250,916)	(1,529,271)
<b>Closing net book amount</b>	<b>62,910,287</b>	<b>982,513</b>	<b>1,439,463</b>	<b>65,332,263</b>
<b>6 months ended 30 June 2013</b>				
Opening net book amount	43,542,067	964,762	1,285,434	45,792,263
Addition	6,864,389	98,159	100,586	7,063,134
Depreciation	(279,586)	(149,321)	(172,691)	(601,598)
<b>Closing net book amount</b>	<b>50,126,870</b>	<b>913,600</b>	<b>1,213,329</b>	<b>52,253,799</b>

The total cost of the property includes an aggregate CHF 11,809 of own costs capitalised (2013: CHF 159,274).

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11. Capital

### a) Numbers of Shares in 2014

	1 January	Change	Increase	Utilisation	30 June
<b>Issued shares</b>					
<b>Ordinary share capital</b>					
Number of shares	14,638,370	-	689,800	-	15,328,170
Nominal value per share (CHF)	0.20	-	0.20	-	0.20
Total nominal value (CHF)	2,927,674	-	137,960	-	3,065,634
<b>Unissued shares</b>					
<b>Conditional capital</b>					
Number of conditional shares	750,000	210,000	-	-	960,000
Nominal value per share (CHF)	0.20	0.20	-	-	0.20
Total nominal value (CHF)	150,000	42,000	-	-	192,000
<b>Authorised capital</b>					
Number of authorised shares	3,500,000	(1,000,000)	-	(689,800)	1,810,200
Nominal value per share (CHF)	0.20	0.20	-	0.20	0.20
Amount authorised (CHF)	700,000	(200,000)	-	(137,960)	362,040

On 7 May 2014, the Annual General Meeting of Shareholders resolved inter alia:

- ▶ To increase by CHF 42,000 the conditional capital. These conditional shares are to be used only in order to cover any options granted to third party sellers in the context of acquisitions of companies or part of companies carried out by the Group. At 30 June 2014, the Group had granted 210,000 options to the sellers of MIG Bank Ltd. The other conditional shares (750,000) are reserved for the coverage of employee stock options.
- ▶ To reduce by CHF 200,000 the authorised capital, to extend its maturity to 7 May 2016 and to authorise the utilisation of the authorised capital for strategic partnerships.

On 25 June 2014, and in the context of the strategic partnership signed between the Group and PostFinance Ltd on 2 May 2014, the Group issued 689,800 new registered shares (CHF 0.20 nominal value each) that were fully subscribed and paid at a price of CHF 36.75 each by PostFinance Ltd. The new issued shares reduced the authorised capital accordingly.

The main shareholders (in the sense of article 20 Stock Exchange Act - SESTA) at 30 June 2014 are:

	30 June 2014	31 December 2013
Mr Marc Bürki	12.52%	13.11%
Mr Paolo Buzzi	12.51%	13.10%
PostFinance Ltd	5.00%	0.00%
Mr Mario Fontana	4.93%	5.16%
Windel Investments Ltd	4.89%	5.12%
Basellandschaftliche Kantonalbank	4.77%	4.99%
<b>Treasury shares</b>		
Swissquote Group Holding Ltd	1.59%	0.58%

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11. Capital (continued)

#### b) Numbers of Shares in 2013

	1 January	Change	Increase	Utilisation	30 June
<b>Issued shares</b>					
<b>Ordinary share capital</b>					
Number of shares	14,638,370	-	-	-	14,638,370
Nominal value per share (CHF)	0.20	-	-	-	0.20
Total nominal value (CHF)	2,927,674	-	-	-	2,927,674
<b>Unissued shares</b>					
<b>Conditional capital</b>					
Number of conditional shares	750,000	-	-	-	750,000
Nominal value per share (CHF)	0.20	-	-	-	0.20
Total nominal value (CHF)	150,000	-	-	-	150,000
<b>Authorised capital</b>					
Number of authorised shares	3,500,000	-	-	-	3,500,000
Nominal value per share (CHF)	0.20	-	-	-	0.20
Amount authorised (CHF)	700,000	-	-	-	700,000

### 12. Treasury shares

	2014	2013
Beginning of the year (shares)	79,192	175,133
Acquisition - shares	254,504	644,228
unit price ranging from CHF	31.87 to 40.10	27.92 to 34.50
Disposal - shares	(80,300)	-
unit price ranging from CHF	31.97 to 36.75	-
Remittance to optionees - shares	(9,408)	-
unit price ranging from CHF	32.20 to 34.27	-
End of the period - 30 June (shares)	243,988	819,361
Total cost (in CHF)	8,635,109	28,433,551
% of the issued shares	1.59%	5.60%

At 30 June 2014, the Treasury shares are primarily acquired for the purpose of covering the employees stock option plans.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 13. Regulatory capital & liquidity

The Liquidity Ordinance, which implements Basel III requirements into Swiss law, entered into force on 1 January 2013. This ordinance requires appropriate management and monitoring of liquidity risks. The requirements apply to all banks, but are tiered according to the type, complexity and degree of bank's activities. Starting in 2015, a new, internationally harmonized liquidity standard in line with the Basel III minimum standards will come into effect. This led to the adaptation of the Liquidity Ordinance and the adjustment of Circular 2013/6 « Liquidity - banks ».

	30 June 2014 (unaudited)
Total equity	271,327,608
General adjustments (mainly intangible assets)	(45,208,295)
<b>Total Common Equity Tier 1 capital (CET1 capital)</b>	<b>226,119,313</b>
<b>Risk-weighted assets</b>	<b>978,639,926</b>
<b>CET1 ratio</b>	<b>23.11%</b>

At 30 June 2014, the Group, based on preliminary guidance, calculates that its LCR ratio is in excess of 100% (unaudited) and therefore meets the new requirements within the prescribed time frames.

The method of calculation for the market risk has been changed from the « De Minimis Approach » to the « Standardised Approach » with no major impact on risk-weighted assets. This change was triggered by thresholds set out in FINMA 2008/20 « Market risks - banks ».

### 14. Fair value hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value. There were no transfer between Level 1, 2 and 3 and no change in valuation techniques during the period under review.

At 30 June 2014	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
- Investment securities	-	14,279,616	-	14,279,616
- Derivative financial instruments	48,812,835	14,573,289	-	63,386,124
- Trading assets	6,619,884	-	-	6,619,884
Financial assets designated available-for-sale				
- Investment securities	144,434,760	379,204,056	-	523,638,816
<b>Total</b>	<b>199,867,479</b>	<b>408,056,961</b>	<b>-</b>	<b>607,924,440</b>
<b>Financial liabilities measured at fair value</b>				
Financial liabilities at fair value through profit or loss				
- Derivative financial instruments	8,377,322	4,320,925	-	12,698,247
<b>Total</b>	<b>8,377,322</b>	<b>4,320,925</b>	<b>-</b>	<b>12,698,247</b>





Report on the Review of  
condensed consolidated interim financial information  
to the Board of Directors of  
Swissquote Group Holding Ltd  
Gland

### *Introduction*

We have reviewed the accompanying condensed consolidated interim financial information (balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes) set out on pages 1 to 15 of Swissquote Group Holding Ltd for the period ended 30 June 2014. The Board of Directors is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers Ltd

Beresford Caloia

Daniel Salama

Geneva, 18 July 2014

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