

FINANCIAL REPORT

Q1-2013



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	31 March		31 December
		2013	2012 (restated)*	2012 (restated)*
ASSETS				
Cash and balances with central bank		1,447,955,006	1,319,502,227	1,612,190,388
Treasury bills and other eligible bills		15,174,354	21,390,062	4,825,733
Loans and advances to banks		215,414,936	320,956,658	236,956,542
Derivative financial instruments		35,008,762	26,658,195	29,087,367
Trading assets		5,483,466	5,007,747	5,358,622
Loans and advances to customers		106,107,319	106,619,100	91,728,176
Investment securities	5	838,229,953	802,334,914	718,914,914
Deferred income tax assets		366,520	377,720	366,520
Intangible assets		22,170,898	22,928,866	22,215,204
Information technology systems	7	22,046,860	22,243,151	21,743,823
Property, plant and equipment	8	48,200,252	34,910,817	45,792,263
Other assets		35,540,081	31,845,710	30,635,888
Total assets		2,791,698,407	2,714,775,167	2,819,815,440
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks		12,932,139	12,413,439	10,561,838
Derivative financial instruments		3,804,718	11,465,090	7,904,195
Due to customers		2,502,117,634	2,423,884,035	2,533,756,648
Other liabilities		21,078,702	22,140,036	18,548,992
Current income tax liabilities		1,981,539	2,574,595	3,122,276
Deferred tax liabilities		887,863	1,093,907	894,235
Provisions		3,608,184	4,474,898	3,899,016
Total liabilities		2,546,410,779	2,478,046,000	2,578,687,200
Equity				
Ordinary shares	10	2,927,674	2,927,674	2,927,674
Share premium		39,496,150	39,496,150	39,496,150
Share option reserve		3,197,641	3,060,936	3,003,351
Other reserve		1,534,677	(920,749)	1,589,373
Treasury shares	11	(10,705,145)	(8,997,645)	(9,184,665)
Retained earnings		208,836,631	201,162,801	203,296,357
Total equity		245,287,628	236,729,167	241,128,240
Total liabilities and equity		2,791,698,407	2,714,775,167	2,819,815,440

*Restatement related to adoption of IAS 19 revised (See Note 9).

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	3 months ended 31 March	
		2013	2012 (restated)*
Fee and commission income		16,533,935	15,983,289
Fee and commission expense		(1,844,440)	(1,851,294)
Net fee and commission income		14,689,495	14,131,995
Interest income		4,962,943	5,659,858
Interest expense		(1,045,078)	(1,416,352)
Net interest income		3,917,865	4,243,506
Net trading income	3	9,781,374	10,817,308
Operating income		28,388,734	29,192,809
Operating expenses	4	(21,580,021)	(22,104,991)
Operating profit		6,808,713	7,087,818
Income tax expense		(1,275,809)	(1,445,804)
Net profit		5,532,904	5,642,014
<i>Earning per share</i>	6	0.38	0.39
<i>Diluted earning per share</i>	6	0.38	0.39
<i>Weighed average number of ordinary shares</i>	6	14,449,264	14,461,990

*Restatement related to adoption of IAS 19 revised (See Note 9).

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	3 months ended 31 March	
	2013	2012 (restated)*
Net profit for the period	5,532,904	5,642,014
Other comprehensive income:		
Gains / (losses) recognised directly in equity		
<i>Items to be recycled</i>		
Available-for-sale financial assets	(137,338)	1,803,380
Income tax relating to components of other comprehensive income (AFS assets)	26,918	(403,416)
Hedge reserve	-	12,805
Income tax relating to components of other comprehensive income (Hedge reserve)	-	(2,864)
Currency translation differences	55,724	-
<i>Items not to be recycled</i>		
Remeasurement of defined benefit obligation	-	(908,000)
Income tax relating to remeasurement of defined benefit obligation	-	177,968
Other comprehensive income for the period, net of tax	(54,696)	679,873
Total comprehensive income for the period	5,478,208	6,321,887

*Restatement related to adoption of IAS 19 revised (See Note 9).

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

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
Change in financial instruments	-	-	-	(137,338)	-	-	(137,338)
Currency translation differences	-	-	-	55,724	-	-	55,724
Tax impact of comprehensive income items	-	-	-	26,918	-	-	26,918
Net profit of the period	-	-	-	-	-	5,532,904	5,532,904
Total comprehensive income for the period	-	-	-	(54,696)	-	5,532,904	5,478,208
Employee stock option plan:							
Value of services provided	-	-	201,660	-	-	-	201,660
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(7,370)	-	-	7,370	-
Purchase of treasury shares	-	-	-	-	(1,520,480)	-	(1,520,480)
Sale of treasury shares	-	-	-	-	-	-	-
Balance at 31 March 2013	2,927,674	39,496,150	3,197,641	1,534,677	(10,705,145)	208,836,631	245,287,628
Balance at 1 January 2012 (restated)*	2,927,674	39,418,265	2,785,238	(1,574,167)	(9,444,191)	195,502,558	229,615,377
Change in financial instruments	-	-	-	1,816,185	-	-	1,816,185
Remeasurement of defined benefit obligation	-	-	-	(908,000)	-	-	(908,000)
Tax impact of comprehensive income items	-	-	-	(228,312)	-	-	(228,312)
Net profit of the period	-	-	-	-	-	5,642,014	5,642,014
Total comprehensive income for the period	-	-	-	679,873	-	5,642,014	6,321,887
Currency translation differences	-	-	-	(26,455)	-	-	(26,455)
Employee stock option plan:							
Value of services provided	-	-	293,927	-	-	-	293,927
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(18,229)	-	-	18,229	-
Purchase of treasury shares	-	-	-	-	(77,819)	-	(77,819)
Sale of treasury shares	-	77,885	-	-	524,365	-	602,250
Balance at 31 March 2012 (restated)*	2,927,674	39,496,150	3,060,936	(920,749)	(8,997,645)	201,162,801	236,729,167

*Restatement related to adoption of IAS 19 revised (See Note 9).

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Notes	3 months ended 31 March	
		2013	2012
Cash flow from / (used in) operating activities			
Fees and commission receipts		16,238,352	15,664,698
Fees and commission paid		(1,935,011)	(1,994,976)
Interest receipts		4,284,223	4,457,450
Interest paid		(718,146)	(835,001)
Net trading income		9,837,098	10,790,853
Income tax paid		(2,402,785)	(900,650)
Cash payments to employees and suppliers		(18,407,399)	(22,820,343)
Cash flow from operating profit before changes in operating assets and liabilities		6,896,332	4,362,031
Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities			
Loans and advances to customers		(14,379,143)	(6,003,352)
Derivative financial assets		(5,921,395)	16,392,897
Trading assets		(124,844)	(1,161,340)
Derivative financial liabilities		(4,099,477)	1,543,470
Due to customers		(31,639,014)	113,791,730
Other liabilities		(4,095,896)	(1,800,711)
Net cash from / (used in) operating activities		(53,363,437)	127,124,725
Cash flow from / (used in) investing activities			
Purchase of property, plant and equipment and Information technology systems	7/8	(5,161,223)	(5,016,238)
Proceeds from sale and reimbursement of investment securities		96,438,825	85,268,420
Purchase of investment securities		(214,192,353)	(131,411,236)
Net cash from / (used in) investing activities		(122,914,751)	(51,159,054)
Cash flow from / (used in) financing activities			
Purchase of treasury shares		(1,520,480)	(77,819)
Sale of treasury shares		-	602,250
Net cash from / (used in) financing activities		(1,520,480)	524,431
Increase / decrease in cash and cash equivalents		(177,798,668)	76,490,102
Movements in cash and cash equivalents			
Balance at beginning of year		1,843,410,825	1,572,945,406
Increase / (decrease)		(177,798,668)	76,490,102
Balance at 31 March		1,665,612,157	1,649,435,508

The notes on pages 6 to 15 form an integral part of this condensed interim financial information

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES AND REPORTABLE SEGMENTS

1. 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 2012 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 2013.

Standards, amendments and interpretations effective on 1 January 2013

(a) IAS 19 revised Employee Benefits

The Group adopted IAS 19 revised Employee Benefits (hereafter: «IAS 19R») with mandatory date of initial application of 1 January 2013. The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits.

The related amendments have been applied retroactively in accordance with IAS 8. Consequently the 2012 comparatives figures have been restated as if IAS 19R had always been applied with an impact on the following content of interim financial information:

- ▶ Interim statement of financial positions
- ▶ Interim income statement
- ▶ Interim statement of comprehensive income
- ▶ Interim statement of changes in equity
- ▶ Reportable segment
- ▶ Notes 4 and 6

The reconciliation between reported comparative figures and restated figures are disclosed in Note 9.

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the corridor approach permitted under the previous version of IAS 19 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through «Other comprehensive income» in order for the net pension asset or liability recognised in the consolidated statement of financial positions to reflect the full value of the plan deficit or surplus. There is no subsequent recycling of amounts recognised in «Other comprehensive income» into «Retained earnings» under the revised standard.

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under IAS 19R, which is calculated by applying the discount rate to the net defined benefit liability or asset.

IAS 19R also introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures at year end.

(b) IFRS 13 – Fair value measurement

The Group has adopted IFRS 13 Fair value measurement with date of initial application of 1 January 2013. The most significant change results in additional disclosures in interim financial information related to fair value hierarchy regardless of whether or not there were significant changes. Relevant disclosure has been added in Note 14.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES AND REPORTABLE SEGMENTS

2. Reportable segments

The analysis of reportable segments and cost centers for the 3 months period ending 31 March 2013 and 2012 are as follows:

In CHFm	3 months ended 31 March	
	2013	2012 (restated)
Net Revenues - Private Clients	17.6	17.4
Direct Operating Costs - Private Clients	(1.6)	(2.0)
Direct Marketing Costs - Private Clients	(1.0)	(0.2)
<i>Direct Contribution margin - Private Clients</i>	<i>15.0</i>	<i>15.2</i>
Net Revenues - B2B Clients	4.3	3.6
Direct Operating Costs - B2B Clients	(0.6)	(0.6)
Direct Marketing Costs - B2B Clients	(0.3)	(0.2)
<i>Direct Contribution margin - B2B Clients</i>	<i>3.4</i>	<i>2.8</i>
Direct Contribution margin - Securities	18.4	18.0
Net Revenues - eForex	6.8	7.2
Direct Operating Costs - eForex	(2.4)	(2.1)
Direct Marketing Costs - eForex	(0.8)	(0.6)
Direct Contribution margin - eForex	3.6	4.5
Operating Cost - Technology	(5.3)	(4.4)
Operating Cost - Operations	(4.9)	(5.2)
Operating Cost - Marketing	(1.3)	(2.1)
Operating Cost - G&A	(3.1)	(3.7)
Platform and Infrastructure Operations Costs (cost center)	(14.6)	(15.4)
Other - Provisions	(0.3)	(0.2)
Other - Net income from financial assets held at fair value	(0.3)	1.0
Other - Restatement in connection with adoption of IAS 19R	-	(0.8)
Operating profit	6.8	7.1
Income tax expense	(1.3)	(1.5)
Net profit	5.5	5.6

At 31 March 2013:

- ▶ 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

ACCOUNTING POLICIES AND REPORTABLE SEGMENTS

2. Reportable segments (continued)

In CHFm	31 March 2013	31 March 2012 (restated)
Assets - Securities / Private Clients	2,140.6	2,092.0
Assets - Securities / B2B Clients	391.1	360.7
Assets - eForex	184.1	160.6
Assets - Platform and Infrastructure	75.9	101.2
Assets - Restatement in connection with adoption of IAS 19R	-	0.3
Total assets	2,791.7	2,714.8
Liabilities - Securities / Private Clients	2,086.1	2,047.3
Liabilities - Securities / B2B Clients	302.8	269.2
Liabilities - eForex	139.1	135.1
Liabilities - Platform and Infrastructure	18.4	24.7
Liabilities - Restatement in connection with adoption of IAS 19R	-	1.7
Total liabilities	2,546.4	2,478.0
Total equity	245.3	236.8

3. Net trading income

	3 months ended 31 March	
	2013	2012
Foreign exchange revenues		
- eForex	6,821,033	7,228,145
- Other foreign exchange income	3,098,911	2,382,567
	9,919,944	9,610,712
Unrealised fair value gains/(losses)		
- From Investment securities	(406,358)	831,655
- From Trading assets	83,264	184,717
	(323,094)	1,016,372
Realised gains/(losses)		
- Gains less losses from financial assets	184,524	190,224
Total	9,781,374	10,817,308

4. Operating expenses

	3 months ended 31 March	
	2013	2012 (restated)
Payroll & related expenses	9,652,585	10,758,982
Other operating expenses	5,776,514	5,441,245
Marketing expenses	3,406,419	3,111,119
Depreciation and amortisation	2,494,503	2,593,645
Provisions	250,000	200,000
Total	21,580,021	22,104,991

A total of CHF 820,000 was restated in 2012 comparative figures as additional Payroll & related expenses (see Note 9).

All amounts in Swiss Francs

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Investment securities

	3 months ended 31 March 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	519,621,133	519,621,133	2,818,275	2,818,275	-	-
Held-to-maturity	313,768,263	333,645,208	19,876,945	-	-	19,876,945
Fair value through profit & loss	4,840,557	4,840,557	(2,445,125)	-	(2,445,125)	-
	838,229,953	858,106,898	20,250,095	2,818,275	(2,445,125)	19,876,945

	Quarter ended 31 March 2013	
	Unrealised gains/(losses)	Change in quarter
Available-for-sale	2,818,275	(137,338)
Held-to-maturity	19,876,945	(1,777,173)
Fair value through profit & loss	(2,445,125)	(363,839)
	20,250,095	(2,278,350)

	3 months ended 31 March 2012			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	431,121,626	431,121,626	(124,636)	(124,636)	-	-
Held-to-maturity	354,826,147	373,424,986	18,598,839	-	-	18,598,839
Fair value through profit & loss	16,387,141	16,387,141	(1,455,856)	-	(1,455,856)	-
	802,334,914	820,933,753	17,018,347	(124,636)	(1,455,856)	18,598,839

	Quarter ended 31 March 2012	
	Unrealised gains/(losses)	Change in quarter
Available-for-sale	(124,636)	1,803,380
Held-to-maturity	18,598,839	1,954,567
Fair value through profit & loss	(1,455,856)	831,655
	17,018,347	4,589,602

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Earning per share

a) Basic

	3 months ended 31 March	
	2013	2012 (restated)
Net Profit	5,532,904	5,642,014
Weighted average number of ordinary shares in issue	14,449,264	14,461,990
Basic earning per share	0.38	0.39

b) Diluted

	3 months ended 31 March	
	2013	2012 (restated)
Net Profit	5,532,904	5,642,014
Weighted average number of ordinary shares in issue	14,449,264	14,461,990
Adjustments for share options	-	-
Weighted average number of ordinary shares for diluted earnings per share options	14,449,264	14,461,990
Diluted earning per share	0.38	0.39

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
3 months ended 31 March 2013				
Opening net book amount	5,281,786	14,605,848	1,856,189	21,743,823
Addition	295,923	1,515,353	641,978	2,453,254
Amortisation / depreciation	(417,435)	(1,423,879)	(308,903)	(2,150,217)
Closing net book amount	5,160,274	14,697,322	2,189,264	22,046,860
3 months ended 31 March 2012				
Opening net book amount	5,780,160	13,319,228	2,429,659	21,529,047
Addition	662,575	2,041,031	75,219	2,778,825
Amortisation / depreciation	(510,949)	(1,223,175)	(330,597)	(2,064,721)
Closing net book amount	5,931,786	14,137,084	2,174,281	22,243,151

Additions to Information technology systems include an amount of CHF 1,284,753 (2012: CHF 1,914,548) representing own costs capitalised in connection with the development of the systems of the Group.

8. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
3 months ended 31 March 2013				
Opening net book amount	43,542,067	964,762	1,285,434	45,792,263
Addition	2,612,216	-	95,753	2,707,969
Amortisation / depreciation	(139,793)	(74,559)	(85,628)	(299,980)
Closing net book amount	46,014,490	890,203	1,295,559	48,200,252
3 months ended 31 March 2012				
Opening net book amount	29,455,742	1,855,557	1,835,977	33,147,276
Addition	2,198,644	13,505	25,264	2,237,413
Amortisation / depreciation	(139,794)	(195,496)	(138,582)	(473,872)
Closing net book amount	31,514,592	1,673,566	1,722,659	34,910,817

The total cost of the property includes an aggregate CHF 75,937 of own costs capitalised (2012: CHF 77,788).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. Pension plan

The 2013 consolidated financial statements are the first financial statements in which the Group has adopted IAS 19R. In accordance with IAS 8, the related amendments have been applied retroactively.

The adjustments performed in the figures for 2012 are summarized as follows:

	Deferred income tax assets	Other liabilities	Current income tax liabilities	Other reserves (OCI)	Retained earnings	Operating expenses
Balance as reported at 31 December 2011	168,000	19,488,059	1,150,970	(1,574,167)	195,632,806	-
<i>Effect of application of IAS 19R:</i>						
- Increase of benefit obligation	31,752	162,000	-	-	(130,248)	-
Restated balance at 1 January 2012	199,752	19,650,059	1,150,970	(1,574,167)	195,502,558	-

At 1 January 2012, the amendments related to IAS 19R result in a restatement of pension plan related liability from CHF 268k to CHF 430k.

	Deferred income tax assets	Other liabilities	Current income tax liabilities	Other reserves (OCI)	Retained earnings	Operating expenses
Balance as reported at 31 March 2012	168,000	20,250,036	2,735,315	(190,717)	201,952,329	21,284,991
<i>Effect of application of IAS 19R:</i>						
- Change in opening balance	31,752	162,000	-	-	(130,248)	-
- Prior service costs (plan change)	-	436,000	(85,456)	-	(350,544)	436,000
- Abolition of corridor rule	215,404	1,099,000	-	(883,596)	-	-
- Other effects	(37,436)	193,000	(75,264)	153,564	(308,736)	384,000
Restated balance at 31 March 2012	377,720	22,140,036	2,574,595	(920,749)	201,162,801	22,104,991

The amendments related to IAS 19R result in a restatement of pension plan liability to CHF 1,884k (instead of a prior pension plan asset of CHF 6k), of which CHF 820k as additional payroll & related expenses. Items reported as other effects are related to the technical changes in IAS 19R, among others the change of expected return on plan assets and interest income to the net interest cost method.

At 31 March 2013, the Group has not identified a need to remeasure the net defined benefit liability at the end of the interim reporting period.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Ordinary shares

a) Numbers of Shares in 2013

	1 January	Stock options		31 March
		Exercised	Lapsed	
Issued shares				
Ordinary share capital				
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
Unissued shares				
Conditional capital				
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
Authorised capital				
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

b) Numbers of Shares in 2012

	1 January	Stock options		31 March
		Exercised	Lapsed	
Issued shares				
Ordinary share capital				
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
Unissued shares				
Conditional capital				
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
Authorised capital				
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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Treasury shares

	2013	2012
Beginning of the year (shares)	175,133	183,621
Acquisition - shares unit price ranging from CHF	47,408 30.92 to 34.50	2,019 34.38 to 42.40
Disposal - shares unit price ranging from CHF	-	(16,500) 36.50
Remittance to optionees - shares unit price ranging from CHF	-	-
End of the period - 31 March (shares)	222,541	169,140
Total cost in CHF	10,705,145	8,997,645
% of the issued shares	1.52%	1.16%

12. Regulatory capital

At 1 January 2013, the Basel III framework was implemented in Switzerland. Basel III provides among others higher minimum capital requirements, new conservation and countercyclical buffers, revised risk-based capital measures and liquidity ratios. The new capital standards will be phased from 1 January 2013 through 1 January 2019 for the countries such as Switzerland that have adopted Basel III.

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. It is expected the Liquidity Ordinance will be amended in 2014 to include final Basel III Liquidity Coverage Ratio (LCR) rules and any related FINMA-specific requirements.

	31 March 2013 (unaudited)
Total shareholder's equity	245,046,428
General adjustments (Intangible assets)	(22,170,898)
Total Common Equity Tier 1 capital (CET1 capital)	222,875,530
Risk-weighted assets	879,638,184
CET1 ratio (pre-dividend)	25.34%
CET1 ratio (post-dividend)	24.34%

At 31 March 2013, 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.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. Appropriation of available retained earnings

At the Annual General Meeting of Swissquote Group Holding Ltd on 7 May 2013, the Board of Directors will propose to the Shareholders to approve a dividend of CHF 0.60 per share. The corresponding maximum amount of CHF 8,783,022 is included in retained earnings for as long as the Shareholders have not formally resolved on the proposed dividend.

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 31 March 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
- Investment securities	1,789,250	3,051,307	-	4,840,557
- Derivative held for trading	30,955,661	4,053,101	-	35,008,762
- Trading assets	5,483,466	-	-	5,483,466
Financial assets designated available-for-sale				
- Investment securities	192,807,920	326,813,213	-	519,621,133
Financial assets measured at fair value	231,036,297	333,917,621	-	564,953,918
Financial liabilities				
Financial liabilities at fair value through profit or loss				
- Derivative held for trading	1,249,690	2,555,028	-	3,804,718
Financial liabilities measured at fair value	1,249,690	2,555,028	-	3,804,718



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 31 March 2013. 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 SA

Philippe Bochud

Alex Astolfi

Geneva, 2 May 2013

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