Financial Report
Q3-2009

SWISSQUOTE

SWITZERLAND'S LEADING ONLINE BROKER

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS *(*1)*

	Notes	30 September 2009	30 September 2008	31 December 2008
ASSETS				
Cash and balances with central bank		761,552,972	62,736,110	293,175,551
Loans and advances to banks		591,291,692	1,113,984,865	765,749,630
Derivatives financial instruments		17,693,467	24,277,234	12,125,144
Trading assets		12,816,511	-	-
Loans and advances to customers		88,813,201	81,781,091	71,703,162
Investment securities	3	299,947,232	51,774,016	165,947,400
Information technology systems	4	11,404,693	10,775,546	11,130,071
Property, plant and equipment	5	20,070,841	20,179,992	20,188,599
Other assets		10,445,283	9,553,382	6,119,952
Total assets		**1,814,035,892**	**1,375,062,236**	**1,346,139,509**
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks		576,247	2,421,761	2,340,838
Derivatives financial instruments		16,305,240	24,277,234	12,125,144
Due to customers		1,607,541,981	1,191,847,154	1,166,357,738
Other liabilities		14,008,280	14,718,820	16,726,975
Current income tax liabilities		5,832,687	8,954,522	3,205,840
Provisions		2,867,565	1,196,520	4,884,057
Deferred tax liabilities		1,420,630	936,778	1,368,759
Total liabilities		**1,648,552,630**	**1,244,352,789**	**1,207,009,351**
Equity				
Ordinary shares	6	2,927,674	2,927,674	2,927,674
Share premium		37,892,779	35,910,316	35,946,443
Share option reserve		1,830,409	1,279,280	1,485,992
Other reserve		(1,504,875)	(8,717,980)	(5,629,772)
Treasury shares	7	(26,323,187)	(20,834,813)	(24,548,517)
Retained earnings		150,660,462	120,144,970	128,948,338
Total equity		**165,483,262**	**130,709,447**	**139,130,158**
Total liabilities and equity		**1,814,035,892**	**1,375,062,236**	**1,346,139,509**

*(*1) Prior to the adoption of new IAS 1 revised on 1 January 2009, this statement was called Balance Sheet*

The notes on pages 6 to 17 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT *(*1)*

	Notes	Quarter ended 30 September 2009	Quarter ended 30 September 2008	9 months ended 30 September 2009	9 months ended 30 September 2008
Fee and commission income		22,094,726	18,046,588	59,912,646	56,393,814
Fee and commission expense		(2,073,665)	(1,761,712)	(6,084,200)	(5,468,278)
Net fee and commission income		**20,021,061**	**16,284,876**	**53,828,446**	**50,925,536**
Interest income		3,255,985	10,452,231	10,559,681	30,537,758
Interest expense		(1,394,902)	(1,759,295)	(3,084,666)	(6,204,596)
Net interest income		**1,861,083**	**8,692,936**	**7,475,015**	**24,333,162**
Net trading income		4,494,621	2,622,542	11,779,257	6,941,204
Gain less losses from investment securities		12,155	-	1,654,214	-
Operating income		**26,388,920**	**27,600,354**	**74,736,932**	**82,199,902**
Operating expenses	1	(14,162,262)	(13,556,919)	(42,166,280)	(39,825,075)
Impairment and provisions on Investments securities	9	1,463,540	(11,982,786)	1,463,540	(11,982,786)
Operating profit		**13,690,198**	**2,060,649**	**34,034,192**	**30,392,041**
Income tax expense, net (except on impairment)		(2,377,362)	(2,919,590)	(6,788,200)	(8,967,825)
Tax impact on impairment and provisions on Investment securities		(321,979)	2,636,213	(321,979)	2,636,213
Net profit		**10,990,857**	**1,777,272**	**26,924,013**	**24,060,429**
Earning per share	*2*	*0.78*	*0.13*	*1.92*	*1.69*
Diluted earning per share	*2*	*0.78*	*0.12*	*1.91*	*1.68*

*(*1) Prior to the adoption of new IAS 1 revised on 1 January 2009, this statement was called Statement of Operations*

The notes on pages 6 to 17 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME *(*1)*

	Notes	Quarter ended 30 September		9 months ended 30 September	
		2009	2008	2009	2008
Net profit for the period		**10,990,857**	**1,777,272**	**26,924,013**	**24,060,429**
Other comprehensive income: **Gains / (losses) recognised directly in equity**					
Available-for-sale financial assets		2,081,739	(4,923,348)	5,307,793	(5,841,067)
Income tax relating to components of other comprehensive income (AFS assets)		(457,981)	1,083,137	(1,166,167)	1,285,035
Hedge reserve		(21,447)	-	(21,447)	-
Income tax relating to components of other comprehensive income (Hedge reserve)		4,718	-	4,718	-
Other comprehensive income for the period, net of tax		**1,607,029**	**(3,840,211)**	**4,124,897**	**(4,556,032)**
Total comprehensive income for the period		**12,597,886**	**(2,062,939)**	**31,048,910**	**19,504,397**

*(*1) The adoption of new IAS 1 revised on 1 January 2009 requires the Group to prepare a new statement called Statement of Compehensive Income. The information disclosed in this statement was formerly included in the Statement of Changes in Shareholders' Equity*

The notes on pages 6 to 17 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2009	**2,927,674**	**35,946,443**	**1,485,992**	**(5,629,772)**	**(24,548,517)**	**128,948,338**	**139,130,158**
Net profit of the period	-	-	-	-	-	*26,924,013*	*26,924,013*
Other comprehensive income of the period	-	-	-	*4,124,897*	-	-	*4,124,897*
Total comprehensive income for the period	-	-	-	4,124,897	-	26,924,013	**31,048,910**
Dividend	-	-	-	-	-	(5,607,376)	**(5,607,376)**
Employee stock option plan:							
Value of services provided	-	-	739,904	-	-	-	**739,904**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(395,487)	-	-	395,487	-
Purchase of treasury shares	-	-	-	-	(2,746,639)	-	**(2,746,639)**
Sale of treasury shares	-	1,946,336	-	-	971,969	-	**2,918,305**
Balance at 30 September 2009	**2,927,674**	**37,892,779**	**1,830,409**	**(1,504,875)**	**(26,323,187)**	**150,660,462**	**165,483,262**
Balance at 1 January 2008	**7,319,185**	**34,812,043**	**742,379**	**(4,161,948)**	**(13,798,287)**	**101,651,309**	**126,564,681**
Net profit of the period	-	-	-	-	-	*24,060,429*	*24,060,429*
Other comprehensive income of the period	-	-	-	*(4,556,032)*	-	-	*(4,556,032)*
Total comprehensive income for the period	-	-	-	(4,556,032)	-	24,060,429	**19,504,397**
Dividend	-	-	-	-	-	(5,691,562)	**(5,691,562)**
Capital reduction	(4,391,511)	130,413	-	-	-	-	**(4,261,098)**
Employee stock option plan:							
Value of services provided	-	-	661,695	-	-	-	**661,695**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(124,794)	-	-	124,794	-
Purchase of treasury shares	-	-	-	-	(9,691,485)	-	**(9,691,485)**
Sale of treasury shares	-	967,860	-	-	2,654,959	-	**3,622,819**
Balance at 30 September 2008	**2,927,674**	**35,910,316**	**1,279,280**	**(8,717,980)**	**(20,834,813)**	**120,144,970**	**130,709,447**

The notes on pages 6 to 17 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Notes	9 months ended 30 September 2009	2008
Cash flow from / (used in) operating activities			
Fees and commission receipts		58,940,818	55,994,482
Fees and commission paid		(6,105,852)	(7,119,372)
Interest receipts		8,632,419	26,609,217
Interest paid		(2,577,216)	(5,048,140)
Purchase of trading assets		(12,816,511)	-
Net trading income		12,045,244	6,941,204
Cash payments to employees and suppliers		(40,913,984)	(37,060,920)
Cash flow from operating profit before changes in operating assets and liabilities		**17,204,918**	**40,316,471**
Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities			
Loans and advances to customers		(17,110,039)	11,716,258
Loans and advances to banks		(4,878,722)	(102,000,000)
Due to customers		441,184,243	48,289,322
Other liabilities		(6,525,067)	(4,191,185)
Net cash from operating activities		**429,875,333**	**(5,869,134)**
Cash flow from / (used in) investing activites			
Purchase of property, plant and equipment and Information technology systems	4/5	(5,019,118)	(6,343,004)
Redemption of investment securities		70,267,468	-
Purchase of investment securities		(198,882,621)	-
Net cash used in investing activities		**(133,634,271)**	**(6,343,004)**
Cash flow from / (used in) financing activities			
Net proceeds from capital reduction		-	130,413
Purchase of treasury shares		(2,746,639)	(9,691,485)
Sale of treasury shares		2,918,305	3,622,819
Capital reduction		-	(4,391,511)
Dividend		(5,607,376)	(5,691,562)
Net cash from / (used in) financing activities		**(5,435,710)**	**(16,021,326)**
INCREASE IN CASH AND CASH EQUIVALENTS		**290,805,352**	**(28,233,464)**
Movements in cash and cash equivalents			
Balance at beginning of year		1,056,184,343	1,100,532,678
Increase		290,805,352	(28,233,464)
Balance at 30 September		**1,346,989,695**	**1,072,299,214**
Cash and cash equivalents			
Cash and balances with central banks		761,552,972	62,736,110
Loans and advances to banks (less than 3 months)		586,012,970	1,011,984,865
Deposits from banks		(576,247)	(2,421,761)
Total at 30 September		**1,346,989,695**	**1,072,299,214**

The notes on pages 6 to 17 form an integral part of this condensed interim financial information

All amounts in Swiss Francs 5

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES, SCOPE OF OPERATIONS AND REPORTABLE SEGMENTS

1.1 Accounting policies and presentation matters

The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. 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 Consolidated Interim Financial Statements should be read in conjunction with the 2008 Annual Consolidated Financial Statements.

The following accounting standards adopted on 1 January 2009 resulted into material presentation and disclosure changes as stated below:

- Under New IAS 1 Revised:
    - the Balance Sheet is now called Statement of Financial Positions;
    - the Statement of Operation is now named Income Statement;
    - a new statement is added: the Statement of Comprehensive Income. The information in this statement was formerly included in the Changes in Shareholders' Equity. Information that has not been moved to the Statement of Comprehensive Income remains in the Changes in Shareholders'Equity.
- Under IFRS 8, the Group is required to provide a deeper insight into its operations by providing segment reporting which is provided in Sections 1.2 and 1.3.

The development in the inter-banking and bond markets over the last 12 month has led the Group to develop its investment activities in the bond market. Since Q2-2009, the Group has held trading bond positions and since Q3-2009 invested in foreign denominated bonds fully hedged against Swiss Francs through forwards and swap agreements in order to overcome the shortage of Swiss Franc denominated bonds and to maintain a high diversification of counterparty risks. In this context, the accounting policy on Financial assets needs to be completed and a new policy on hedge accounting needs to be disclosed, with due respect that current applicable hedges are all cash flow hedges.

These two polices are detailed below :

1.1.1 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

- Financial assets at fair value through profit or loss

    This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

    Trading assets are such assets that the Group acquires principally for the purpose of selling them in the near future or holds as part of a portfolio that is managed together for short-term profits or position taking. All changes in fair value are recognised as part of Net trading income in the Income Statement.

    In connection with the launch of the Swissquote Quant Swiss Equities CHF A investment fund the Group is taking trading position in this fund.

- Loans and receivables

    Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

- Held-to-maturity

    Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale.

- Available-for-sale

    Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement.
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared.

1.1.2 Hedge accounting
The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:
- hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, each quarter to be in line with the quarterly financial reports, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Effective changes in fair value of interest rate swaps and related hedged items are reflected in ''net interest income – net gains / losses on hedging instruments''. Effective changes in fair value of currency futures are reflected in ''net trading income – foreign exchange – transaction gains less losses''. Any ineffectiveness is recorded in ''net trading income''.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement – ''net trading income – transaction gains less losses''.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of currency swaps and options are recorded in line with the hedged item in the income statement - interest income.

ACCOUNTING POLICIES, SCOPE OF OPERATIONS AND REPORTABLE SEGMENTS

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

1.2 Scope of operations

The current scope of operations is the result of an historic development which key milestones are summarised as follows:

- Until 1996, service Group active in the development of banking software in the field of portfolio valuation and web design;
- 1996 : Creation of the financial information web site: www.swissquote.ch;
- 1999 : Addition of Introducing brokerage operations in cooperation with a third party bank;
- 2000 : Listing of the Group at the SIX (previously SWX);
- 2001 : Grant of a banking license by the FINMA previously named Swiss Federal Banking Commission and operation of a bank with focus on online brokerage services on the Swiss Stock Exchange and on private (retail) clients;
- 2001 as of today: Broaden the scope of markets offered online to the clients of the Group as well as the functionalities / tools of the web site and other media platform;
- 2002-2003 : Consolidation of the online brokerage market in Switzerland. In this context the Group acquired the operations of several competitors, one of which had started a special service directed towards independent asset managers and financial advisors. Stop providing web design services;
- 2007 : Grant of the authorisation by the FINMA to carry out the Swiss regulated Custodian Bank function for Swiss Regulated Investment Funds as well as the authorisation to carry out quantitative asset management services;
- April 2008 : launch of eforex platform;
- May 2008 : launch of dynamic saving accounts;
- January 2009 : launch of the Swissquote Quant Swiss Equities CHF A (ISIN : CH0044736921) investment fund (Swiss Regulated investment fund) for which Swissquote provides quantitative asset management services and Custodian Bank function.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES, SCOPE OF OPERATIONS AND REPORTABLE SEGMENTS

As of September 30, 2009 the Group's operations consist of:

- Operating the Swissquote online bank and the www.swissquote.ch online financial web portal.
- Providing primarily online stock brokerage services and custody services to:
  - Self-directed private investors by mean of tools to route the orders to stock exchanges via the Internet against brokerage fees, as well as tools to assist them in their decision making;
  - Independent Asset Managers by mean of tools that allow to process grouped orders on behalf of their clients, and to allow such clients to have a real time read access to their account, and to institutional investors.
- Offering current accounts and saving accounts to its customers;
- Providing its clients with margin facilities, fiduciary placements and payment services;
- Managing the funds deposited by customers and its own funds by investing these funds in high-quality assets (mainly in the inter-bank market and in margin loans to clients) while seeking to earn above average interest margins and maintaining sufficient liquidity to meet customers potential withdrawals which could occur;
- Providing quantitative asset management services to the Swissquote Quant Funds;
- Selling advertising space and providing financial information against subscription on www.swissquote.ch.

The Group does not carry out other banking activities. In particular it does not:
- provide commercial lending, mortgages, retail borrowings, credit related commitments such as guarantees and standby letters of credit;
- provide trustee, corporate administration, investment management and / or advisory services to third parties;
- trade financial assets and traded over the counter instruments including derivatives, where it takes positions to profit from short-term market movements in equity, interest rates and commodity prices; with the exception of spot currency positions, temporary technical nostro positions and bonds.

The Group invests in new bonds or term deposits in foreign currency such as MXN, SEK, AUD, GBP, TRY or NOK. In way to cover the currency risk ensuing from these new operations, the Group enters into swaps and forwards transactions.

The Group follows hedge accounting rules defined by IAS 39 in compliance with accounting policies described in chapter 1.1. In particular, all actual hedging operations are defined as cash flow hedge.

1.3 Reportable segments

Sound management requires that relevant financial information is prepared in order for decision makers to define strategies and focus actions towards exploiting opportunities and / or countering adverse trends.

Relevant financial information generally requires that business complexity be broken down in various segments. Disclosure of relevant segmental information enables users of financial statements to evaluate the nature and the financial effects of the business activities in which the Group is engaged and in the economic environment in which it operates.

IFRS 8 requires an entity to identify its operating segments and based thereon to determine its reportable segments, that may comprise one operating segment or an aggregation of operating segments, that meet certain quantitative thresholds set out in the standard. Operating segment is defined in IFRS 8 as a component of an entity that (1) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity, (2) whose operating results are regularly reviewed to make decisions about resources to be allocated and asses its performance, and (3) for which discrete financial information is available.

The management information system of the Group is designed and is constantly amended in order to reflect the development of the business model of the Group and hence to support the strategic and operating processes. The main milestones of the Group development show that the current scope of the Group operations has its origin in the www.swissquote.ch finance portal and its subsequent developments. For many years, the Group only had one reportable segment: providing of online brokerage services to self-directed private retail customers and hence only one reportable segment.

With the development of the Business to Business client groups (mainly consisting of Asset Managers and their clients, and corporations and institutional investors such as investment funds), the Group needed to design specific areas of the organisation (especially with respect to the front office) that had a focus on self directed private retail customers and other areas which were exclusively dedicated to Business to Business clients. Whereas the acquisition process of each segment of clients varies significantly, both segments substantially use the same infrastructure (information platform and back and middle office systems and organisation as well as the same premises, general services and branding activities). Beyond the consolidated results, performance measurement and trend recognition in the Group are based on direct costing for revenues and related variable and direct fixed costs. Indirect fixed costs which represent the largest portion of the operating costs are analysed in major cost centers. This approach is considered best by the Group in order to achieve transparency and accountability.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES, SCOPE OF OPERATIONS AND REPORTABLE SEGMENTS

With due care to the above explanations, the Group has 3 reportable segments:
- Private Clients;
- Business to Business Clients;
- Platform and Infrastructure Operations, which are analysed in four operating segments: Technology, Operations, Marketing and G&A.

Technology, Operations, Marketing and G&A are individual operating segments but do not qualify as reporting segments and thus have been aggregated in the reporting segment ''Platform and Infrastructure Operations".

Private Clients segment and Business to Business Clients segment offer a unique product of online services but related to two different groups of clients.

The major part of the revenues and assets of Swissquote are respectively earned and based in Switzerland.

The Private Clients and Business to Business Clients segments are analysed based on revenues and direct contribution margin whereas Platform and Infrastructure Operations are analysed based on cost centers. Due to its organisation and legal structure, none of the reportable segments cross charges costs or revenues to the others. There is no difference between the accounting data and the management accounts.

Based thereon, the analysis of reportable segments for the 9 months period ending 30 September, 2008 and 2009 are as follows:

In CHFm	Q3 2009	Q3 2009 TOTAL	Q3 2008	Q3 2008 TOTAL
Net Revenues - Private Clients	62.7		67.8	
Direct Operating Costs - Private Clients	(4.5)		(4.6)	
Direct Marketing Costs - Private Clients	(3.2)		(3.0)	
Direct Contribution margin - Private Clients	**55.0**	**55.0**	**60.2**	**60.2**
Net Revenues - B2B Clients	12.0		14.4	
Direct Operating Costs - B2B Clients	(2.6)		(2.8)	
Direct Marketing Costs - B2B Clients	(0.4)		(2.1)	
Direct Contribution margin - B2B Clients	**9.0**	**64.0**	**9.5**	**69.7**
Operating Cost - Technology	(9.4)		(8.1)	
Operating Cost - Operations	(13.7)		(11.7)	
Operating Cost - Marketing	(2.4)		(1.5)	
Operating Cost - G&A	(6.0)		(6.1)	
Operating Cost - Writedown	-		(11.9)	
Total Platform and Infrastructure Operations Costs	**(31.5)**		**(39.3)**	
Impairment and provisions on investment securities	**1.5**			
EBT		**34.0**		**30.4**
Taxes		(7.1)		(6.3)
Net profit		**26.9**		**24.1**

	30 September 2009	30 September 2008
Assets - Private Clients	1,459.3	1,109.8
Liabilities - Private Clients	(1,375.4)	(1,020.4)
Assets - B2B Clients	319.2	230.1
Liabilities - B2B Clients	(252.5)	(203.1)
Assets - Platform and Infrastructure	35.6	35.2
Liabilities - Platform and Infrastructure	(20.6)	(20.8)
Net Balance - Equity	**165.5**	**130.8**

The Bank does not have any client representing more than 10% of its revenues.

All amounts in Swiss Francs

1. Operating expenses

	9 months ended 30 September	
	2009	2008
Payroll & related expenses	18,369,789	18,551,553
Other operating expenses	12,722,207	10,186,778
Marketing expenses	6,012,030	6,718,132
Provisions	200,000	300,000
Depreciation	4,862,254	4,068,612
Total	**42,166,280**	**39,825,075**

2. Earning per share

a) Basic

	Quarter ended 30 September		9 months ended 30 September	
	2009	2008	2009	2008
Net Profit	10,990,857	1,777,272	26,924,013	24,060,429
Weighted average number of ordinary shares in issue	14,042,574	14,176,357	14,031,919	14,196,971
Basic earning per share	0.78	0.13	1.92	1.69

b) Diluted

	Quarter ended 30 September		9 months ended 30 September	
	2009	2008	2009	2008
Net Profit	10,990,857	1,777,272	26,924,013	24,060,429
Weighted average number of ordinary shares in issue	14,042,574	14,176,357	14,031,919	14,196,971
Adjustments for share options	93,121	86,649	76,985	108,571
Weighted average number of ordinary shares for diluted earnings per share options	**14,135,695**	**14,263,006**	**14,108,904**	**14,305,542**
Diluted earning per share	0.78	0.12	1.91	1.68

All amounts in Swiss Francs

3. Investment Securities

Investment securities consist exclusively of listed bonds.

	9 months ended 30 September	
	2009	2008
Securities available-for-sale		
Debt securities - at fair value:		
- Listed	69,556,752	51,774,016
Total securities available-for-sale	**69,556,752**	**51,774,016**
Securities held-to-maturity		
Debt securities - at amortised cost:		
- Listed	230,390,480	-
Allowance for impairment	-	-
Total securities held-to-maturity	**230,390,480**	-
Total Investment securities	**299,947,232**	**51,774,016**
Current	58,771,130	-
Non-current	241,176,102	51,774,016

	Available-for-sale	Held-to-maturity	Total
At 1 January 2009	**77,666,125**	**88,281,275**	**165,947,400**
Exchange difference on monetary assets	1,643,402	(1,122,628)	520,774
Additions	47,179,515	151,703,106	198,882,621
Premium / (Discount)	(12,365)	(243,048)	(255,413)
Disposals (sale and redemption)	(62,039,243)	(8,228,225)	(70,267,468)
Gains / (losses) from changes in fair value	5,119,318	-	5,119,318
At 30 September 2009	**69,556,752**	**230,390,480**	**299,947,232**

	Available-for-sale	Held-to-maturity	Total
At 1 January 2008	**72,329,374**	-	**72,329,374**
Exchange difference on monetary assets	(2,824,717)	-	(2,824,717)
Additions	-	-	-
Premium / (Discount)	-	-	-
Disposals (sale and redemption)	-	-	-
Gains / (losses) from changes in fair value	(17,730,641)	-	(17,730,641)
At 30 September 2008	**51,774,016**	-	**51,774,016**

All amounts in Swiss Francs

4. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
9 months ended 30 September 2009				
Opening net book amount	1,337,656	6,042,320	3,750,095	11,130,071
Addition	873,490	2,623,762	774,800	4,272,052
Amortisation / depreciation	(621,952)	(1,785,686)	(1,589,792)	(3,997,430)
Closing net book amount	**1,589,194**	**6,880,396**	**2,935,103**	**11,404,693**
9 months ended 30 September 2008				
Opening net book amount	1,411,522	4,328,126	3,235,525	8,975,173
Addition	499,870	2,614,682	1,973,461	5,088,013
Amortisation / depreciation	(620,750)	(1,326,767)	(1,340,123)	(3,287,640)
Closing net book amount	**1,290,642**	**5,616,041**	**3,868,863**	**10,775,546**

Additions to Information technology systems include an amount of CHF 2,352,175 (2008: CHF 2,089,998) representing own costs capitalised in connection with the development of the systems of the Bank and in particular with the new saving accounts and e-forex system.

5. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
9 months ended 30 September 2009				
Opening net book amount	17,106,884	1,040,448	2,041,267	20,188,599
Addition	84,202	605,469	57,395	747,066
Amortisation / depreciation	(411,238)	(209,736)	(243,850)	(864,824)
Closing net book amount	**16,779,848**	**1,436,181**	**1,854,812**	**20,070,841**
9 months ended 30 September 2008				
Opening net book amount	17,381,490	499,253	1,825,230	19,705,973
Addition	208,738	547,982	498,271	1,254,991
Amortisation / depreciation	(405,019)	(145,265)	(230,688)	(780,972)
Closing net book amount	**17,185,209**	**901,970**	**2,092,813**	**20,179,992**

The total cost of the property includes an aggregate CHF 123,585 of own costs capitalised (2008: CHF 129,924).

All amounts in Swiss Francs

6. Ordinary shares

a) Numbers of Shares in 2009

	1 January	Stock options: Exercised	Stock options: Lapsed	30 September
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	211,060	-	-	**211,060**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Total nominal value (CHF)	42,212	-	-	**42,212**
Authorised capital				
Amount authorised (CHF)	800,000	-	-	**800,000**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Number of authorised shares	4,000,000	-	-	**4,000,000**

b) Numbers of Shares in 2008

	1 January	Exercise	Capital reduction	Stock options: Exercised	Stock options: Lapsed	Addition	30 September
Issued shares							
Ordinary share capital							
Number of shares	14,638,370	-	-	-	-	-	**14,638,370**
Nominal value per share (CHF)	0.50	-	(0.30)	-	-	-	**0.20**
Total nominal value (CHF)	7,319,185	-	(4,391,511)	-	-	-	**2,927,674**
Unissued shares							
Conditional capital							
Number of conditional shares	211,060	-	-	-	-	-	**211,060**
Nominal value per share (CHF)	0.50	-	(0.30)	-	-	-	**0.20**
Total nominal value (CHF)	105,530	-	(63,318)	-	-	-	**42,212**
Authorised capital							
Amount authorised (CHF)	1,000,000	-	-	-	(1,000,000)	800,000	**800,000**
Nominal value per share (CHF)	0.50	-	-	-	0.50	0.20	**0.20**
Number of authorised shares	2,000,000	-	-	-	(2,000,000)	4,000,000	**4,000,000**

All amounts in Swiss Francs

7. Treasury shares

	2009	2008
Beginning of the year (shares)	**623,503**	**378,915**
Acquisition - shares	**61,742**	**221,858**
unit price ranging from CHF	36.03 to 58.85	32.73 to 55.90
average price in CHF	44.49	43.68
Disposal - shares	**(20,006)**	**(56,550)**
unit price ranging from CHF	39.55 to 44.69	38.59 to 54.79
average price in CHF	41.97	50.80
Remittance to optionees - shares	**(75,839)**	**(40,340)**
unit price ranging from CHF	11.39 to 47.00	11.39 to 34.00
average price in CHF	27.41	18.60
End of the period - 30 September (shares)	**589,400**	**503,883**
Total cost in CHF	**26,323,187**	**20,834,813**
Average cost per share in CHF	**44.66**	**41.35**
% of the issued shares	**4.03%**	**3.44%**

The Treasury shares are primarily acquired for the purpose of covering the employee stock option plan.

All amounts in Swiss Francs

8. Stock options

The movement in units of options granted, exercised and lapsed is the following:

	Allocation							Conditional shares available for exercise
	6th	7th	8th	9th	10th	11th	Total	
Balance at 1 January 2008	**7,250**	**168,110**	**70,828**	**115,550**	**-**	**-**	**361,738**	**211,060**
Grants	-	-	-	-	147,840	-	147,840	
Exercised								
Covered by:								
the issue of new shares	-	-	-	-	-	-	-	
treasury shares	(1,550)	(34,490)	(4,300)	-	-	-	(40,340)	
Lapsed	-	(340)	(1,100)	(6,100)	-	-	(7,540)	
Balance at 30 September 2008	**5,700**	**133,280**	**65,428**	**109,450**	**147,840**	**-**	**461,698**	**211,060**
Balance at 1 January 2009	**5,700**	**130,800**	**64,028**	**106,290**	**145,480**	**-**	**452,298**	**211,060**
Grants	-	-	-	-	-	85,152	85,152	
Exercised								
Covered by:								
the issue of new shares	-	-	-	-	-	-	-	
treasury shares	(5,700)	(29,730)	(30,068)	-	(10,341)	-	(75,839)	
Lapsed	-	-	(200)	(3,950)	(5,596)	-	(9,746)	
Balance at 30 September 2009	**-**	**101,070**	**33,760**	**102,340**	**129,543**	**85,152**	**451,865**	**211,060**

Less options outstanding	*(451,865)*	
Shortfall	*(240,805)*	*(240,805)*
Number of treasury shares available at 30 September 2009		*589,400*
Balance shares available for future grants		*348.595*

The CHF 12.57 fair value of the options granted in Q3-2009 in the 11th allocation has been determined using the following parameters: Strike price CHF 63.24; Spot price at grant : CHF 53.82; Volatility : 44.98 % ;

Options granted are exercisable in 3 equal tranches and each tranche has a maximum duration of exercise of two years. The exercise of the first tranche starts one year after the date of grant, the second tranche two years and the third three years after the date of grant. For the determination of the fair value of the options, the Group assumes that options will be exercised in average one year after the date they respectively become exercisable. Further the calculation assumes that 10% of the options will lapse in the vesting period.

All amounts in Swiss Francs

9. Lehman Brothers Inc (LBI)

In connection with the bankruptcy of LBI in September 2008, the Group recognised an impairment of 75% of a Euro 10 m bond position in Q3-2008 and to further create a provision fully covering the remaining 25% in Q4-2008. As a result the Group had no residual exposure to LBI at 31 December 2008. In Q3-2009, the Group successfully sold 60% of its position in the bond for an equivalent of CHF 1.5 m.

10. Miscellaneous financial information

Pension obligations - The Group (a) uses the so called "corridor approach" (IAS 19) and (b) examines the impact of possible discrepancies between long-term actuarial assumptions used in the actuarial calculations at the end of the previous calendar year and actual short term data applicable at the date of interim reporting, in order to determine the requirement for the recording of actuarial gains and losses in condensed consolidated interim financial statements as a result of pension obligations. No actuarial adjustment to the financial cost of the pension plan (consisting in the contribution payable by the Group to the Fund in accordance with its statutory rules) was required at 30 September 2009, nor in the former quarters.

Tier One ratio (Basel II ratio) – At 30 September 2009, the Group had a Tier One ratio (Basel II ratio) of 26.06%. (30 September 2008: 18.98%; 31 December 2008 : 22.44%).

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Report on the Review of the
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 position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows and notes) set out on pages 1 to 17 of Swissquote Group Holding Ltd for the period ended 30 September 2009. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these 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 are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA

Philippe Bochud Nicolas Colledge

Geneva, 26 October 2009