FINANCIAL REPORT

Q3-2013

SWISSQUOTE
BANKING. SELF-MADE.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	30 September 2013	30 September 2012 (restated)*	31 December 2012 (restated)*
ASSETS				
Cash and balances with central bank		1,891,452,537	1,669,460,600	1,612,190,388
Treasury bills and other eligible bills		4,890,389	40,726,860	4,825,733
Loans and advances to banks		265,133,167	259,248,542	236,956,542
Derivative financial instruments		82,397,607	20,113,731	29,087,367
Trading assets		6,456,349	5,403,824	5,358,622
Loans and advances to customers		116,908,690	91,606,135	91,728,176
Investment securities	7	727,040,669	741,064,713	718,914,914
Deferred income tax assets		3,576,125	366,520	366,520
Intangible assets	10	41,091,094	22,259,509	22,215,204
Information technology systems	8	24,421,181	21,609,710	21,743,823
Property, plant and equipment	9	58,927,561	42,560,628	45,792,263
Other assets		35,950,142	30,974,757	30,635,888
Total assets		**3,258,245,511**	**2,945,395,529**	**2,819,815,440**
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks		2,152,059	5,481,957	10,561,838
Derivative financial instruments		28,082,826	8,378,550	7,904,195
Due to customers		2,923,116,005	2,665,945,282	2,533,756,648
Other liabilities		36,547,484	20,233,080	18,548,992
Current income tax liabilities		1,453,813	3,725,816	3,122,276
Deferred tax liabilities		838,962	965,599	894,235
Provisions		24,802,053	4,464,981	3,899,016
Total liabilities		**3,016,993,202**	**2,709,195,265**	**2,578,687,200**
Equity				
Ordinary shares	12	2,927,674	2,927,674	2,927,674
Share premium		35,360,475	39,496,150	39,496,150
Share option reserve		2,635,542	2,809,368	3,003,351
Other reserve		729,750	1,238,864	1,589,373
Treasury shares	13	(2,000,048)	(9,168,352)	(9,184,665)
Retained earnings		201,598,916	198,896,560	203,296,357
Total equity		**241,252,309**	**236,200,264**	**241,128,240**
Total liabilities and equity		**3,258,245,511**	**2,945,395,529**	**2,819,815,440**

*Restatement related to adoption of IAS 19 revised (see Note 11).

The notes on pages 6 to 18 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	Quarter ended 30 September 2013	Quarter ended 30 September 2012 (restated)*	9 months ended 30 September 2013	9 months ended 30 September 2012 (restated)*
Fee and commission income		15,565,329	13,994,770	49,350,669	43,997,718
Fee and commission expense		(1,656,349)	(1,694,545)	(5,460,627)	(5,243,756)
Net fee and commission income		**13,908,980**	**12,300,225**	**43,890,042**	**38,753,962**
Interest income		4,822,568	5,724,958	14,848,197	17,122,040
Interest expense		(1,160,590)	(1,231,093)	(3,351,359)	(3,998,098)
Net interest income		**3,661,978**	**4,493,865**	**11,496,838**	**13,123,942**
Net trading income	4	10,859,573	11,212,065	33,263,000	33,433,300
Operating income		**28,430,531**	**28,006,155**	**88,649,880**	**85,311,204**
Operating expenses	5	(38,385,207)	(20,385,993)	(82,036,736)	(63,868,189)
Operating profit / (loss)		**(9,954,676)**	**7,620,162**	**6,613,144**	**21,443,015**
Income / (expense) tax		2,049,697	(1,359,556)	(971,441)	(3,814,910)
Net profit / (loss)		**(7,904,979)**	**6,260,606**	**5,641,703**	**17,628,105**
Earning per share	*6*	*(0.56)*	*0.43*	*0.39*	*1.22*
Diluted earning per share	*6*	*(0.56)*	*0.43*	*0.39*	*1.22*
Weighted average number of ordinary shares	*6*	*14,129,555*	*14,464,240*	*14,314,215*	*14,459,276*

*Restatement related to adoption of IAS 19 revised (see Note 11).

The notes on pages 6 to 18 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	Quarter ended 30 September 2013	Quarter ended 30 September 2012 (restated)*	9 months ended 30 September 2013	9 months ended 30 September 2012 (restated)*
Net profit / (loss) for the period		**(7,904,979)**	**6,260,606**	**5,641,703**	**17,628,105**
Other comprehensive income: **Gains / (losses) recognised directly in equity**					
Items to be recycled					
Available-for-sale financial assets		1,395,513	1,666,957	(1,055,330)	4,366,033
Income tax relating to components of other comprehensive income (AFS assets)		(260,961)	(326,723)	197,347	(855,742)
Hedge reserve		-	(6,142)	-	7,013
Income tax relating to components of other comprehensive income (Hedge reserve)		-	1,203	-	(1,375)
Currency translation differences		(67,350)	-	(1,640)	-
Items not to be recycled					
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		**1,067,202**	**1,335,295**	**(859,623)**	**2,785,897**
Total comprehensive income for the period		**(6,837,777)**	**7,595,901**	**4,782,080**	**20,414,002**

*Restatement related to adoption of IAS 19 revised (see Note 11).

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All amounts in Swiss Francs

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	-	-	-	(1,055,330)	-	-	**(1,055,330)**
Currency translation differences	-	-	-	(1,640)	-	-	**(1,640)**
Tax impact of comprehensive income items	-	-	-	197,347	-	-	**197,347**
Net profit of the period	-	-	-	-	-	5,641,703	**5,641,703**
Total comprehensive income for the period	-	-	-	(859,623)	-	5,641,703	**4,782,080**
Dividend	-	-	-	-	-	(8,405,989)	**(8,405,989)**
Employee stock option plan:							
Value of services provided	-	-	699,036	-	-	-	**699,036**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(1,066,845)	-	-	1,066,845	-
Purchase of treasury shares	-	-	-	-	(19,296,729)	-	**(19,296,729)**
Sale of treasury shares	-	(4,135,675)	-	-	26,481,346	-	**22,345,671**
Balance at 30 September 2013	**2,927,674**	**35,360,475**	**2,635,542**	**729,750**	**(2,000,048)**	**201,598,916**	**241,252,309**
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	-	-	-	4,373,046	-	-	**4,373,046**
Remeasurement of defined benefit obligation	-	-	-	(908,000)	-	-	**(908,000)**
Tax impact of comprehensive income items	-	-	-	(679,149)	-	-	**(679,149)**
Net profit of the period	-	-	-	-	-	17,628,105	**17,628,105**
Total comprehensive income for the period	-	-	-	2,785,897	-	17,628,105	**20,414,002**
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 (restated)*	**2,927,674**	**39,496,150**	**2,809,368**	**1,238,864**	**(9,168,352)**	**198,896,560**	**236,200,264**

*Restatement related to adoption of IAS 19 revised (see Note 11).

The notes on pages 6 to 18 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 2013	2012
Cash flow from / (used in) operating activities			
Fees and commission received		49,384,180	43,270,776
Fees and commission paid		(5,412,968)	(4,784,967)
Interest received		23,664,828	25,829,439
Interest paid		(1,677,491)	(3,323,243)
Net trading income		32,508,833	32,844,184
Income tax paid		(2,487,850)	(2,681,744)
Payments to employees		(30,802,327)	(30,123,467)
Payments to suppliers		(19,795,303)	(22,340,261)
Cash flow from operating profit before changes in operating assets and liabilities		**45,381,902**	**38,690,717**
Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities			
Loans and advances to customers		(23,487,132)	9,009,613
Derivative financial assets		6,530,875	22,937,361
Trading assets		(342,917)	(1,557,417)
Derivative financial liabilities		671,274	(1,543,070)
Due to customers		250,029,293	356,364,067
Other liabilities		(231,084)	(2,768,586)
Net cash from operating activities		**278,552,211**	**421,132,685**
Cash flow from / (used in) investing activities			
Purchase of property, plant and equipment and Information technology systems	8/9	(23,230,362)	(17,134,318)
Proceeds from sale and reimbursement of investment securities		287,299,837	377,553,575
Purchase of investment securities		(291,066,281)	(375,851,993)
Purchase of subsidiary, net of cash acquired	10	92,027,351	-
Net cash from / (used in) investing activities		**65,030,545**	**(15,432,736)**
Cash flow used in financing activities			
Purchase of treasury shares		(19,296,729)	(248,526)
Sale of treasury shares		33,171	602,250
Dividend paid		(8,405,989)	(15,045,034)
Net cash used in financing activities		**(27,669,547)**	**(14,691,310)**
Increase / decrease in cash and cash equivalents		**315,913,209**	**391,008,639**
Movements in cash and cash equivalents			
Balance at beginning of year		1,843,410,825	1,572,945,406
Increase		315,913,209	391,008,639
Balance at 30 September		**2,159,324,034**	**1,963,954,045**

The notes on pages 6 to 18 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Scope of operations

On 25 September 2013, the Group acquired 100% of holdings into MIG Bank Ltd and its subsidiaries ("MIG Group"). MIG Bank Ltd is a Bank regulated in Switzerland with headquarters in Lausanne. The subsidiaries consist of (1) MIG Capital (Asia) Ltd, in Hong Kong, which has a type 3 license issued by the Securities & Futures Commission of Hong Kong and (2) MIG Capital (Europe) Ltd, in London, which has a license issued by the Financial Conduct Authority.

MIG Group that is an international provider of eForex services will be merged into Swissquote Bank Ltd in near future. The combined eForex operations will position Swissquote Group among the largest providers of eForex services.

More details about this acquisition are provided in Note 10. As a result of this transaction, the main shareholders (in the sense of article 20 Stock Exchange Act – SESTA) at 30 September 2013 are:

Mr Marc Bürki	13.11%
Mr Paolo Buzzi	13.10%
Mr Mario Fontana	5.16%
Windel Investments Ltd	5.12%
Basellandschaftliche Kantonalbank	4.99%

2. Accounting policies and presentation matters

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

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. All other new standards effective 1 January 2013 do not have material impact on the Condensed Consolidated Interim Financial Statements.

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 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, income statement, statement of comprehensive income and statement of changes in equity.
- Reportable segment, notes 5 and 6.

The reconciliation between reported comparative figures and restated figures is disclosed in Note 11.

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 17.

All amounts in Swiss Francs

3. Reportable segments

The analysis of reportable segments and cost center for the 9 months period ending 30 September 2013 and 2012 are as follows:

	9 months ended 30 September	
In CHFm	**2013**	**2012 (restated)**
Net Revenues - Private Clients	51.3	49.2
Direct Operating Costs - Private Clients	(4.6)	(4.9)
Direct Marketing Costs - Private Clients	(2.1)	(3.1)
Direct Contribution margin - Private Clients	*44.6*	*41.2*
Net Revenues - B2B Clients	13.3	12.3
Direct Operating Costs - B2B Clients	(1.9)	(1.8)
Direct Marketing Costs - B2B Clients	(1.0)	(0.6)
Direct Contribution margin - B2B Clients	*10.4*	*9.9*
Direct Contribution margin - Securities	**55.0**	**51.1**
Net Revenues - eForex (including MIG Group)	23.5	22.8
Direct Operating Costs - eForex (including MIG Group)	(6.7)	(7.2)
Direct Marketing Costs - eForex (including MIG Grroup)	(2.0)	(2.3)
Direct Contribution margin - eForex (including MIG Group)	**14.8**	**13.3**
Operating Cost - Technology	(18.0)	(14.0)
Operating Cost - Operations	(15.2)	(14.5)
Operating Cost - Marketing	(4.3)	(3.0)
Operating Cost - G&A	(9.6)	(11.0)
Platform and Infrastructure Operations Costs (cost center)	**(47.1)**	**(42.5)**
Other - Provisions	(0.8)	(0.7)
Other - Net income from financial assets held at fair value	0.5	1.0
Other - Restatement in connection with adoption of IAS 19R	-	(0.8)
Other - Restructuring, acquisition and special tax related costs	(15.8)	-
Operating profit	**6.6**	**21.4**
Income tax expense	(1.0)	(3.8)
Net profit	**5.6**	**17.6**

At 30 September 2013:

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

Further to the acquisition of MIG Group, the Group gained critical mass in eForex and this will lead to a redesign of Reportable Segments in the near future. However at 30 September 2013, the MIG operations are included in eforex segment and have been consolidated from 25 September (acquisition date) to 30 September 2013.

3. Reportable segments (continued)

In CHFm	30 September 2013	30 September 2012 (restated)
Assets - Securities / Private Clients	2,418.0	2,258.5
Assets - Securities / B2B Clients	406.7	431.1
Assets - eForex (including MIG Group)	347.9	164.8
Assets - Platform and Infrastructure	85.6	90.7
Assets - Restatement in connection with adoption of IAS 19R	-	0.3
Total assets	3,258.2	2,945.4
Liabilities - Securities / Private Clients	(2,380.6)	(2,215.5)
Liabilities - Securities / B2B Clients	(328.2)	(338.2)
Liabilities - eForex (including MIG Group)	(283.4)	(135.9)
Liabilities - Platform and Infrastructure	(24.8)	(17.9)
Liabilities - Restatement in connection with the adoption of IAS 19R	-	(1.7)
Total liabilities	(3,017.0)	(2,709.2)
Total equity	**241.2**	**236.2**

4. Net trading income

	9 months ended 30 September	
	2013	2012
Foreign exchange revenues		
- eForex	23,464,460	22,814,773
- Other foreign exchange income	9,044,292	8,441,810
	32,508,752	31,256,583
Unrealised fair value gains/(losses)		
- From Investment securities	(340,725)	719,283
- From Trading assets	801,131	328,638
	460,406	1,047,921
Realised gains/(losses)		
- Gains less losses from financial assets	293,842	512,546
Others		
- Other income	-	616,250
Total	**33,263,000**	**33,433,300**

5. Operating expenses

	9 months ended 30 September	
	2013	2012 (restated)
Payroll & related expenses	32,845,864	29,581,562
Other operating expenses	27,066,954	16,174,719
Marketing expenses	11,393,538	9,047,196
Depreciation and amortisation	8,749,680	8,364,712
Provisions	1,980,700	700,000
Total	**82,036,736**	**63,868,189**

Operating expenses for the 9 month period ended 30 September 2013 comprise of a total of CHF 13.1m relating to restructuring and acquisition costs as well as an amount of CHF 2.7m in connection with special tax related costs (out of which CHF 13.3 million are included as Provisions in the Statement of Financial Positions). Restructuring and acquisition costs consist of payroll and related costs, operating expenses and impairment charges (currently booked as Provisions in the Statement of Financial Positions) for respectively CHF 2.2m, CHF 9.7m and CHF 1.2m. Special tax related costs consist of accrued audit and consultancy fees incurred in connection with an international tax agreement signed by Switzerland in August 2013 as well as a provision determined based on guidelines issued by the Swiss Banking Association in connection with an agreement between Switzerland and United Kingdom.

A total of CHF 820,000 was restated in 2012 comparative figures as additional Payroll & related expenses (see Note 11).

6. Earning per share

a) Basic

	Quarter ended 30 September		9 months ended 30 September	
	2013	2012 (restated)	2013	2012 (restated)
Net Profit	(7,904,979)	6,260,606	5,641,703	17,628,105
Weighted average number of ordinary shares in issue	14,129,555	14,464,240	14,314,215	14,459,276
Earning per share	(0.56)	0.43	0.39	1.22

b) Diluted

	Quarter ended 30 September		9 months ended 30 September	
	2013	2012 (restated)	2013	2012 (restated)
Net Profit	(7,904,979)	6,260,606	5,641,703	17,628,105
Weighted average number of ordinary shares in issue	14,129,555	14,464,240	14,314,215	14,459,276
Adjustment for share options	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share options	**14,129,555**	**14,464,240**	**14,314,215**	**14,459,276**
Diluted earning per share	(0.56)	0.43	0.39	1.22

All amounts in Swiss Francs

7. Investment securities

	9 months ended 30 September 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	438,544,382	438,544,382	1,900,283	*1,900,283*	-	-
Held-to-maturity	285,411,874	300,343,695	14,931,821	-	-	*14,931,821*
Fair value through profit & loss	3,084,413	3,084,413	(2,420,582)	-	*(2,420,582)*	-
	727,040,669	**741,972,490**	**14,411,522**	***1,900,283***	***(2,420,582)***	***14,931,821***

	Quarter ended 30 September 2013	
	Unrealised gains/(losses)	Change in quarter
Available-for-sale	1,900,283	1,395,513
Held-to-maturity	14,931,821	(437,217)
Fair value through profit & loss	(2,420,582)	(26,634)
	14,411,522	**931,662**

	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**

All amounts in Swiss Francs

8. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
9 months ended 30 September 2013				
Opening net book amount	5,281,786	14,605,848	1,856,189	21,743,823
Addition	498,919	5,447,565	1,068,103	7,014,587
Addition through acquisitions	-	687,946	1,480,989	2,168,935
Amortisation / depreciation	(1,180,476)	(4,402,386)	(923,302)	(6,506,164)
Closing net book amount	**4,600,229**	**16,338,973**	**3,481,979**	**24,421,181**
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**

Additions to Information technology systems includes an amount of CHF 3,857,039 (2012: CHF 4,472,066) representing own costs capitalised in connection with the development of the systems of the Group.

9. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
9 months ended 30 September 2013				
Opening net book amount	43,542,067	964,762	1,285,434	45,792,263
Addition	12,800,451	152,174	676,319	13,628,944
Addition through acquisitions	-	41,365	376,531	417,896
Amortisation / depreciation	(419,380)	(223,004)	(269,158)	(911,542)
Closing net book amount	**55,923,138**	**935,297**	**2,069,126**	**58,927,561**
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**

The total cost of the property includes an aggregate CHF 243,526 of own costs capitalised (2012: CHF 218,173).

All amounts in Swiss Francs

10. Business combination

On 25 September 2013, the Group acquired 100% of the share capital of MIG Group, a major foreign exchange broker. This acquisition was realised with the perspective to expand foreign exchange operations and secures to the Group a place among the world's largest foreign exchange service providers. The goal is to merge MIG Bank Ltd into Swissquote Bank Ltd.

	IFRS Fair value (provisionally)
Cash and cash equivalents with central bank	50,871,075
Loans and advances to banks	81,988,901
Derivative financial instruments (assets)	59,841,115
Trading assets	207,083
Loans and advances to customers	1,926,249
Investment securities	14,848,938
Deferred income tax assets	3,226,435
Information technology systems	2,168,935
Property, plant and equipment	417,897
Other assets	2,568,483
Deposits from banks	(242,625)
Derivative financial instruments (liabilities)	(19,507,357)
Due to customers	(138,131,752)
Other liabilities	(8,043,772)
Provisions (including pension plan)	(7,462,612)
Net assets acquired	**44,676,993**
Goodwill (intangible assets)	19,008,807
Total consideration	**63,685,800**
Consideration satisfied by :	
Cash	40,590,000
Shares and stock options	23,095,800
Total consideration	**63,685,800**
Purchase consideration settled in cash	40,590,000
Cash and cash equivalents in subsidiary acquired	132,617,351
Cash inflow on acquisitions	**92,027,351**
Acquisition related-costs (included in operating expenses)	(1,031,324)

The Group initially measured separately the recognisable identified assets acquired and the liabilities assumed as of the acquisition date in accordance with the requirement of IFRS 3.

The total identifiable consolidated net assets of MIG Group have been measured at CHF 44,676,993. The accounting for the MIG business combination is determined only provisionally because the acquisition occured close to the end of the reporting period. Time was not sufficient to perform a full and reliable valuation exercise and acquisition date values have only been determined provisionally prior to completing the interim financial statements for the reporting period. The provisional goodwill is estimated to be at CHF 19,008,807 and is attributable to the critical mass gained in the FX market. The revenue included in the consolidated income statement (Net trading income) since 25 September 2013 and contributed by MIG Group was CHF 657,990. MIG Group also contributed to a net profit of CHF 68,000 over the same period.

Part of the total consideration paid included 210,000 stock options with a strike price of CHF 47.50 (spot price at grant: CHF 29.75 / volatility: 36.66%). Options are exercisable over a 3 year period starting 26 September 2014.

Another part was paid on the form of 750,000 shares for which there is a lock-up until 25 September 2014.

Swissquote Bank Ltd and the Seller have agreed the total consideration shall be adjusted in addition or deduction in case the consolidated equity of MIG Group as of closing date is below a certain target level.

All amounts in Swiss Francs

11. 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	-
Effect of application of IAS 19R:						
- 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 30 September 2012	156,800	18,343,080	3,886,536	1,968,896	199,686,088	63,048,189
Effect of application of IAS 19R:						
- 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 30 September 2012	**366,520**	**20,233,080**	**3,725,816**	**1,238,864**	**198,896,560**	**63,868,189**

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.

The full impact of the related restatement was recognised in comparative figures related to the period 1 January 2012 to 31 March 2012 and therefore does not impact the comparative figures of the period 1 July 2012 to 30 September 2012.

At 30 September 2013, the Group has not identified a need to remeasure the net defined benefit liability at the end of the interim reporting period. The pension plan liability related to MIG Group pension plan being recognised within the purchase price accounting (see Note 10).

All amounts in Swiss Francs 13

12. Ordinary shares

a) Numbers of shares in 2013

	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**

The purpose of conditional capital is to allow the coverage of the exercice of the options granted to Group employees Board members in accordance with the Group stock option plan.

b) 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**

All amounts in Swiss Francs

13. Treasury shares

	2013	2012
Beginning of the year (shares)	**175,133**	**183,621**
Acquisition - shares	**645,791**	**7,446**
unit price ranging from CHF	27.92 to 34.50	24.92 to 42.40
Disposal - shares	**(751,000)**	**(16,500)**
unit price ranging from CHF	29.75 to 30.08	36.50
Remittance to optionees - shares	**(100)**	**-**
unit price ranging from CHF	32.20	-
End of the period - 30 September (shares)	**69,824**	**174,567**
Total cost in CHF	**2,000,048**	**9,168,352**
% of the issued shares	**0.48%**	**1.19%**

On 25 September 2013, 750,000 shares have been transfered as part of the consideration for the acquisition of MIG Group (see Note 10). Remaining balance of 69,824 are primarly acquired for the purpose of covering employees stock option plans.

All amounts in Swiss Francs

14. Employees stock options

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

	Allocation						
	10th	11th	12th	13th	14th	15th	Total
Strike price	47.00	63.24	47.50	34.27	32.20	33.24	
Share price at 30.09.2013	34.45	34.45	34.45	34.45	34.45	34.45	
Balance at 1 January 2012	**68,139**	**77,616**	**126,195**	**237,237**	**-**	**-**	**509,187**
Grants	-	-	-	-	201,480	-	201,480
Exercised							
Covered by:							
the issue of new shares	-	-	-	-	-	-	-
treasury shares	-	-	-	-	-	-	-
Lapsed	(27,319)	(26,672)	(2,220)	(8,148)	-	-	(64,359)
Balance at 30 September 2012	**40,820**	**50,944**	**123,975**	**229,089**	**201,480**	**-**	**646,308**
Balance at 1 January 2013	**40,553**	**50,624**	**123,075**	**227,409**	**201,030**	**-**	**642,691**
Grants	-	-	-	-	-	288,100	288,100
Exercised							
Covered by:							
the issue of new shares	-	-	-	-	-	-	-
treasury shares	-	-	-	-	(100)	-	(100)
Lapsed	(40,553)	(25,992)	(42,705)	(7,266)	(3,570)	(6,180)	(126,266)
Balance at 30 September 2013	**-**	**24,632**	**80,370**	**220,143**	**197,360**	**281,920**	**804,425**

Conditional shares available for exercise	750,000
Less options outstanding	(804,425)
Intermediary balance	(54,425)
Number of treasury shares available at 30 September 2013	69,824
Shorfall to be covered by future purchases of treasury shares or a future increase of the conditional share capital	**15,399**

The fair value of the options granted in Q3-2013 in the 15th allocation has been determined using the following parameters:

- Strike price CHF 33.24 / spot price at grant: CHF 28.90 / volatility: 36.78%.

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 4.00 (*).

(*) Of which tranche 1: CHF 3.81, tranche 2: CHF 4.04 and tranche 3: CHF 4.15.

All amounts in Swiss Francs

15. Regulatory capital and liquidity requirement

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.

	30 September 2013 (unaudited)
Total equity	241,252,309
General adjustments (mainly intangible assets)	(46,567,502)
Total Common Equity Tier 1 capital (CET1 capital)	**194,684,807**
Risk-weighted assets	**1,087,330,454**
CET1 ratio	**17.90%**

At 30 September 2013, the Group, based on last available guidance, calculates that its LCR ratio is in excess of 100% (unaudited) and therefore meets the new requirements within the prescribed time frames.

16. Consolidated cash flow statement

The consolidated cash flow statement gives information on the resultant cash flows in the asset and liability items over the course of the period analysed and on the initial and final balance of these items in the classification according to:

- Operating activities
- Investing activities
- Financing activities

IAS 7 standard provides guidance for classifying cash flows under the three above mentioned headings but allows a reasonable amount of discretion as the business carried determines the classification of cash flows as well.

With the growing importance of its operations, the Group decided to improve the current presentation of the consolidated cash flow statement by increasing the level of details disclosed in the cash flow from operating activities. The underlying objective being to help investors and other stakeholders to appropriately understand the relationship between the Group's different activities and the way in which the Group generates and expands the cash. Despite the fact that some changes were required in their presentation, this did not lead to a change of «Net cash from operating activities» in comparative figures.

All amounts in Swiss Francs

17. Fair value hierarchy

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

At 30 September 2013	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets at fair value through profit or loss				
- Investment securities	1,781,201	1,303,213	-	3,084,414
- Derivative financial instruments	79,892,725	2,504,882	-	82,397,607
- Trading assets	6,456,349	-	-	6,456,349
Financial assets designated available-for-sale				
- Investment securities	156,519,925	282,024,457	-	438,544,382
Total	**244,650,200**	**285,832,552**	**-**	**530,482,752**
Financial liabilities measured at fair value				
Financial liabilities at fair value through profit or loss				
- Derivative financial instruments	20,746,164	7,336,662	-	28,082,826
Total	**20,746,164**	**7,336,662**	**-**	**28,082,826**

All amounts in Swiss Francs

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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 18 of Swissquote Group Holding Ltd for the period ended 30 September 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

Daniel Salama

Geneva, 1 November 2013

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