

# FINANCIAL REPORT

H1-2015



**SWISSQUOTE**  
THE SWISS LEADER IN ONLINE BANKING

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	30 June		31 December
		2015	2014	2014
<b>ASSETS</b>				
Cash and balances with central bank		1,807,136,242	2,004,315,759	1,965,814,237
Treasury bills and other eligible bills		36,482,739	15,781,491	2,404,755
Loans and advances to banks		680,662,226	246,741,984	461,638,179
Derivative financial instruments		58,662,689	63,386,124	96,756,767
Trading assets		6,031,522	6,619,884	6,233,227
Loans and advances to customers	9	177,242,273	150,823,511	160,528,885
Investment securities	10	725,637,033	763,238,452	841,914,668
Deferred income tax assets	7	4,318,008	1,365,795	1,654,613
Other assets		37,226,697	34,867,747	34,243,733
Intangible assets		40,731,743	40,908,964	40,820,354
Information technology systems	11	32,410,692	26,078,147	29,450,982
Property, plant and equipment	12	62,840,045	65,332,263	64,128,154
<b>Total assets</b>		<b>3,669,381,909</b>	<b>3,419,460,121</b>	<b>3,705,588,554</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Deposits from banks		1,483,305	1,738,485	1,753,552
Derivative financial instruments		28,263,405	12,698,247	33,357,984
Due to customers		3,347,484,793	3,086,309,071	3,352,513,466
Other liabilities		30,143,301	29,671,004	33,551,558
Current income tax liabilities		228,386	292,823	228,386
Deferred tax liabilities		1,456,536	1,484,725	1,466,640
Provisions		4,548,198	15,938,158	8,355,130
<b>Total liabilities</b>		<b>3,413,607,924</b>	<b>3,148,132,513</b>	<b>3,431,226,716</b>
<b>Equity</b>				
Ordinary shares	13	3,065,634	3,065,634	3,065,634
Share premium		51,806,264	60,805,450	60,752,040
Share option reserve		2,611,779	2,943,888	2,293,166
Other reserve		(1,130,565)	2,624,615	(3,146,415)
Treasury shares	14	(14,013,683)	(8,635,109)	(12,567,806)
Retained earnings		213,434,556	210,523,130	223,965,219
<b>Total equity</b>		<b>255,773,985</b>	<b>271,327,608</b>	<b>274,361,838</b>
<b>Total liabilities and equity</b>		<b>3,669,381,909</b>	<b>3,419,460,121</b>	<b>3,705,588,554</b>

The notes on pages 7 to 17 form an integral part of this condensed interim financial information

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	6 months ended 30 June	
		2015	2014
Fee and commission income		37,392,145	35,045,277
Fee and commission expense		(3,820,125)	(4,100,060)
<b>Net fee and commission income</b>		<b>33,572,020</b>	<b>30,945,217</b>
Interest income		10,796,978	9,544,941
Interest expense		(4,981,488)	(2,345,693)
<b>Net interest income</b>	4	<b>5,815,490</b>	<b>7,199,248</b>
Net trading income	5	34,584,501	32,187,803
<b>Operating income</b>		<b>73,972,011</b>	<b>70,332,268</b>
Operating expenses	6	(87,270,880)	(57,165,726)
<b>Operating profit / (loss)</b>		<b>(13,298,869)</b>	<b>13,166,542</b>
Income tax expense	7	2,663,395	(2,063,211)
<b>Net profit / (loss)</b>		<b>(10,635,474)</b>	<b>11,103,331</b>
<i>Earning per share</i>	8	<i>(0.71)</i>	<i>0.75</i>
<i>Diluted earning per share</i>	8	<i>(0.71)</i>	<i>0.75</i>
<i>Weighted average number of ordinary shares</i>	8	<i>14,932,625</i>	<i>14,804,718</i>

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## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 June	
	2015	2014
Net profit / (loss) for the period	(10,635,474)	11,103,331
Other comprehensive income: Gains / (losses) recognised directly in equity		
<i>Items to be recycled</i>		
Available-for-sale financial assets	2,902,228	978,813
Income tax relating to Available-for-sale financial assets	(536,912)	(183,038)
Currency translation differences	(349,466)	13,993
Other comprehensive income for the period, net of tax	2,015,850	809,768
Total comprehensive income / (loss) for the period	(8,619,624)	11,913,099

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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 2015	3,065,634	60,752,040	2,293,166	(3,146,415)	(12,567,806)	223,965,219	274,361,838
Net loss of the period	-	-	-	-	-	(10,635,474)	(10,635,474)
Available-for-sale financial assets	-	-	-	2,902,228	-	-	2,902,228
Income tax relating to components of other comprehensive income	-	-	-	(536,912)	-	-	(536,912)
Currency translation differences	-	-	-	(349,466)	-	-	(349,466)
Total comprehensive income for the period	-	-	-	2,015,850	-	(10,635,474)	(8,619,624)
Payments out of reserves	-	(8,945,776)	-	-	-	-	(8,945,776)
Employee stock option plan:							
Value of services provided	-	-	423,424	-	-	-	423,424
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(104,811)	-	-	104,811	-
Purchase of treasury shares	-	-	-	-	(1,445,877)	-	(1,445,877)
Sale of treasury shares	-	-	-	-	-	-	-
Balance at 30 June 2015	3,065,634	51,806,264	2,611,779	(1,130,565)	(14,013,683)	213,434,556	255,773,985

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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

The notes on pages 7 to 17 form an integral part of this condensed interim financial information

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Notes	6 months ended 30 June	
		2015	2014
<b>Cash flow from / (used in) operating activities</b>			
Fees and commission received		33,987,788	31,890,183
Fees and commission paid		(3,910,788)	(3,938,889)
Interest received		17,488,319	13,263,063
Interest paid		(3,077,929)	(408,487)
Net trading income		36,149,453	31,369,848
Income tax paid		(1,339,548)	(1,935,346)
Payments to employees		(38,169,492)	(25,936,397)
Payments to suppliers		(46,653,127)	(26,913,491)
<b>Cash flow from operating profit before changes in operating assets and liabilities</b>		<b>(5,525,324)</b>	<b>17,390,484</b>
<b>Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities</b>			
Loans and advances to customers		(16,713,388)	(26,638,925)
Derivative financial assets		38,094,078	38,616,916
Loans and advances to banks		(10,000,000)	-
Derivative financial liabilities		(5,094,579)	(22,613,977)
Due to customers		52,957,103	199,305,592
Other liabilities		(2,062,526)	(11,442,306)
<b>Net cash from operating activities</b>		<b>51,655,364</b>	<b>194,617,784</b>
<b>Cash flow from / (used in) investing activities</b>			
Purchase of Property, plant and equipment and Information technology systems	11/12	(9,209,425)	(7,693,036)
Proceeds from sale and reimbursement of investment securities		367,503,195	263,079,145
Purchase of investment securities		(314,863,198)	(341,819,652)
<b>Net cash from / (used in) investing activities</b>		<b>43,430,572</b>	<b>(86,433,543)</b>
<b>Cash flow from / (used in) financing activities</b>			
Purchase of treasury shares		(1,445,877)	(8,971,154)
Sale of treasury shares		-	3,253,018
Capital increase		-	25,350,150
Dividend and payments out of reserves	1	(8,945,776)	(8,648,833)
<b>Net cash from / (used in) in financing activities</b>		<b>(10,391,653)</b>	<b>10,983,181</b>
<b>Increase in cash and cash equivalents</b>		<b>84,694,283</b>	<b>119,167,422</b>
<b>Movements in cash and cash equivalents</b>			
Balance at beginning of year		2,428,103,619	2,145,933,328
Increase		84,694,283	119,167,422
<b>Balance at 30 June</b>		<b>2,512,797,902</b>	<b>2,265,100,750</b>
<b>Cash and cash equivalents</b>			
Cash and balances with central banks		1,807,136,242	2,004,315,759
Treasury bills and other eligible bills		36,482,739	15,781,491
Loans and advances to banks (less than 3 months)		670,662,226	246,741,984
Deposits from banks		(1,483,305)	(1,738,484)
<b>Total at 30 June</b>		<b>2,512,797,902</b>	<b>2,265,100,750</b>

The notes on pages 7 to 17 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. The Group foreign subsidiary which is based in United Kingdom (London) provides online foreign exchange trading for clients based in European Union.

At the Annual General Meeting of shareholders held on 7 May 2015, the shareholders have resolved a distribution of CHF 0.60 per share to the shareholders, representing a total amount of CHF 8,945,776 (paid on 13 May 2015). The distribution to the shareholders was made from the partial reversal of capital contribution reserves (share premium).

## 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 2014 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.

There are no IFRSs or IFRIC interpretations, effective for the first time for the financial year beginning 1 January 2015, with a material impact on the Group.

### Revenue recognition on SNB negative interests and foreign exchange swaps

In January 2015, the IFRS Interpretations Committee discussed the ramifications of the economic phenomenon of negative interest rates for the presentation of Income Statement. The IFRS Interpretations Committee considered that two ways of presentation would be appropriate : (1) presenting amounts resulting from a negative interest rate on a financial asset as an expense other than "interest expense" or (2) presenting amounts as part of Net interest income in Income Statement. At 30 June 2015, the interest cost resulting from negative interest rates on financial assets was included in Net interest income.

In the context of negative interest rates environment, the Group has adjusted its accounting policy relating to foreign exchange swaps that do not qualify for hedge accounting. A foreign exchange swap is a simultaneous purchase and sale of identical amounts of one currency for another with two different value dates (normally spot to forward). The difference between the forward rate and the spot rate represents the interest differential between the two currencies at inception. The net economic return (interest margin) over the investment period is recognized in Net interest income, as well as any subsequent changes in fair value that may occur.



## 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 2015 and 2014 are as follows:

In CHFm	6 months ended 30 June	
	2015	2014
Net Revenues - Securities Trading	47.3	44.6
Direct Operating Costs - Securities Trading	(6.0)	(5.8)
Direct Marketing Costs - Securities Trading	(1.6)	(1.4)
<i>Direct Contribution margin - Securities Trading</i>	<i>39.7</i>	<i>37.4</i>
Net Revenues - eForex	26.7	25.8
Direct Operating Costs - eForex	(9.3)	(9.3)
Direct Marketing Costs - eForex	(2.1)	(1.8)
<i>Direct Contribution margin - eForex</i>	<i>15.3</i>	<i>14.7</i>
Operating Cost - Technology	(13.6)	(13.7)
Operating Cost - Operations	(11.2)	(13.4)
Operating Cost - Marketing	(7.4)	(3.3)
Operating Cost - G&A	(10.4)	(7.8)
<i>Platform and Infrastructure Operations (cost center)</i>	<i>(42.6)</i>	<i>(38.2)</i>
Others - Provisions	(25.7)	(0.7)
<b>Operating profit/(loss)</b>	<b>(13.3)</b>	<b>13.2</b>
Income tax expense	2.7	(2.1)
<b>Net profit/(loss)</b>	<b>(10.6)</b>	<b>11.1</b>

At 30 June 2015:

- ▶ No other location (booking centre) than Switzerland represents more than 10% of revenues or assets;
- ▶ The Group does not have any client representing more than 10% of its revenues.

Breakdown of assets and liabilities is as follows:

In CHFm	30 June 2015	30 June 2014
Assets - Securities Trading	3,267.4	3,053.1
Assets - eForex	308.5	265.7
Assets - Platform and Infrastructure	93.5	100.6
<b>Total assets</b>	<b>3,669.4</b>	<b>3,419.4</b>
Liabilities - Securities Trading	(3,156.5)	(2,913.4)
Liabilities - eForex	(228.9)	(194.2)
Liabilities - Platform and Infrastructure	(28.2)	(40.5)
<b>Total liabilities</b>	<b>(3,413.6)</b>	<b>(3,148.1)</b>
<b>Total equity</b>	<b>255.8</b>	<b>271.3</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. Net interest income

	6 months ended 30 June	
	2015	2014
<b>Interest income</b>		
Cash and short-term funds	260,514	54,707
Investment securities	5,808,905	6,801,446
Foreign exchange swaps	2,790,619	809,911
Loans to customers	1,936,940	1,878,877
	<b>10,796,978</b>	<b>9,544,941</b>
<b>Interest expense</b>		
Banks	(377,930)	(30,874)
Due to customers - trading accounts	(332,225)	(1,348,922)
Due to customers - saving accounts	(374,149)	(965,897)
<b>Others</b>		
Central banks and stock exchanges (negative interests)	(1,834,694)	-
Foreign exchange swaps (negative interests)	(2,062,490)	-
	<b>(4,981,488)</b>	<b>(2,345,693)</b>
<b>Total net interest income</b>	<b>5,815,490</b>	<b>7,199,248</b>

Negative interests related costs arising from foreign exchange swaps relate to the deposit of the funds with central banks during the investment period.

Net interest income may differ from interest received and paid as disclosed in the consolidated statement of cash flow in relation with the use of effective interest method.

### 5. Net trading income

	6 months ended 30 June	
	2015	2014
<b>Foreign exchange revenues</b>		
- eForex	26,702,722	25,782,541
- Other foreign exchange income	9,119,337	5,787,261
	<b>35,822,059</b>	<b>31,569,802</b>
<b>Unrealised fair value gains/(losses)</b>		
- From Investment securities and Derivative financial instruments	(1,733,142)	(225,867)
- From Trading assets	494,092	254,931
	<b>(1,239,050)</b>	<b>29,064</b>
<b>Realised gains/(losses)</b>		
- From financial assets	1,492	588,937
<b>Total</b>	<b>34,584,501</b>	<b>32,187,803</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 6. Operating expenses

	6 months ended 30 June	
	2015	2014
Payroll & related expenses	29,408,807	28,864,785
Other operating expenses	15,011,688	14,608,216
Marketing expenses	9,515,656	6,455,642
Depreciation and amortisation	7,626,443	6,542,653
Provisions (See Note 9)	25,708,286	694,430
<b>Total</b>	<b>87,270,880</b>	<b>57,165,726</b>

Depreciation and amortisation comprises of depreciation on Information technology systems (CHF 6,056,791), Property, plant and equipment (CHF 1,481,041) and Intangible assets (CHF 88,611).

### 7. Taxation

As of 30 June 2015, the Group recognized a deferred income tax asset representing an amount of CHF 2,663,395 which gave rise to a negative tax expense of the same amount and arising with respect to the Operating loss identified during the period under review. Deferred income tax assets has been recognised as taxable profits are expected to be generated in the future and will be available against the unused tax losses.

In 2015, the applied tax rate is 18.50% (2014: 18.70%).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 8. Earning per share

#### a) Basic

	6 months ended 30 June	
	2015	2014
Net profit/(loss)	(10,635,474)	11,103,331
Weighted average number of ordinary shares in issue	14,932,625	14,804,718
Earning per share	(0.71)	0.75

#### b) Diluted

	6 months ended 30 June	
	2015	2014
Net profit/(loss)	(10,635,474)	11,103,331
Weighted average number of ordinary shares in issue	14,932,625	14,804,718
Adjustments for share options	-	19,991
<b>Weighted average number of ordinary shares for diluted earnings per share options</b>	<b>14,932,625</b>	<b>14,824,709</b>
Diluted earning per share	(0.71)	0.75

### 9. Loans and advances to customers

During the period under review, the Group decided to record a provision of CHF 25 million following the decision taken by Swiss National Bank on 15 January 2015 to remove the 1.20 floor on EUR/CHF which resulted in negative balances. The provision aims to cover the clients' negative balances that may be doubtful but not definitely irrecoverable.

At 30 June 2015, a total amount of CHF 23.4 million is deducted directly from Loans and advances to customers (impairment allowance). The potential future reversal will be recognised in the income statement.

	30 June 2015	30 June 2014
Loans and advances to customers - gross	200,624,085	151,162,174
Impairment allowance	(23,381,812)	(338,663)
<b>Loans and advances to customers</b>	<b>177,242,273</b>	<b>150,823,511</b>
Movements on the provision for impairment are as follows:		
At 1 January	306,929	489,904
Increase	25,000,000	-
Bad debts written-off	(1,925,117)	-
Decrease/reversal	-	(151,241)
<b>Balance at 30 June</b>	<b>23,381,812</b>	<b>338,663</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 10. Investment securities

	6 months ended 30 June 2015			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	583,214,449	583,214,449	1,734,538	1,734,538	-	-
Held-to-maturity	121,190,531	133,214,913	12,024,382	-	-	12,024,382
Fair value through profit & loss	21,232,053	21,232,053	(4,033,461)	-	(4,033,461)	-
	<b>725,637,033</b>	<b>737,661,415</b>	<b>9,725,459</b>	<b>1,734,538</b>	<b>(4,033,461)</b>	<b>12,024,382</b>

	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>

### 11. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
<b>6 months ended 30 June 2015</b>				
Opening net book amount	3,403,645	23,654,575	2,392,763	29,450,983
Addition	142,924	8,405,514	468,062	9,016,500
Depreciation	(560,068)	(4,674,402)	(822,321)	(6,056,791)
<b>Closing net book amount</b>	<b>2,986,501</b>	<b>27,385,687</b>	<b>2,038,504</b>	<b>32,410,692</b>
<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>

Additions to Information technology systems include an amount of CHF 5,090,044 (2014: CHF 3,298,267) representing own costs capitalised in connection with the development of the systems of the Group.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 12. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
<b>6 months ended 30 June 2015</b>				
Opening net book amount	61,791,996	875,661	1,460,504	64,128,161
Addition	-	82,840	110,085	192,925
Depreciation	(1,134,586)	(114,780)	(231,675)	(1,481,041)
<b>Closing net book amount</b>	<b>60,657,410</b>	<b>843,721</b>	<b>1,338,914</b>	<b>62,840,045</b>
<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>

### 13. Capital

#### a) Numbers of Shares in 2015

	1 January	Change	Increase	Utilisation	30 June
<b>Issued shares</b>					
<b>Ordinary share capital</b>					
Number of shares	15,328,170	-	-	-	15,328,170
Nominal value per share (CHF)	0.20	-	-	-	0.20
Total nominal value (CHF)	3,065,634	-	-	-	3,065,634
<b>Unissued shares</b>					
<b>Conditional capital</b>					
Number of conditional shares	960,000	-	-	-	960,000
Nominal value per share (CHF)	0.20	-	-	-	0.20
Total nominal value (CHF)	192,000	-	-	-	192,000
<b>Authorised capital</b>					
Number of authorised shares	1,810,200	-	-	-	1,810,200
Nominal value per share (CHF)	0.20	-	-	-	0.20
Amount authorised (CHF)	362,040	-	-	-	362,040

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 13. Capital (continued)

#### b) 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 authorized capital, to extend its maturity to 7 May 2016 and to authorize 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 AG. The new issued shares reduced the authorised capital accordingly.

### 14. Treasury shares

	2015	2014
Beginning of the year (shares)	372,428	79,192
<b>Acquisition - shares</b>	<b>49,544</b>	<b>254,504</b>
unit price ranging from CHF	21.92 to 32.00	31.87 to 40.10
<b>Disposal - shares</b>	<b>-</b>	<b>(80,300)</b>
unit price ranging from CHF	-	31.97 to 36.75
<b>Remittance to optionees - shares</b>	<b>-</b>	<b>(9,408)</b>
unit price ranging from CHF	-	32.20 to 34.27
End of the period - 30 June (shares)	421,972	243,988
Total cost (in CHF)	14,013,683	8,635,109
% of the issued shares	2.75%	1.59%

At 30 June 2015, the Treasury shares are primarily acquired for the purpose of covering the employees stock option plans.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 15. 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 2015	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at fair value through profit or loss				
- Investment securities	-	21,232,053	-	21,232,053
- Derivative financial instruments	43,326,698	15,335,991	-	58,662,689
- Trading assets	6,031,522	-	-	6,031,522
Financial assets designated available-for-sale				
- Investment securities	223,380,572	359,833,877	-	583,214,449
<b>Financial assets measured at fair value</b>	<b>272,738,792</b>	<b>396,401,921</b>	<b>-</b>	<b>669,140,713</b>
Cash and balances with central bank	1,807,136,242	-	-	1,807,136,242
Treasury bills and other eligible bills	36,482,739	-	-	36,482,739
Loans and advances to banks	680,662,226	-	-	680,662,226
Loans and advances to customers	-	177,242,273	-	177,242,273
Investments held-to-maturity				
- Investment securities	68,287,894	52,902,637	-	121,190,531
Other assets	-	37,226,697	-	37,226,697
<b>Total financial assets</b>	<b>2,865,307,893</b>	<b>663,773,528</b>	<b>-</b>	<b>3,529,081,421</b>
Non-financial assets				140,300,488
<b>Total assets at 30 June 2015</b>				<b>3,669,381,909</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Derivatives held for trading	12,871,430	15,391,975	-	28,263,405
<b>Financial liabilities measured at fair value</b>	<b>12,871,430</b>	<b>15,391,975</b>	<b>-</b>	<b>28,263,405</b>
Due to customers				3,347,484,793
Others (deposits from banks, other liabilities, ...)				31,854,992
<b>Total financial liabilities</b>				<b>3,407,603,190</b>
Non-financial liabilities				6,004,734
<b>Total liabilities at 30 June 2015</b>				<b>3,413,607,924</b>



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 15. Fair value hierarchy (continued)

At 30 June 2014	Level 1	Level 2	Level 3	Total
<b>Financial assets</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>Financial assets measured at fair value</b>	<b>199,867,479</b>	<b>408,056,961</b>	<b>-</b>	<b>607,924,440</b>
Cash and balances with central bank	2,004,315,759	-	-	2,004,315,759
Treasury bills and other eligible bills	15,781,491	-	-	15,781,491
Loans and advances to banks	246,741,984	-	-	246,741,984
Loans and advances to customers	-	150,823,511	-	150,823,511
Investments held-to-maturity				
- Investment securities	121,176,869	104,143,151	-	225,320,020
Other assets	-	34,867,747	-	34,867,747
<b>Total financial assets</b>	<b>2,587,883,582</b>	<b>697,891,370</b>	<b>-</b>	<b>3,285,774,952</b>
Non-financial assets				133,685,169
<b>Total assets at 30 June 2014</b>				<b>3,419,460,121</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Derivatives held for trading	8,377,322	4,320,925	-	12,698,247
<b>Financial liabilities measured at fair value</b>	<b>8,377,322</b>	<b>4,320,925</b>	<b>-</b>	<b>12,698,247</b>
Due to customers				3,086,309,071
Others (deposits from banks, other liabilities, ...)				31,702,312
<b>Total financial liabilities</b>				<b>3,130,709,630</b>
Non-financial liabilities				17,422,883
<b>Total liabilities at 30 June 2014</b>				<b>3,148,132,513</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 16. Regulatory capital & liquidity (unaudited)

The Liquidity 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. As of 2015, the Basel III rules also require disclosure of the liquidity coverage ratio (LCR). These disclosure requirements are included in the revised FINMA circular "Disclosure-banks" which came into force on 1 January 2015.

	30 June 2015
Total equity	255,773,985
General adjustments (mainly intangible assets)	(47,821,913)
<b>Total Common Equity Tier 1 capital (CET1 capital)</b>	<b>207,952,072</b>
<b>Risk-weighted assets</b>	<b>925,188,150</b>
<b>CET1 ratio</b>	<b>22.5%</b>

Liquidity Coverage Ratio (LCR) CHF million, except where indicated	30 June 2015
Cash outflows	1,011,503
Cash inflows	(758,628)
Net cash outflows	252,875
High-quality liquid assets	1,873,146
<b>Liquidity coverage ratio (LCR in %)</b>	<b>740.7%</b>



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

### *Introduction*

We have reviewed the accompanying condensed consolidated interim financial statements (statement of financial positions, income statement, statement of comprehensive income, statement of cash flow, changes in shareholders' equity, statement of cash flows and notes) set out on pages 1 to 16 of Swissquote Group Holding Ltd for the six months period ended 30 June 2015. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial statements 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 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA

Beresford Caloia

Alain Lattafi

Geneva, 24 July 2015

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*PricewaterhouseCoopers Ltd, Avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2, Switzerland  
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, [www.pwc.ch](http://www.pwc.ch)*

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**Swissquote Group Holding Ltd**  
Swissquote Bank Ltd  
Chemin de la Crétaux 33  
CH -1196 Gland  
[www.swissquote.ch](http://www.swissquote.ch)