

FINANCIAL REPORT

Q3-2012



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	30 September		31 December
		2012	2011	2011
ASSETS				
Cash and balances with central bank		1,669,460,600	1,199,959,180	1,274,982,572
Treasury bills and other eligible bills		40,726,860	20,655,278	6,678,547
Loans and advances to banks		259,248,542	371,006,664	300,794,570
Derivative financial instruments		20,113,731	51,275,094	43,051,092
Trading assets		5,403,824	3,855,133	3,846,407
Loans and advances to customers		91,606,135	108,563,944	100,615,748
Investment securities	6	741,064,713	744,875,014	748,377,322
Deferred income tax assets		156,800	1,785,387	168,000
Intangible assets		22,259,509	23,038,970	22,983,918
Information technology systems	8	21,609,710	20,282,874	21,529,047
Property, plant and equipment	9	42,560,628	29,317,844	33,147,276
Other assets		30,974,757	28,836,279	29,529,756
Total assets		2,945,185,809	2,603,451,661	2,585,704,255
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks		5,481,957	14,869,781	9,510,283
Derivative financial instruments		8,378,550	18,302,785	9,921,620
Due to customers		2,665,945,282	2,316,461,788	2,310,092,305
Other liabilities		18,343,080	21,425,772	19,488,059
Current income tax liabilities		3,886,536	1,435,040	1,150,970
Deferred tax liabilities		965,599	1,112,916	1,105,896
Provisions		4,464,981	5,631,238	4,689,497
Total liabilities		2,707,465,985	2,379,239,320	2,355,958,630
Equity				
Ordinary shares	10	2,927,674	2,927,674	2,927,674
Share premium		39,496,150	39,418,265	39,418,265
Share option reserve		2,809,368	2,506,526	2,785,238
Other reserve		1,968,896	(2,089,660)	(1,574,167)
Treasury shares	11	(9,168,352)	(9,057,315)	(9,444,191)
Retained earnings		199,686,088	190,506,851	195,632,806
Total equity		237,719,824	224,212,341	229,745,625
Total liabilities and equity		2,945,185,809	2,603,451,661	2,585,704,255

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

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	Quarter ended 30 September		9 months ended 30 September	
		2012	2011	2012	2011
Fee and commission income		13,994,770	18,531,703	43,997,718	55,998,683
Fee and commission expense		(1,694,545)	(1,567,663)	(5,243,756)	(5,771,384)
Net fee and commission income		12,300,225	16,964,040	38,753,962	50,227,299
Interest income		5,724,958	5,404,901	17,122,040	16,430,922
Interest expense		(1,231,093)	(1,604,731)	(3,998,098)	(4,789,978)
Net interest income		4,493,865	3,800,170	13,123,942	11,640,944
Net trading income	4	11,212,065	12,005,169	32,817,050	38,370,576
Other income		-	-	616,250	-
Operating income		28,006,155	32,769,379	85,311,204	100,238,819
Operating expenses	5	(20,385,993)	(22,226,799)	(63,048,189)	(66,572,772)
Operating profit		7,620,162	10,542,580	22,263,015	33,666,047
Income tax expense		(1,359,556)	(2,057,250)	(3,975,630)	(7,366,548)
Net profit		6,260,606	8,485,330	18,287,385	26,299,499
<i>Basic earning per share</i>	7	0.43	0.59	1.26	1.83
<i>Diluted earning per share</i>	7	0.43	0.59	1.26	1.83
<i>Weighted average number of ordinary shares</i>	7	14,464,240	14,487,801	14,459,276	14,400,216

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	Quarter ended 30 September		9 months ended 30 September	
		2012	2011	2012	2011
Net profit for the period		6,260,606	8,485,330	18,287,385	26,299,499
Other comprehensive income:					
Gains / (losses) recognised directly in equity					
<i>Items to be recycled</i>					
Available-for-sale financial assets		1,666,957	(2,330,786)	4,366,033	(1,809,471)
Income tax relating to components of other comprehensive income (AFS assets)		(326,723)	521,397	(855,742)	404,779
Hedge reserve		(6,142)	45,655	7,013	70,594
Income tax relating to components of other comprehensive income (Hedge reserve)		1,203	(10,213)	(1,375)	(15,792)
<i>Items not to be recycled</i>		-	-	-	-
Other comprehensive income for the period, net of tax		1,335,295	(1,773,947)	3,515,929	(1,349,890)
Total comprehensive income for the period		7,595,901	6,711,383	21,803,314	24,949,609

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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 2012	2,927,674	39,418,265	2,785,238	(1,574,167)	(9,444,191)	195,632,806	229,745,625
Change in investment securities	-	-	-	4,373,046	-	-	4,373,046
Tax impact on investment securities	-	-	-	(857,117)	-	-	(857,117)
Net profit of the period	-	-	-	-	-	18,287,385	18,287,385
Total comprehensive income for the period	-	-	-	3,515,929	-	18,287,385	21,803,314
Dividend	-	-	-	-	-(15,045,034)	-	(15,045,034)
Currency translation differences	-	-	-	27,134	-	-	27,134
Employee stock option plan: Value of services provided	-	-	835,061	-	-	-	835,061
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(810,931)	-	-	810,931	-
Purchase of treasury shares	-	-	-	-	(248,526)	-	(248,526)
Sale of treasury shares	-	77,885	-	-	524,365	-	602,250
Balance at 30 September 2012	2,927,674	39,496,150	2,809,368	1,968,896	(9,168,352)	199,686,088	237,719,824
Balance at 1 January 2011	2,927,674	40,011,434	2,455,677	(604,855)	(17,808,463)	172,029,134	199,010,601
Change in investment securities	-	-	-	(1,738,877)	-	-	(1,738,877)
Tax impact on investment securities	-	-	-	388,987	-	-	388,987
Net profit of the period	-	-	-	-	-	26,299,499	26,299,499
Total comprehensive income for the period	-	-	-	(1,349,890)	-	26,299,499	24,949,609
Dividend	-	-	-	-	-(8,607,208)	-	(8,607,208)
Currency translation differences	-	-	-	(134,915)	-	-	(134,915)
Employee stock option plan: Value of services provided	-	-	836,275	-	-	-	836,275
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(785,426)	-	-	785,426	-
Purchase of treasury shares	-	-	-	-	(6,355,414)	-	(6,355,414)
Sale of treasury shares	-	(593,169)	-	-	15,106,562	-	14,513,393
Balance at 30 September 2011	2,927,674	39,418,265	2,506,526	(2,089,660)	(9,057,315)	190,506,851	224,212,341

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	9 months ended 30 September	
		2012	2011
Cash flow from / (used in) operating activities			
Fee and commission receipts		43,270,776	53,848,195
Fee and commission paid		(4,784,967)	(5,717,683)
Interest receipts		16,356,456	21,267,310
Interest paid		(3,323,243)	(4,377,040)
Net trading income		32,844,184	10,341,011
Income tax paid		(2,681,744)	(6,383,304)
Cash payments to employees and suppliers		(42,479,655)	(73,492,329)
Cash flow from operating profit before changes in operating assets and liabilities		39,201,807	(4,513,840)
<i>Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities</i>			
Loans and advances to customers		9,009,613	10,113,379
Derivative financial instruments assets		22,937,361	26,911,080
Trading assets		(1,557,417)	(2,222,689)
Derivative financial instruments liabilities		(1,543,070)	(12,963,755)
Due to customers		355,852,977	224,351,275
Other liabilities		(2,768,586)	(7,241,490)
Net cash from operating activities		421,132,685	234,433,960
Cash flow from / (used in) investing activities			
Purchase of property, plant and equipment and Information technology systems	8/9	(17,134,318)	(16,556,774)
Proceeds from sale and reimbursement of investment securities		377,553,575	258,029,406
Purchase of investment securities		(375,851,993)	(313,907,650)
Net cash used in investing activities		(15,432,736)	(72,435,018)
Cash flow from / (used in) financing activities			
Purchase of treasury shares	11	(248,526)	(6,355,414)
Sale of treasury shares	11	602,250	14,513,393
Dividend		(15,045,034)	(8,607,208)
Net cash used in financing activities		(14,691,310)	(449,229)
Increase / (decrease) in cash and cash equivalents		391,008,639	161,549,713
Movements in cash and cash equivalents			
Balance at beginning of year		1,572,945,406	1,415,201,628
Increase / (decrease)		391,008,639	161,549,713
Balance at 30 September	13	1,963,954,045	1,576,751,341

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Scope of operations

The scope of operations is described in Annual Report 2011. Developments during the quarter under review and summarised in the following section.

Since July 2012, the Group provides its clientele with the access to the trading of contracts-for-difference (CFDs). CFDs are leveraged products, which consist in the agreement to exchange the difference of the price of an underlying instrument between the time a contract is opened and the time that the contract closed. CFDs are settled in cash without any physical settlement. The current CFDs offering include a range of contracts on stock indices (among others SMI and EuroStoxx 50). The Group plans to introduce additional underlying references for CFD trading in the future.

2. 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 2011 Annual Consolidated Financial Statements.

In connection with the launch CFDs offering, the corresponding revenues are recognised as Net trading income and represent profits and losses, including commission income and financing income, from customer trading activity and the transactions undertaken to hedge these revenue flows. Open client positions are reported as derivative financial instruments and are measured at fair value.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Reportable segments

The analysis of reportable segments and cost center for the 9 months period ending 30 September 2012 and 2011 are as follows:

In CHFm	9 months ended 30 September	
	2012	2011
Net Revenues - Private Clients	49.2	55.3
Direct Operating Costs - Private Clients	(4.9)	(5.5)
Direct Marketing Costs - Private Clients	(3.1)	(4.1)
<i>Direct Contribution margin - Private Clients</i>	<i>41.2</i>	<i>45.7</i>
Net Revenues - B2B Clients	12.3	16.9
Direct Operating Costs - B2B Clients	(1.8)	(4.0)
Direct Marketing Costs - B2B Clients	(0.6)	(0.4)
<i>Direct Contribution margin - B2B Clients</i>	<i>9.9</i>	<i>12.5</i>
Direct Contribution margin - Securities	51.1	58.2
Net Revenues - eForex	22.8	30.1
Direct Operating Costs - eForex	(7.2)	(10.1)
Direct Marketing Costs - eForex	(2.3)	(3.6)
Direct Contribution margin - eForex	13.3	16.4
Operating Cost - Technology	(14.0)	(12.5)
Operating Cost - Operations	(14.4)	(13.8)
Operating Cost - Marketing & Image	(3.0)	(3.0)
Operating Cost - G&A	(11.0)	(9.1)
Others - Provisions	(0.7)	(0.3)
Others - Net income from financial assets held at fair value	1.0	(2.1)
Platform and Infrastructure Operations Costs (cost center)	(42.1)	(40.8)
Operating profit	22.3	33.7
Income tax expense	(4.0)	(7.4)
Net profit	18.3	26.3

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Reportable segments (continued)

In CHFm	30 September 2012	30 September 2011
Assets - Securities / Private Clients	2,258.6	1,925.7
Assets - Securities / B2B Clients	431.1	430.5
Assets - eForex	164.8	156.7
Assets - Platform and Infrastructure	90.7	90.6
Total assets	2,945.2	2,603.5
Liabilities - Securities / Private Clients	(2,215.5)	(1,885.1)
Liabilities - Securities / B2B Clients	(338.2)	(337.7)
Liabilities - eForex	(135.9)	(132.6)
Liabilities - Platform and Infrastructure	(17.9)	(23.9)
Total liabilities	(2,707.5)	(2,379.3)
Total equity	237.7	224.2

4. Net trading income

	9 months ended 30 September	
	2012	2011
Foreign exchange revenues		
- eForex	22,814,773	30,061,017
- Other foreign exchange income	8,441,810	10,409,653
	31,256,583	40,470,670
Unrealised fair value gains/(losses)		
- From Investment securities	719,283	(1,334,275)
- From Trading assets	328,638	(842,771)
	1,047,921	(2,177,046)
Realised gains/(losses)		
- Gains less losses from financial assets	512,546	76,952
Total	32,817,050	38,370,576

5. Operating expenses

	9 months ended 30 September	
	2012	2011
Payroll & related expenses	28,761,562	29,638,324
Other operating expenses	16,174,719	18,321,608
Marketing expenses	9,047,196	11,209,402
Provisions	700,000	300,000
Depreciation and amortisation	8,364,712	7,103,438
Total	63,048,189	66,572,772

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Investment securities

	9 months ended 30 September 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	386,262,213	386,262,213	2,438,017	2,438,017	-	-
Held-to-maturity	341,610,052	364,113,090	22,503,038	-	-	22,503,038
Fair value through profit & loss	13,192,448	13,192,448	(1,568,228)	-	(1,568,228)	-
	741,064,713	763,567,751	23,372,827	2,438,017	(1,568,228)	22,503,038

	Quarter ended 30 September 2012	
	Unrealised gains/(losses)	Change in quarter
Available-for-sale	2,438,017	1,666,957
Held-to-maturity	22,503,038	2,162,079
Fair value through profit & loss	(1,568,228)	349,107
	23,372,827	4,178,143

	9 months ended 30 September 2011			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	357,253,504	357,253,504	(1,809,471)	(1,809,471)	-	-
Held-to-maturity	370,924,376	386,117,768	15,193,392	-	-	15,193,392
Fair value through profit & loss	16,697,134	16,697,134	(1,334,275)	-	(1,334,275)	-
	744,875,014	760,068,406	12,049,646	(1,809,471)	(1,334,275)	15,193,392

	Quarter ended 30 September 2011	
	Unrealised gains/(losses)	Change in quarter
Available-for-sale	(1,809,471)	(2,330,786)
Held-to-maturity	15,193,392	5,791,900
Fair value through profit & loss	(1,334,275)	(1,010,466)
	12,049,646	2,450,648

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. Earning per share

a) Basic

	Quarter ended 30 September		9 months ended 30 September	
	2012	2011	2012	2011
Net Profit	6,260,606	8,485,330	18,287,385	26,299,499
Weighted average number of ordinary shares in issue	14,464,240	14,487,801	14,459,276	14,400,216
Basic earning per share	0.43	0.59	1.26	1.83

b) Diluted

	Quarter ended 30 September		9 months ended 30 September	
	2012	2011	2012	2011
Net Profit	6,260,606	8,485,330	18,287,385	26,299,499
Weighted average number of ordinary shares in issue	14,464,240	14,487,801	14,459,276	14,400,216
Adjustments for share options	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share options	14,464,240	14,487,801	14,459,276	14,400,216
Diluted earning per share	0.43	0.59	1.26	1.83

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
9 months ended 30 September 2012				
Opening net book amount	5,780,160	13,319,228	2,429,659	21,529,047
Addition	1,131,662	4,768,455	420,644	6,320,761
Amortisation / depreciation	(1,435,852)	(3,856,516)	(947,730)	(6,240,098)
Closing net book amount	5,475,970	14,231,167	1,902,573	21,609,710
9 months ended 30 September 2011				
Opening net book amount	4,648,142	10,029,782	2,926,966	17,604,890
Addition	2,108,668	5,577,989	656,165	8,342,822
Amortisation / depreciation	(1,382,416)	(3,046,186)	(1,236,236)	(5,664,838)
Closing net book amount	5,374,394	12,561,585	2,346,895	20,282,874

Additions to Information technology systems include an amount of CHF 4,472,066 (2011: CHF 5,205,908) representing own costs capitalised in connection with the development of the systems of the Bank.

9. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
9 months ended 30 September 2012				
Opening net book amount	29,455,742	1,855,557	1,835,977	33,147,276
Addition	10,727,940	17,953	67,664	10,813,557
Amortisation / depreciation	(419,380)	(584,740)	(396,085)	(1,400,205)
Closing net book amount	39,764,302	1,288,770	1,507,556	42,560,628
9 months ended 30 September 2011				
Opening net book amount	18,045,696	2,229,921	2,101,720	22,377,337
Addition	7,686,956	252,197	274,799	8,213,952
Amortisation / depreciation	(417,226)	(446,109)	(410,110)	(1,273,445)
Closing net book amount	25,315,426	2,036,009	1,966,409	29,317,844

The total cost of the property includes an aggregate CHF 218,173 of own costs capitalised (2011: CHF 144,466).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Ordinary shares

a) Numbers of Shares in 2012

	1 January	Change	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	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 2011

	1 January	Change	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	538,940	750,000
Nominal value per share (CHF)	0.20	-	0.20
Total nominal value (CHF)	42,212	107,788	150,000
Authorised capital			
Number of authorised shares	4,000,000	(500,000)	3,500,000
Nominal value per share (CHF)	0.20	-	0.20
Amount authorised (CHF)	800,000	(100,000)	700,000

The Annual General Meeting approved on 6 May 2011 the increase of the conditional capital to 750,000 conditional shares for a nominal value of CHF 150,000 and the decrease of the authorised capital to an authorised amount of CHF 700,000 (corresponding to 3,500,000 authorised shares).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Treasury shares

	2012	2011
Beginning of the year (shares)	183,621	303,404
Acquisition - (shares) unit price ranging from CHF	7,446 24.92 to 42.40	137,097 29.67 to 61.70
Disposal - (shares) unit price ranging from CHF	(16,500) 36.50 to 36.50	(229,423) 46.86 to 58.91
Remittance to optionees - (shares) unit price ranging from CHF	- -	(38,174) 34.00 to 47.00
End of the period - 30 September (shares)	174,567	172,904
% of the issued shares	1.19%	1.18%
Total cost in CHF	9,168,352	9,057,315

The Treasury shares are primarily acquired for the purpose of covering the employees stock option plans.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Stock options

The movement in options granted, exercised and lapsed are reported below:

	Allocation						Total	Conditional shares available for exercise
	9th	10th	11th	12th	13th	14th		
Balance at 1 January 2011	65,698	111,971	81,720	132,495	-	-	391,884	211,060
Increase of conditional capital								538,940
Grants	-	-	-	-	237,657	-	237,657	
Exercised								
Covered by:								
the issue of new shares	-	-	-	-	-	-	-	
treasury shares	-	(27,859)	-	-	-	-	(27,859)	
Lapsed	(34,940)	(15,692)	(3,600)	(5,400)	-	-	(59,632)	
Balance at 30 September 2011	30,758	68,420	78,120	127,095	237,657	-	542,050	750,000
Balance at 1 January 2012	30,758	68,139	77,616	126,195	237,237	-	539,945	750,000
Increase of conditional capital								
Grants	-	-	-	-	-	201,480	201,480	
Exercised								
Covered by:								
the issue of new shares	-	-	-	-	-	-	-	
treasury shares	-	-	-	-	-	-	-	
Lapsed	(30,758)	(27,319)	(26,672)	(2,220)	(8,148)	-	(95,117)	
Balance at 30 September 2012	-	40,820	50,944	123,975	229,089	201,480	646,308	750,000
Less options outstanding								(646,308)
Intermediary balance (including conditional shares)								103,692
Number of treasury shares available at 30 September 2012								174,567
Balance shares available for future grants								278,259
	9th	10th	11th	12th	13th	14th		
Strike price	75.00	47.00	63.24	47.50	34.27	32.20		
Share price at 30.09.2012	28.75	28.75	28.75	28.75	28.75	28.75		

The fair value of the options granted in Q3-2012 in the 14th allocation has been determined using the following parameters:

- Strike price CHF 32.20;
- Spot price at grant: CHF 26.85;
- Volatility: 35.25%.

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 25% of the options will lapse in the vesting period.

Fair value per option (average of all tranches and including assumption of lapse rate) being: CHF 3.16 (*).

(* Of which tranche 1: CHF 2.99, tranche 2: CHF 3.19 and tranche 3: CHF 3.30.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. 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 2012, nor in the former quarters.

Consolidated statement of cash flow

The reconciliation of cash and cash equivalents reported in the consolidated statement of cash flow with the figures presented in the consolidated statement of financial positions is detailed as follows :

	9 months ended 30 September	
	2012	2011
Cash and balances with central bank	1,669,460,600	1,199,959,180
Treasury bills and other eligible bills	40,726,860	20,655,278
Loans and advances to banks	259,248,542	371,006,664
Deposits from banks	(5,481,957)	(14,869,781)
Sub-total	1,963,954,045	1,576,751,341
Less : Loans and advances to banks (above 6 months)	-	-
Cash and cash equivalents	1,963,954,045	1,576,751,341

With the growing importance of clientele operations linked with derivative financial instruments (mainly through eForex services), the Group decided since 1st January 2012 to improve the current presentation of the consolidated statement of cash flow in order to reflect separately the movements in derivative financial assets and liabilities in cash flows from operating activities. Despite the fact that the reclassification of cash flows from derivative financial instruments was required to adapt the presentation, this did not lead to a change of net cash from operating activities in comparative figures.

Tier One ratio (Basel II ratio)

At 30 September 2012, the Group had a Tier One ratio (Basel II ratio) of 21.58% (30 September 2011: 22.35%; 31 December 2011: 21.70%).



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

Introduction

We have reviewed the accompanying condensed consolidated interim financial information (balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes) set out on pages 1 to 15 of Swissquote Group Holding Ltd for the period ended 30 September 2012. 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

Eric Maglieri

Geneva, 2 November 2012

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