Annual Report 2010
Corporate Governance Report
Compensation Report

SWISSQUOTE

SWITZERLAND'S LEADING ONLINE BROKER

Annual Report 2010
Contents

Swissquote....

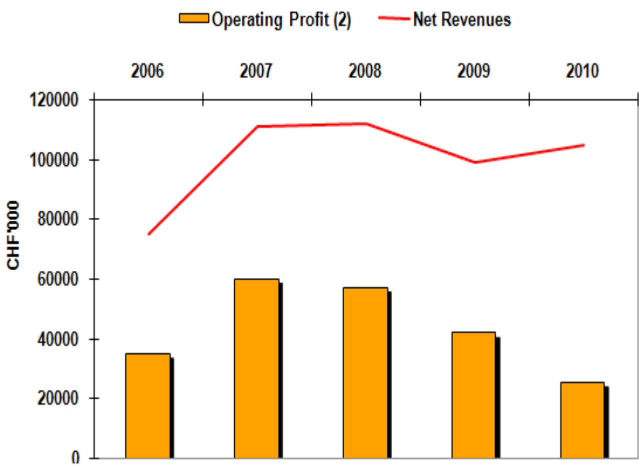
Is the leading provider of online financial and trading services in Switzerland.
Creates sustainable added value for its customers, employees and shareholders.
Is an independent Company, listed on the SIX Swiss Exchange.

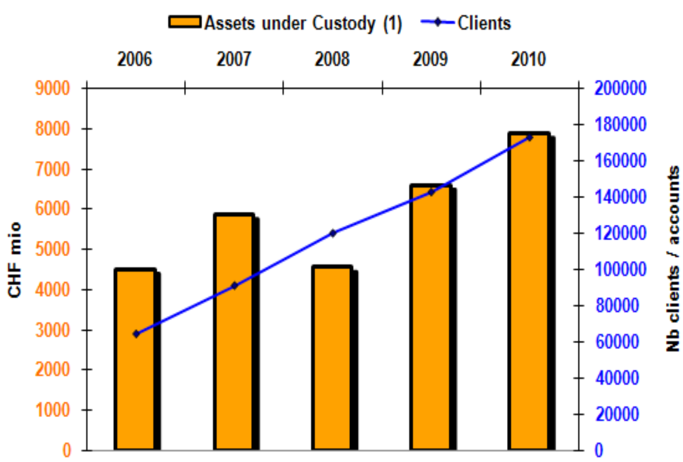
Section 1: Key Figures

	2010	2009	2008	2007	2006
Clients / accounts	173,058	142,702	119,869	90,876	64,067
% change	21.3%	19.0%	31.9%	41.8%	30.6%
Assets under Custody in CHFm (1)	8,030	6,583	4,540	5,850	4,492
% change	22.0%	45.0%	-22.4%	30.2%	50.4%
Employees	355 (3)	236	236	213	156
% change	50.4%	0.0%	10.8%	36.5%	22.8%

All amounts in CHF '000	2010	2009	2008	2007	2006
Net revenues	104,645	98,633	111,677	110,882	74,747
% change	6.1%	-11.7%	0.7%	48.3%	60.3%
Operating Expenses (2)	79,383	56,802	54,640	50,935	39,954
% change	39.8%	4.0%	7.3%	27.5%	18.8%
Operating Profit (2)	25,262	41,831	57,037	59,947	34,793
% change	-39.6%	-26.7%	-4.9%	72.3%	167.8%
Operating Profit Margin [%]	24.1%	42.4%	51.1%	54.1%	46.5%
Net Profit	21,157	34,993	32,807	47,573	36,529
% change	-39.5%	6.7%	-31.0%	30.2%	148.8%
Net Profit Margin [%]	20.2%	35.5%	29.4%	42.9%	48.9%
Equity	199,011	174,240	139,130	126,565	93,484
% change	14.2%	25.2%	9.9%	35.4%	39.6%
Equity ratio [%] (2)	8.5%	9.2%	10.3%	9.7%	9.0%

(1) including cash deposited by clients
(2) excluding impairment and provision on investment securities
(3) including staff integrated through the acquisition of ACM Advanced Currency Markets Ltd on 26 October 2010





Swissquote Share

Stock market trading

The registered shares, each with a nominal value of CHF 0.20, are listed on SIX Swiss Exchange under securities number 1,067,586 and ISIN number is CH0010675863. Their ticker symbols are: SQN (Swissquote); SQZ.S (Reuters); SQNSW (Bloomberg); SQN (Telekurs).

Development of stock market share price (2006 to 2010)

Development of stock market share price (January to December 2010)

Share price in CHF	2010	2009	2008	2007	2006
High	54.80	58.85	63.90	78.95	39.98
Low	36.25	35.00	25.40	38.80	15.04
31 December	53.60	51.50	37.00	63.65	39.75

Stock market capitalisation in CHF million	2010	2009	2008	2007	2006
High	777.9	825.9	903.4	1,124.2	583.1
Low	514.6	491.2	359.1	552.5	212.6
31 December	760.8	722.8	523.1	906.3	579.8

Per share data in CHF	2010	2009	2008	2007	2006
Net revenue per share	7.37	7.03	7.90	7.79	5.29
Net profit per share	1.49	2.49	2.32	3.34	2.58
Equity per share	13.60	11.90	9.50	8.65	6.41

Report to the Shareholders

Dear Shareholders,

2010 was marked by challenging market conditions and external growth opportunities that materialized in two acquisitions. Overall revenues rose by 6.1 percent year-on-year to CHF 104.6 million (CHF 98.6 million). Operating expenses (excluding acquisition and integration costs of CHF 8.7 million) rose by 24.5 percent to CHF 70.7 million (CHF 56.8 million). Net profit amounted to CHF 21.2 million. Thanks to solid growth of 21.3 percent in client account numbers to 173,058 and the associated record inflow of CHF 1.5 billion in new monies, assets under custody exceeded CHF 8 billion for the first time.

Commission business rebounds in 4th quarter

Compared with the previous year and despite recovering in the 4th quarter, income in the commission business was depressed in 2010 due to the lower client trading activity. The 10.7 percent drop in net fee and commission income to CHF 63.1 million (CHF 70.7 million) was however more than offset by higher interest income and trading results: interest income rose by 30.7 percent to CHF 12.5 million year-on-year (CHF 9.6 million).

Trading results, in which the eForex business predominates, expanded strongly by 58.1 percent to CHF 29.0 million (CHF 18.3 million) thanks to organic growth and the acquisition of ACM Advanced Currency Markets Ltd on 26 October. Further to this acquisition, the trading business is expected to bear an increasing importance in the future and to contribute reducing dependence on the commission business.

Higher operating expenditure – solid balance sheet

Operating expenses excluding acquisition and integration costs amounted CHF 70.7 million (CHF 56.8 million). The addition of 85 ACM employees and the creation of 34 new positions increased payroll expenses by 19.4 percent to CHF 29.3 million (CHF 24.6 million). At the end of 2010 the total headcount was 355 (236). The increase of 22.0 percent in other operating expenses including ordinary depreciation, amortization and provisions to CHF 29.1 million (CHF 23.8 million) reflects the rapid expansion of the eForex business. Marketing expenses rose by 46.2 percent to CHF 12.3 million (CHF 8.4 million). This increase is attributable on the one hand to the below-average level of marketing costs in 2009 and on the other to the successful launch of the 'Swissquote ePrivate Banking Magazine' in early 2010 as well as and additional marketing activities associated with ACM.

Overall and excluding the impact of acquisition and integration costs, operating profit declined by 39.6 percent year-on-year to 25.3 million (CHF 41.8 million). On account of the one-off costs associated with the acquisition of ACM and Tradejet Ltd, net profit fell by 39.5 percent to CHF 21.2 million (CHF 35.0 million). Swissquote had an operating profit margin of 24.1 percent (42.4 percent) and a net profit margin of 20.2 percent (35.5 percent).

In 2010, the balance sheet total increased by 24.0 percent to CHF 2.3 billion (CHF 1.9 billion). Shareholders' equity amounted to CHF 199.0 million (CHF 174.2 million). Post ACM acquisition the core capital ratio (tier 1) is still a very solid 19.0 percent.

Continued strong growth in accounts and inflows of new monies

As a consequence of the enhanced diversity of its offering, many clients have more than one account. Accordingly, Swissquote has decided to track growth in the number of accounts instead of the number of clients. In 2010, the total number of accounts rose by 21.3 percent year-on-year to 173,058 (142,702).

Assets under custody increased by 22.0 percent to CHF 8.0 billion, of which CHF 7.4 billion were held in trading accounts, CHF 437.4 million in saving accounts, CHF 140.2 million in eForex accounts, and CHF 16.9 million in ePrivate Banking accounts.

Report to the Shareholders

Two successful acquisitions in 2010

With effect from 7 June 2010 Swissquote acquired all the shares in **Tradejet Ltd**, which had 3,000 trading clients and CHF 200 million in assets under custody on its books. As at 31 July 2010, Tradejet's trading platform was merged with that of Swissquote and discontinued.

ACM Advanced Currency Markets Ltd, largest major forex trading companies, was acquired by Swissquote with effect from 26 October 2010. The acquisition of privately owned ACM is an astute forward-looking solution that benefits all parties concerned. The acquisition was positively received by the clients and partners of ACM. The takeover and subsequent merger with Swissquote Bank allows ACM, which does not hold a banking license, to continue operating in forex trading.

Since it was founded in 2002, ACM has made a name for itself on the international markets by offering forex trading free of charge at the lowest spreads with guaranteed order execution. ACM is very well positioned in the institutional clients business in particular. The merger of the two firms will be completed by the 2nd quarter of 2011 at the latest. The services previously provided by ACM will continue to be offered by Swissquote Bank under the ACM label and developed as part of a battery of strategic projects. The acquisition of ACM gives Swissquote an opportunity to rapidly expand its trading operations with its strongly growing eForex arm. The takeover will increase Swissquote's eForex trading volumes by a factor of three. What is more, with its new subsidiary office in Dubai, Swissquote will in future be able to participate in the continuing dynamic growth seen in the Middle East and Asia.

Swissquote – ePrivate Banking Magazine launched

Since the first issue of "Swissquote – ePrivate Banking Magazine" in February 2010, Swissquote is not only synonymous with the most comprehensive and up-to-date online investment information, but also with the publication of an exciting, reader-friendly and attractively designed source of valuable background information and tips that place daily developments on a broader and longer-term context. Thus, Swissquote is adding a tangible instrument of value to its purely virtual information communication.

Already in June the jury of prominent experts at the largest international competition for corporate publications awarded "Swissquote ePrivate Banking Magazine" gold in the Finance and Insurance section. In its first year of publication the magazine has also proved very popular in Switzerland with Swissquote clients, the kiosk trade, and advertisers. Swissquote ePrivate Banking Magazine is issued 6 times a year.

Successful launch of ePrivate Banking

The complex development of Swissquote's innovative ePrivate Banking instruments for individual, electronic, and fully automated asset management was completed on schedule and the new tool went online on the Swissquote platform at the end of July. ePrivate Banking is an electronic investment advisor that communicates interactively with the client.

The simple step-by-step process enables clients to create a personal risk profile, formulate investment preferences, and then examine the specific proposals drawn up by the virtual investment advisor for each client's investment portfolio. Clients can change or complement the proposal or have another one processed until they are fully satisfied; only then do they submit the order to the system for execution. ePrivate Banking is a new, additional service for discerning clients who are interested in benefiting from highly professional yet easy-to-use assistance in personally managing their portfolio.

The charge for ePrivate Banking is made up of a 0.5 percent management fee (minimum CHF 50.00) and commission of 0.1 percent (minimum CHF 9.00, maximum CHF 99.00).

Report to the Shareholders

2nd Swissquote Lounge in Bern

The second Swissquote lounge – which opened in the very heart of Bern at Schauplatzgasse 9 in mid-October – is proving very popular. Every week, Swissquote talks with more than one hundred clients and potential clients. The idea of giving Swissquote a virtual presence as well as allowing visitors to experience the company directly at first hand clearly meets a need. Anyone wishing to stay in touch with the financial markets is welcome to visit the Swissquote lounges. There they can access the latest stock market information, study the financial press, swap stock market experiences with like-minded people, find out more about Swissquote's services, or open an account right then and there. Visitors can take advantage of free Wi-Fi access and also test the Swissquote platform at the internet-connected workstations provided.

Ambitious growth targets for 2011

Assuming 15 transactions per client and year in the commission business and eForex volumes of CHF 550 billion, Swissquote forecasts an **increase in total revenues** of approx. 50 percent in 2011. Assuming a continued recovery in the financial markets and inflows of new monies of at least CHF 1.2 billion, **total assets under custody** should exceed the CHF 10 billion mark.

ePrivate Banking, which enables individual, electronic, fully automated asset management, was launched at the end of July 2010 and has been well accepted: 400 satisfied investors are already using the new tool. In 2011 further online tools will be made available, for example the ability to allocate bonds and manage investment funds.

With its new subsidiary office in **Dubai**, Swissquote is in the process of planning growth outside of Switzerland. It hopes to receive a license from the DFSA (Dubai Financial Services Authority) in 2011, which will allow the Bank to offer its services in the Middle East and Asia.

Distribution of profit to shareholders

The Board of Directors proposes that the Annual General Meeting of Swissquote Group Holding Ltd on 6 May 2011 distribute an unchanged dividend of CHF 0.60 per share to shareholders.

A word of thanks

On behalf of the Board of Directors and Group Management, we would like to thank our customers, who, by actively using our platform and providing a wide range of informed feedback, are making a crucial contribution to Swissquote's business success and hence to Swissquote's long-term security, solidity and growth. We attach great importance to their suggestions and requests as well as their criticism, all of which help to drive our progress. Our thanks are also due to our shareholders for the confidence they have placed in our company and to all our employees for their personal commitment and readiness to achieve the exceptional again and again. And finally, we also express our gratitude to our cooperation partners for their unfailing expertise and support in helping us to grow our business.

Mario Fontana	Marc Bürki
Chairman of the Board of Directors	Chief Executive Officer

Section 2: Financial Report 2010

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

Financial Report 2010
Consolidated Statement of Financial Positions

	Notes	31 December 2010	31 December 2009
ASSETS			
Cash and balances with central bank	1	57,622,629	238,968,193
Treasury bills and other eligible bills	1	768,603,990	599,997,000
Loans and advances to banks	1	595,836,109	506,866,109
Derivative financial instruments	2	24,364,014	16,242,966
Trading assets		1,632,444	595,067
Loans and advances to customers	3	118,677,323	91,759,737
Investment securities	4	670,155,319	388,438,603
Deferred income tax assets	11	7,131,987	-
Intangible assets	6	23,204,125	-
Information technology systems	7	17,604,890	11,398,937
Property, plant and equipment	8	22,377,337	19,831,613
Other assets	5	31,617,899	11,351,231
Total assets		**2,338,828,066**	**1,885,449,456**
LIABILITIES AND EQUITY			
Liabilities			
Deposits from banks	1	6,861,100	749,833
Derivative financial instruments	2	5,339,030	16,005,733
Due to customers	9	2,092,110,513	1,674,796,545
Other liabilities	10	20,309,511	12,714,615
Current income tax liabilities		5,915,348	4,205,345
Deferred tax liabilities	11	1,155,919	1,393,283
Provisions	12	8,126,044	1,343,749
Total liabilities		**2,139,817,465**	**1,711,209,103**
Equity			
Ordinary shares	14.1	2,927,674	2,927,674
Share premium		40,011,434	38,314,296
Share option reserve	14.2	2,455,677	2,042,605
Other reserve		(604,855)	(1,306,820)
Treasury shares	14.3	(17,808,463)	(26,518,573)
Retained earnings		172,029,134	158,781,171
Total equity		**199,010,601**	**174,240,353**
Total liabilities and equity		**2,338,828,066**	**1,885,449,456**

The notes on pages 15 to 84 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2010
Consolidated Income Statement

	Notes	2010	2009
Fee and commission income	15	71,622,363	78,842,041
Fee and commission expense		(8,489,128)	(8,125,592)
Net fee and commission income		**63,133,235**	**70,716,449**
Interest income	16	19,030,868	13,544,919
Interest expense	16	(6,516,179)	(3,967,651)
Net interest income		**12,514,689**	**9,577,268**
Net trading income		28,930,632	16,327,428
Gain less losses from Investment securities		66,468	2,011,953
Operating income		**104,645,024**	**98,633,098**
Operating expenses	17	(79,383,470)	(56,802,466)
Write-back of provisions on Investment securities		-	2,373,620
Operating profit		**25,261,554**	**44,204,252**
Income tax expense, net (except on impairment and provisions on Investment securities)	18	(4,882,176)	(8,680,271)
Tax impact of write-back of provisions on Investment securities	18	-	(530,980)
Gain recognised on acquisition of subsidiary	6	777,257	-
Net profit		**21,156,635**	**34,993,001**
Earning per share	*19*	*1.49*	*2.49*
Diluted earning per share	*19*	*1.49*	*2.48*

The notes on pages 15 to 84 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2010
Consolidated Statement of Comprehensive Income

	2010	2009
Net profit for the period	**21,156,635**	**34,993,001**
Other comprehensive income: **Gains / (losses) recognised directly in equity**		
Available-for-sale financial assets	944,359	5,556,200
Income tax relating to components of other comprehensive income (AFS assets)	(211,253)	(1,241,349)
Hedge reserve	(40,115)	10,436
Income tax relating to components of other comprehensive income (Hedge reserve)	8,974	(2,335)
Other comprehensive income for the period, net of tax	**701,965**	**4,322,952**
Total comprehensive income for the period	**21,858,600**	**39,315,953**

The notes on pages 15 to 84 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2010
Consolidated Statement of changes in Equity

	Notes	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2010		**2,927,674**	**38,314,296**	**2,042,605**	**(1,306,820)**	**(26,518,573)**	**158,781,171**	**174,240,353**
Change in investment securities		-	-	-	904,244	-	-	**904,244**
Tax impact on investment securities		-	-	-	(202,279)	-	-	**(202,279)**
Net profit of the period		-	-	-	-	-	21,156,635	**21,156,635**
Total comprehensive income for the period		-	-	-	701,965	-	21,156,635	**21,858,600**
Dividend	14.4	-	-	-	-	-	(8,548,519)	**(8,548,519)**
Capital increase costs		-	(342,426)	-	-	-	-	**(342,426)**
Currency translation differences		-	28,432	-	-	-	-	**28,432**
Employee stock option plan:								
Value of services provided	14.2	-	-	1,052,919	-	-	-	**1,052,919**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period		-	-	(639,847)	-	-	639,847	-
Purchase of treasury shares	14.3	-	-	-	-	(6,089,423)	-	**(6,089,423)**
Sale of treasury shares	14.3	-	2,011,132	-	-	14,799,533	-	**16,810,665**
Balance at 31 December 2010		**2,927,674**	**40,011,434**	**2,455,677**	**(604,855)**	**(17,808,463)**	**172,029,134**	**199,010,601**
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**
Change in investment securities		-	-	-	5,566,636	-	-	**5,566,636**
Tax impact on investment securities		-	-	-	(1,243,684)	-	-	**(1,243,684)**
Net profit of the period		-	-	-	-	-	34,993,001	**34,993,001**
Total comprehensive income for the period		-	-	-	4,322,952	-	34,993,001	**39,315,953**
Dividend	14.4	-	-	-	-	-	(5,607,376)	**(5,607,376)**
Employee stock option plan:								
Value of services provided	14.2	-	-	1,003,821	-	-	-	**1,003,821**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period		-	-	(447,208)	-	-	447,208	-
Purchase of treasury shares	14.3	-	-	-	-	(3,765,912)	-	**(3,765,912)**
Sale of treasury shares	14.3	-	2,367,853	-	-	1,795,856	-	**4,163,709**
Balance at 31 December 2009		**2,927,674**	**38,314,296**	**2,042,605**	**(1,306,820)**	**(26,518,573)**	**158,781,171**	**174,240,353**

The notes on pages 15 to 84 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2010
Consolidated Statement of Cash Flow

	Notes	2010	2009
Cash flow from / (used in) operating activities			
Fees and commission receipts		79,175,437	76,358,280
Fees and commission paid		(8,503,562)	(8,042,043)
Interest receipts		7,558,306	13,544,919
Interest paid		(6,427,445)	(3,819,066)
Purchase of trading assets		(1,037,377)	(595,067)
Net trading income		26,616,673	16,327,428
Cash payments to employees and suppliers		(74,426,014)	(58,657,081)
Cash flow from operating profit before changes in operating assets and liabilities		**22,956,018**	**35,117,370**
Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities			
Loans and advances to customers		(25,293,783)	(20,056,575)
Loans and advances to banks		91,980,007	(10,089)
Due to customers		382,837,103	508,438,807
Other liabilities		(6,326,713)	(2,171,046)
Net cash from operating activities		**466,152,632**	**521,318,467**
Cash flow from / (used in) investing activities			
Purchase of Property, plant and equipment and Information technology systems	7/8	(14,761,824)	(6,435,317)
Purchase of subsidiary, net of cash acquired	6	(44,863,595)	-
Proceeds from sale of investment securities	4	111,433,167	80,110,067
Purchase of investment securities	4	(449,260,429)	(301,296,601)
Net cash used in investing activities		**(397,452,681)**	**(227,621,851)**
Cash flow from / (used in) financing activities			
Purchase of treasury shares		(6,089,423)	(3,765,912)
Sale of treasury shares		16,810,665	4,163,709
Financing costs		(342,426)	-
Dividend		(8,548,519)	(5,607,376)
Net cash used in financing activities		**1,830,297**	**(5,209,579)**
Increase in cash and cash equivalents		**70,530,248**	**288,487,037**
Movements in cash and cash equivalents			
Balance at beginning of year		1,344,671,380	1,056,184,343
Increase / (decrease)		70,530,248	288,487,037
Balance at 31 December	1	**1,415,201,628**	**1,344,671,380**

The notes on pages 15 to 84 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2010
Notes to the Consolidated Financial Statements

SECTION I : GENERAL INFORMATION

Swissquote Group Holding Ltd ("the Company") and its subsidiaries ("the Group") provide Online Financial Services that consist of the services provided by Swissquote Bank Ltd ("the Bank") through its financial web portal swissquote.ch and by ACM Advanced Currency Markets Ltd through its financial web portal ac-markets.com.

The Group's headquarters are located in Gland (Canton de Vaud) in Switzerland. The operations are located in Switzerland (Gland, Bern, Geneva and Zürich) and in the United Arab Emirates (Dubai). The Group employed 355 employees (full time equivalent) at the end of December 2010 (31 December 2009: 236). The parent company of the Group is Swissquote Group Holding Ltd, which is a limited liability company incorporated in Switzerland. The address of its registered office is: chemin de la Crétaux 33, CH - 1196 Gland.

The shares of Swissquote Group Holding Ltd are listed on the Swiss Stock Exchange since 29 May 2000. The ticker is SQN, the security number is 1,067,586 and the ISIN Number is CH0010675863.

The issued share capital at 31 December 2010 consists of 14,638,370 ordinary shares of CHF 0.20 nominal value each (2009: 14,638,370 ordinary shares of CHF 0.20 nominal value). There is also a conditional share capital and an authorised share capital. Details are stated in Note 14.1.

The main shareholders at 31 December are:	2010	2009
Mr. Marc Bürki	14.53%	14.51%
Mr. Paolo Buzzi	14.50%	14.48%
Mr. Mario Fontana	5.71%	5.53%
Mr. Jean Pfau	5.57%	5.57%
Alken Fund European Opportunities	3.91%	4.79%
BlackRock, Inc.	3.03%	<3%
Threadneedle Asset Management Holdings Ltd	<3%	3.10%
PEC Global Equity Fund	<3%	4.90%
Treasury Shares:		
Swissquote Group Holding Ltd	<3%	3.99%

Except the above-mentioned shareholders, no other shareholder registered in the Share Register owns 3% or more of the issued share capital. All shares are freely tradable. SIX Swiss Exchange Regulations however provide that individual shareholdings exceeding 5% (save inter alia for certain investment funds) are deemed to be permanent investments and are to be excluded from the free float. In accordance with SIX Swiss Exchange Regulations the free float at 31 December 2010 is 59.70% (2009: 59.92%).

The Consolidated Financial Statements were approved for issue by the Board of Directors of the Company on 23 February 2011.

SECTION II : SCOPE OF OPERATIONS OF THE GROUP & REPORTABLE SEGMENTS

The current scope of the operations is the result of a 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 Swiss Exchange (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 for 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 platforms;
- 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 an eForex platform;
- May 2008 : launch of dynamic saving accounts;
- January 2009 : launch of quantitative asset management services and of the Swissquote Quant investment funds function;
- June 2010 : acquisition of Tradejet Ltd, a competing introducing broker in Switzerland;
- August 2010 : launch of ePrivate Banking services, which consist in automated quantitative equity portfolio management systems for private individuals;
- October 2010 : acquisition of ACM Advanced Currency Markets Ltd, an online Forex broker;
- November 2010 : launch of individual pension saving accounts (3A pillar, tax sponsored).

As of 31 December 2010 the Group's operations consist of:

- operating an online bank that accepts deposits in the form of current accounts and saving accounts from its customers mainly in CHF, USD and EUR;
- providing 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;
    - investment funds;
- providing eForex services;
- providing its clients with margin facilities, fiduciary placements and payment services;
- providing quantitative asset management services to institutional clients and to private clients (ePrivate Banking);
- 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 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, investments in the Swissquote Quant Funds and bonds.

SECTION II : SCOPE OF OPERATIONS OF THE GROUP & REPORTABLE SEGMENTS

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 take decisions about resources to be allocated and assess 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.

With the development of the Business to Business clients group (mainly consisting of Asset Managers and their clients, 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, 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 variables 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.

Further to the acquisition of ACM Advanced Currency Markets Ltd, the Group gained critical mass in eForex and this will lead to a redesign of Reportable segments in the near future. However at 31 December 2010, the ACM operations are still running as a separate segment.

With due care to the above explanations, the Group has four 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;
- ACM Clients and Operations.

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

The major part of the revenues and assets of Swissquote are earned with clients domiciled 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.

SECTION II : SCOPE OF OPERATIONS OF THE GROUP & REPORTABLE SEGMENTS

Based thereon, the analysis of reportable segments for 2010 and 2009 are as follows :

In CHFm	2010	2010 TOTAL	2009	2009 TOTAL
Net Revenues - Private Clients	79.2		81.2	
Direct Operating Costs - Private Clients	(6.7)		(6.1)	
Direct Marketing Costs - Private Clients	(6.1)		(4.5)	
Direct Contribution margin - Private Clients	**66.4**	**66.4**	**70.6**	**70.6**
Net Revenues - B2B Clients	19.4		17.4	
Direct Operating Costs - B2B Clients	(3.8)		(3.4)	
Direct Marketing Costs - B2B Clients	(0.7)		(0.5)	
Direct Contribution margin - B2B Clients	**14.9**	**81.3**	**13.5**	**84.1**
Operating Cost - Technology	(16.0)		(12.6)	
Operating Cost - Operations	(18.5)		(18.1)	
Operating Cost - Marketing	(4.5)		(3.4)	
Operating Cost - G&A	(9.5)		(8.2)	
Total Operations Costs	**(48.5)**		**(42.3)**	
Contribution margin - ACM Operations	**(7.5)**		-	
Segment results	**25.3**		**41.8**	
Write-back of provisions on investment securities	-		**2.4**	
Operating profit		**25.3**		**44.2**
Gain on acquisition of subsidiaries		0.8		-
Income tax expense		(4.9)		(9.2)
Net profit		**21.2**		**35.0**

	31 December 2010	31 December 2009
Assets - Private Clients	1,679.1	1,497.1
Liabilities - Private Clients	(1,663.7)	(1,424.5)
Assets - B2B Clients	461.0	354.0
Liabilities - B2B Clients	(349.6)	(270.2)
Assets - Platform and Infrastructure	75.0	34.3
Liabilities - Platform and Infrastructure	(20.8)	(16.5)
Assets - ACM Clients and Operations	123.7	-
Liabilities - ACM Clients and Operations	(105.7)	-
Net Balance - Equity	**199.0**	**174.2**

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

The contribution margin of ACM Operations includes impairment, restructuring and acquisition costs incurred to-date.

SECTION III : ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Consolidated Financial Statements for the year 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. Additional information required by national regulations is included where appropriate.

(a) Standards, amendments and interpretations effective on or after 1 January 2010

The following standards, amendments and interpretations, which became effective in 2010 are relevant to the Group:

Standards / Interpretations	Content	Applicable for financial years beginning on/after
IFRS 3 (revised)	Business combinations	1 July 2009

- **IFRS 3 (revised), "Business combinations"**
  The revised standard (effective from 1 July 2009) continues to apply the acquisition method to business combinations, with some significant changes with IFRS 3. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. All acquisition related costs should be expensed.

  The revised standard was applied to two acquisitions (100% of the controlling interests) : Tradejet Ltd on 7 June 2010 and ACM Advanced Currency Markets Ltd on 26 October 2010. These acquisitions have occured in one stage and led to the recognition of a negative goodwill and a goodwill respectively. See note 6 for further details of the business combinations occured in 2010.

The following interpretations became effective in 2010, but were not relevant for the Group's operations:

Standards / Interpretations	Content	Applicable for financial years beginning on/after
IAS 27 (revised)	Consolidated and separate financial statements	1 July 2009
IAS 1 (amendment)	Presentation of financial statements	1 January 2010
IAS 36 (amendment)	Impairement of assets	1 January 2010
IFRS 2 (amendment)	Group cash-settled share-based payment transactions	1 January 2010
IFRS 5 (amendment)	Non-current assets held for sale and discontinued operations	1 January 2010
IFRIC 9	Reassessment of embedded derivatives	1 July 2009
IFRIC 16	Hedges of a net investment in a foreign operation	1 July 2009
IFRIC 17	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009

SECTION III : ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(b) Standards and interpretations issued but not yet effective

The following standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods and are expected to be relevant to the Group:

Standards / Interpretation	Content	Applicable for financial years beginning on / after
IAS 24 (revised)	Related party disclosures	1 January 2011
IFRS 9	Financial instruments part 1: Classification and measurement	1 January 2013
IFRIC 14 (amended)	Prepayments of a minimum funding requirement	1 January 2011

- **IAS 24 (revised), "Related party disclosures"**
  The revised standard clarifies and simplifies the definition of a related party. The Group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the parent will need to disclose any transactions between its subsidiaries. The Group has already systems in place to capture the necessary information.

- **IFRS 9, "Financial instruments part 1: Classification and measurement"**
  This standard is the first step in the process to replace IAS 39 "Financial instruments : recognition and measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets.

  IFRS 9 comprises two measurement categories for financial assets : amortised cost and fair value.
  - All equity instruments are measured at fair value. Management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity instruments that are not held for trading.
  - A debt instrument is measured at amortised cost only if it is the entity's business model to hold the financial asset to collect contractual cash flows and the cash flows represent principal and interest. It will otherwise need to be considered at fair value through profit or loss.

  In addition:
  - IFRS 9 amendment includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss.
  - Entities with financial liabilities designated at fair value through profit or loss recognise changes in the fair value due to change in the liability's credit risk directly in other comprehensive income. There is no subsequent recycling of the amounts in other comprehensive income to profit or loss account, but accumulated gains or losses may be transferred within equity.

  The standard is applicable since 1 January 2013 but available for early adoption. The Group assesses currently IFRS 9 full impact.

- **IFRIC 14, "Prepayments of a minimum funding requirement"**
  The amendments correct an unintended consequence of IFRIC 14. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The Group will apply these amendments for the financial reporting period beginning commencing on 1 January 2011.

The list above is not exhaustive as only relevant new standards, amendments and interpretations have been disclosed.

(c) Early adoption of standards
The Group did not early-adopt new or amended standards in 2010.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below:

A. Basis of presentation

These Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards. The Consolidated Financial Statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, financial assets and financial liabilities held for trading, share based payments and all derivative contracts.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

B. Consolidation

(B1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(B2) List of consolidated subsidiaries

			Interest at 31 December	
Subsidiaries	**Headquarters / Country**	**Status**	**2010**	**2009**
Swissquote Bank Ltd	Gland / Switzerland	Active	100.0%	100.0%
Swissquote Trade Ltd	Gland / Switzerland	Dormant	100.0%	100.0%
ACM Advanced Currency Markets Ltd	Geneva / Switzerland	Active	100.0%	0.0%
ACM ME DMCC LLC	Dubai / UAE	Active	100.0%	0.0%
ACM Institutional Markts Ltd	Dubai / UAE	Active	100.0%	0.0%

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Foreign currency translation

(C1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in CHF, which is the functional and presentation currency of the parent and the subsidiaries.

Foreign currency translation	2010	2009
EUR	1.2491	1.4830
USD	0.9342	1.0336
GBP	1.4572	1.6690
JPY	0.0115	0.0111
CAD	0.9360	0.9857
NOK	0.1603	0.1789
SEK	0.1390	0.1447
DKK	0.1675	0.1993
AUD	0.9548	0.9292

(C2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

D. Segment reporting (IFRS 8)

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The set-up of the Group's operations (i.e. integrated online brokerage services), implies that the Group operates in a four Reportable segments:

- Private Clients;
- Business to Business Clients;
- ACM Clients and Operations;
- Platform and Infrastructure Operations, which are analysed in four operating segments: Technology, Operations, Marketing and G&A.

E. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. 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.

(F1) 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 holding them 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.

(F2) 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.

(F3) 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.

(F4) 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.

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). All other purchases and sales are recognised as derivative forward transactions until settlement. Loans are recognised when cash is advanced to the borrowers. 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 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.

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 the statement of comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in the statement of comprehensive income should be recognised in income statement. 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.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

G. Impairment of financial assets

(G1) Assets carried at amortised cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is non-collectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Statutory and other regulatory loan loss reserve requirements that exceed these amounts are dealt with in the general banking reserve as an appropriation of retained earnings.

(G2) Assets carried at fair value
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from the statement of the comprehensive income and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

In connection with the events that have affected the financial and capital markets, the Group reports that all third party financial institutions from which the Group had amounts receivable (in the form of deposits or bonds) at 31 December 2010 had ratings established by external rating agencies corresponding to investment grade. The Group's risk management for the lending activity in the form of deposits or bonds to third party financial institutions is monitored based on independent external rating that must be equal or above minimum ratings (defined by risk policy) at the time the investment is made. Further the Company has never had investments in or commitments to Asset-Backed Securities (ABS), Collateralised Debt Obligations (CDOs), Conduits or similar financial assets.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Derivative financial instruments and hedging activities

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, 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. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

(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.

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.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Intangible assets

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship. Expected life is determined on a case by case basis on date of acquisition.

J. Information technology systems

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. However, expenditure that enhances or extends the benefits of computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software under the item "Proprietary Software". Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives but not exceeding a period of three to five years.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life (three to five years).

Hardware and Telecom Systems are recorded at cost. Depreciation is calculated on the straight-line method to write-off the cost of these assets to their residual values over their estimated useful life, but not exceeding five years.

Information technology systems are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Property, plant and equipment
Land and building comprise mainly offices. Land and building are shown at fair value, based on periodic valuations carried-out by independent valuers at least once every five years, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less depreciation. Historical cost includes expenses that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associate with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they incurred.

Increases in the carrying amount arising on revaluation of land and building are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same assets are charged against other reserves directly in equity. All other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from other reserves to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated as follows:

Assets	Depreciation method	
Building	Straightline	30 years
Equipment	Straightline	5 to 10 years
Leasehold improvement	Straightline	5 to 10 years or duration of the lease if shorter

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each balance sheet date.

Gains and losses on disposables are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) / gains, net in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of the allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Assets that have an indefinite useful life - for example, goodwill - are not subject to amortisation and are tested annually for impairment. Assets are subject to amortisation are reviewed for impairment whenever events or charges in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

N. Deferred income taxes

Deferred income taxes are provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rate (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from the capitalisation of certain assets and related depreciation and amortisation as well as from tax losses carried forward. Deferred tax assets relating to tax losses carried forward, are recognised to the extent that taxable profits are expected to be generated in the future and will be offset by the tax losses carried forward.

Deferred tax related to fair value re-measurement of available-for-sale investments, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. Pension obligations

In addition to the legally prescribed social benefits, the Group operates three employee pension plans (one for the employees of ACM Advanced Currency Markets Ltd). The two historical pension plans have been set-up in accordance with the Swiss defined contribution plans. However, they do not fullfil all of the criterias of a defined contribution pension plan according to IAS 19 and are therefore disclosed as defined benefit pension plans. The ACM pension plan is fully reinsured and will be merged in 2011 with existing pension plans.

The Group insures its staff with collective foundations and insurance companies, which provide benefits on retirement or in the event of death, disability or termination of employment. The level of contributions to be paid by the employees and the relevant Group companies is determined by the plan rules. The pension benefits are based on the contributions paid by the insured persons and the Group (individual savings accounts). The assets are independently managed by the collective foundations or insurance companies.

For defined benefit plans, pension obligations and expenses are determined according to the projected unit credit method. The corresponding calculations are made by actuaries on a periodical basis. The pension expense entered in the profit and loss account corresponds to the actuarially determined expense less employee contributions.

Actuarial gains and losses that exceed both 10% of the present value of the plan obligations and 10% of the fair value of plan assets are systematically amortised over the remaining working lives of employees participating in the plan.

P. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, if it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date. Where a provision is measured using cash flow estimates to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefit required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructuring provisions comprise lease and other termination penalties and employee termination payments.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Share capital / Share Issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders.

R. Stock Option Plan

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period (i.e. the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied). The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions and the number of options anticipated to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

S. Treasury shares

Where the Company or other members of the consolidated Group purchases the Company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

T. Fee and commission income / expense

Fee and commission income / expense are recognised on an accrual basis when the services have been provided to the customer, usually on a time-appropriate basis, net of sales tax and discount.

U. Interest income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

V. Net trading income

Net trading income is recognised on foreign exchange transactions done by clients and also on foreign currency translation of monetary assets and liabilities denominated in other than Swiss Francs.

W. Leases

The leases entered into by the Group are operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

SECTION IV : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

X. Fiduciary activity

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

Y. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with the Swiss Central Bank, amounts due from other banks and other short term highly liquid investments.

Z. Comparatives

The 2010 comparative figures have not required to be adjusted to conform to changes in presentation in the current year.

SECTION V : CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

A. Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Section IV, circumstances may lead Management to make judgments that have most significant effect on the amounts recognised in the financial statements. At 31 December 2010 there are no such circumstances and related judgments to be reported (31 December 2009: none).

B. Critical accounting estimates and assumptions

Goodwill

IFRS 3 requires the acquirer to realise significant assumptions during the process of recognising and measuring assets acquired and liabilities assumed. Fair value based on discounted cash flow models relies on various judgements, estimates and assumptions such as future turnover volumes, discount and foreign exchange rates.

The Group also tests annually whether the goodwill has suffered any impairment. These calculations require the use of estimates.

Restructuring actions

The Group has executed, and may continue to execute, restructuring actions which require Management to utilize estimates related to expenses for severance and other employee separation costs, realisable values of assets made redundant or obsolete, lease cancellation and other closure costs of discontinued subsidiaries in foreign juridictions.

C. Key sources of estimation uncertainty

The process of applying the Group's accounting policies may require the use of key assumptions concerning the future, and / or other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year. Key assumptions are discussed below:

Taxes

The Group is subject to income taxes in various jurisdictions in Switzerland and abroad. The expanding of the Group operations through acquisitions or otherwise, and the related restructuring (operations and legal structure) result into uncertainties on applicable tax rates and the timing of their applicability. Hence assumptions based on judgment were applied when determining tax assets and liabilities at the time of the acquisition of ACM and subsequently when determining tax assets and liabilities at 31 December 2010.

Pension Fund

A number of factors and assumptions are used in order to determine :

- the cost of the benefits and the present value of the pension funds obligations determined on an actuarial basis;
- the expected return on pension plan assets considering the long term historical returns and asset allocation;
- the expected salary and pension payable in the future.

Any changes in these factors and assumptions will impact the charge to profit or loss for the following year and may affect planned funding of the pension plan.

SECTION VI : FINANCIAL RISK MANAGEMENT

A. General

Within its scope of operations (See Notes Section II), the Group is exposed to a variety of financial risks that require the analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify, analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in the markets, products and emerging best practices.

Risk management is carried out by the Trading & Treasury Department under policies approved by the Board of Directors and the adherence to said policies (and related limits) are controlled by the Reporting & Controlling Department. The Board of Directors provides written principles for the overall risk management, as well as written policies covering the main risk areas, i.e. credit risks (including margining of collateral), liquidity risk, foreign exchange risk, interest rate risk and the use of derivative financial instruments. Due to the fact that the Company does not have a nostro security trading activity (save as may happen as a result of operating issues), the Company is not directly exposed to price risks, but only indirectly through the valuation of collateral remitted by clients in guarantee of the credit facilities granted to them.

Further once a year the Board of Directors organises a conference dedicated to an in-depth review of risk and of the risk management process ("the Annual Conference on Risks"). Executive Management provides the Board with its own risk assessment and its recommendations with respect to the enhancement of the risk assessment process and to internal control.

B. Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit exposures arise principally in lending activities that lead to loans and advances, and investing activities that bring debt securities and other bills to the Group's asset portfolio.

B1. Credit risk measurement

(i) Loans and advances to customer

Loans and advances to customer are principally in the form of covered loans and eForex credit lines which are principally used by clients for leveraging their trading and eForex operations.

The amount of maximum margin is re-measured at each transaction of the customer, and in case of inactivity of the client at several times per business day. Open positions of eForex clients are authorised to a maximum leverage of their equity (margin deposit). To ensure the financial losses do not exceed eForex credit line, the Group has set up system for the automatic closing out of open positions. The system applies as soon as the used margin of the open positions reaches the eForex credit line by a specific percentage.

SECTION VI : FINANCIAL RISK MANAGEMENT

(ii) Loans and advances to banks and bonds

Loans and advances to banks are made in order to gain an interest margin on the assets deposited by clients at the bank in the form of current accounts or term deposits. Further a minor part of the loans and advances to banks and the bonds are pledged in favour of third party financial institutions in order to secure the settlement of the transactions carried-out by the Group's client. The limit for each counterparty - which absolute maximum is defined inter alia by reference to Group equity in accordance with Swiss Banking Regulation - is based on a set of cumulative conditions that include the external rating of the counterparty, the geographical region of the domicile of the counterparty and the duration of the financial instrument.

B2. Risk limit control and mitigation policies

Management carefully manages its exposure to credit risk. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers with respect to their credit rating, as well as the level of security margin required which depends on the types of securities and portfolio profiles. Margin loans are monitored using a real time system comparing the fair value of the collateral with the actual credit granted to each customer. Counterparty credit risks are monitored on a revolving basis and are subject to a monthly or more frequent review.

The exposure to any borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

B3. Impairment and provisioning policies

Impairment provisions are provided for losses that have been incurred at the balance sheet date based on objective evidence. Objective evidence of impairment is principally based on:
- downgrading below investment grade level (external rating);
- delinquency in the contractual payment of principal or interest;
- breach of loan covenants and conditions;
- initiation of bankruptcy proceeding.

The Group reviews individual financial assets that are above materiality thresholds at least monthly or more regularly when circumstances require. Impairment allowances on individual assessed accounts are determined by an evaluation of the incurred loss at the balance-sheet date on a case by case basis, and are applied to all significant accounts. The assessment normally encompasses collaterals held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

SECTION VI : FINANCIAL RISK MANAGEMENT

Collective assessed impairment allowances are provided for (i) portfolio of homogenous assets that are individually below material thresholds; and (ii) losses that have been incurred but have not yet been identified, by using available historical experience, experienced judgement and statistical techniques.

B4. Maximum exposure to credit risk before collateral held or credit enhancement

	Maximum exposure 2010	Maximum exposure 2009
Credit risk exposure relating to on balance sheet assets are as follows:		
Treasury bills and other eligible bills	768,603,990	599,997,000
Loans and advances to banks	595,836,109	506,866,109
Loans and advances to customers	118,677,323	91,759,737
Investment securities	670,155,319	388,438,603
Others (Derivatives, Trading assets and Other assets)	57,614,357	28,189,264
Credit risk exposure relating to off balance sheet assets are as follows:		
Financial guarantees	47,163,983	2,861,023
Loan commitments (depositor protection contribution - Art. 37H BA)	18,878,000	14,150,000
At 31 December	**2,276,929,081**	**1,632,261,736**
Collateral at fair value to support Loans and advances to customers	439,427,409	412,955,871

B5. Loans and advances

Loans and advances are summarised as follows:

	31 December 2010		31 December 2009	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	118,311,040	595,836,109	91,562,008	506,866,109
Past due but not impaired	366,283	-	197,729	-
Impaired	130,000	-	130,000	-
Gross	**118,807,323**	**595,836,109**	**91,889,737**	**506,866,109**
Less: allowance for impairment	(130,000)	-	(130,000)	-
Net	**118,677,323**	**595,836,109**	**91,759,737**	**506,866,109**

Loans and advances to customers are spread over 17,373 (2009: 16,392) distinct customers, 87% of them are domiciled in Switzerland. The largest balance at 31 December 2010 is CHF 9,721,736 (2009: CHF 9,271,543).

Loans and advances to banks are spread over 21 (2009: 22) distinct counterparties. The largest balance at 31 December 2010 is CHF 73,758,515 (2009: CHF 57,742,214). CHF 165,458,270 out of the CHF 595,836,109 is secured by collateral (reverse repo).

All amounts in Swiss Francs

SECTION VI : FINANCIAL RISK MANAGEMENT

Loans and advances to banks are further analysed as follows (based on contractual maturity):

	External Rating	Sight	0-3 months	3-12 months	Gross amount
Investment Grade	from AAA to AA-	236,416,562	126,624,385	-	363,040,947
	from A+ to A-	154,235,125	75,496,341	-	229,731,466
	from BBB+ to BBB-	2,064,226	-	-	2,064,226
Speculative Grade	from BB+ to BB-	999,470	-	-	999,470
	from B+ to B-	-	-	-	-
	from CCC+ to CCC-	-	-	-	-
	from CC+ to C-	-	-	-	-
	D	-	-	-	-
Total at 31 December 2010		**393,715,383**	**202,120,726**	**-**	**595,836,109**

	External Rating	Sight	0-3 months	3-12 months	Gross amount
Investment Grade	from AAA to AA-	167,444,306	132,115,806	410,089	299,970,201
	from A+ to A-	92,678,654	114,217,254	-	206,895,908
	from BBB+ to BBB-	-	-	-	-
Speculative Grade	from BB+ to BB-	-	-	-	-
	from B+ to B-	-	-	-	-
	from CCC+ to CCC-	-	-	-	-
	from CC+ to C-	-	-	-	-
	D	-	-	-	-
Total at 31 December 2009		**260,122,960**	**246,333,060**	**410,089**	**506,866,109**

No credit limits were exceeded during the reporting period.

At year-end, Loans and advances to banks are pledged up to CHF 84.3m (2009: CHF 73.9m) in favour of third parties mainly in order to secure the settlement of client transactions.

All amounts in Swiss Francs 38

SECTION VI : FINANCIAL RISK MANAGEMENT

B6. Investment securities, treasury bills and other eligible bills

Investment securities (CHF 670.2m), treasury bills and other eligible bills (CHF 768.6m) are analysed as follows:

	S&P	Less than 1 year	1-2 years	2-5 years	Over 5 years	Gross amount
Investment Grade	from AAA to AA-	795,445,867	52,984,865	75,482,759	81,485,062	1,005,398,553
	from A+ to A-	119,994,180	66,652,312	149,758,206	19,393,718	355,798,416
	from BBB+ to BBB-	30,756,793	12,985,155	30,431,410	3,074,821	77,248,179
Speculative Grade	from BB+ to BB-	-	251,076	63,085	-	314,161
	from B+ to B-	-	-	-	-	-
	from CCC+ to CCC-	-	-	-	-	-
	from CC+ to C-	-	-	-	-	-
	D	-	-	-	-	-
Total at 31 December 2010		**946,196,840**	**132,873,408**	**255,735,460**	**103,953,601**	**1,438,759,309**

None of the above receivables are past due or impaired (2009: none).

	S&P	Less than 1 year	1-2 years	2-5 years	Over 5 years	Gross amount
Investment Grade	from AAA to AA-	638,116,163	5,965,334	68,347,349	79,018,344	791,447,190
	from A+ to A-	34,265,809	38,279,173	95,390,074	19,796,355	187,731,411
	from BBB+ to BBB-	2,759,011	1,576,585	4,847,848	73,558	9,257,002
Speculative Grade	from BB+ to BB-	-	-	-	-	-
	from B+ to B-	-	-	-	-	-
	from CCC+ to CCC-	-	-	-	-	-
	from CC+ to C-	-	-	-	-	-
	D	-	-	-	-	-
Total at 31 December 2009		**675,140,983**	**45,821,092**	**168,585,271**	**98,888,257**	**988,435,603**

All amounts in Swiss Francs

SECTION VI : FINANCIAL RISK MANAGEMENT

B7. Geographical concentration of assets, liabilities and off-balance sheet items

The Group has credit exposure outside Switzerland mainly through its credit risk with financial institutions domiciled outside Switzerland and to a lower extent with clients domiciled outside of Switzerland to whom the Group has granted margin loans. The geographical analysis items based on the domicile of the counterparties is analysed below:

	Switzerland	Europe	USA	Others	Total
Cash and balances with central bank	57,622,629	-	-	-	57,622,629
Treasury bills and other eligible bills	753,933,425	14,670,565	-	-	768,603,990
Loans and advances to banks	131,228,989	396,137,168	62,343,073	6,126,879	595,836,109
Loans and advances to customers	104,246,451	9,760,133	1,738,808	2,931,931	118,677,323
Investment securities	100,082,765	300,964,067	161,870,597	107,237,890	670,155,319
Others (Derivatives, Trading assets and Other assets)	28,141,155	11,642,975	4,670,066	13,160,161	57,614,357
Total at 31 December 2010	**1,175,255,414**	**733,174,908**	**230,622,544**	**129,456,861**	**2,268,509,727**
Total at 31 December 2009	**1,111,124,781**	**526,631,057**	**174,461,139**	**42,001,929**	**1,854,218,906**

Investment securities comprise of an aggregated exposure of CHF 36.7m to the following countries (sovereign/corporate): Portugal (nill balance/CHF 1.2m), Ireland (nill/CHF 0.5m), Italy (CHF 14.1m/CHF 14.6m) and Spain (nill/CHF 6.3m).

B8. Concentration of risks of financial assets with credit risk exposure by industry sectors

The following table breaks down the Group's main credit exposure of financial assets at their carrying amounts (categorised by the industry sectors of our counterparties):

	Treasury bills and other eligible bills	Derivative financial instruments	Loans and advances to banks and customers	Investment securities	Total at 31 December 2010	Total at 31 December 2009
Automobiles & Parts	-	-	-	13,968,194	13,968,194	**1,780,827**
Banks	12,486,011	6,230,236	595,836,109	294,557,327	909,109,683	**718,821,669**
Basic Resources	-	-	-	2,239,723	2,239,723	**1,555,552**
Chemicals	-	-	-	9,556,351	9,556,351	**1,924,078**
Constructions & Materials	-	-	-	7,180,580	7,180,580	**474,266**
Financial Services	-	-	-	2,733,350	2,733,350	**1,823,881**
Food & Beverages	1,248,857	-	-	15,932,890	17,181,747	**11,792,536**
Health Care	-	-	-	17,606,793	17,606,793	**8,616,460**
Individuals	-	18,133,778	118,677,323	-	136,811,101	**107,594,408**
Industrials Goods & Serv.	935,697	-	-	13,974,192	14,909,889	**2,614,857**
Insurance	-	-	-	18,654,626	18,654,626	**2,866,564**
Oil & Gas	-	-	-	19,581,777	19,581,777	**6,967,842**
Personal & Household Goods	-	-	-	10,700,496	10,700,496	**5,702,634**
Retail	-	-	-	16,139,766	16,139,766	**5,636,205**
Sovereign	753,933,425	-	-	142,488,930	896,422,355	**671,242,803**
Supranational	-	-	-	20,429,424	20,429,424	**22,085,584**
Technology	-	-	-	-	-	**893,653**
Telecommunications	-	-	-	13,007,558	13,007,558	**5,341,064**
Travel & Leisure	-	-	-	667,180	667,180	-
Utilities	-	-	-	50,736,162	50,736,162	**25,569,532**
Total	**768,603,990**	**24,364,014**	**714,513,432**	**670,155,319**	**2,177,636,755**	**1,603,304,415**

All amounts in Swiss Francs 40

SECTION VI : FINANCIAL RISK MANAGEMENT

C. Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fullfil commitments to lend.

C1. Liquidity risk management process

Financial liabilities principally consist of current client accounts and conversely the Group maintains the largest part of its loans and advances to banks at short maturities based on internal liquidity ratios that comply with regulatory requirements and that take into account inter alia the statistical distribution of client deposits by size and maturities and the access to repo facilities. Monitoring and reporting takes the form of cash flow measurement and projections for the next days, weeks and months, quarters and years.

C2. Non-derivative cash flows

The table below presents the cash flow payable by the Group under non-derivative financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2010	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Deposits from banks	6,861,100	-	-	-	-	6,861,100
Due to customers	2,092,110,513	-	-	-	-	2,092,110,513
Others liabilities	20,309,511	-	-	-	-	20,309,511
Total non-derivative financial liabilities (contractual maturity dates)	**2,119,281,124**	**-**	**-**	**-**	**-**	**2,119,281,124**
Total non-derivative financial assets (expected maturity dates)	**1,570,172,099**	**52,431,290**	**128,979,855**	**388,608,869**	**103,953,600**	**2,244,145,713**

At 31 December 2009	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Deposits from banks	749,833	-	-	-	-	749,833
Due to customers	1,674,695,545	-	101,000	-	-	1,674,796,545
Others liabilities	12,714,615	-	-	-	-	12,714,615
Total non-derivative financial liabilities (contractual maturity dates)	**1,688,159,993**	**-**	**101,000**	**-**	**-**	**1,688,260,993**
Total non-derivative financial assets (expected maturity dates)	**1,449,127,248**	**37,833,998**	**37,720,073**	**214,406,362**	**98,888,259**	**1,837,975,940**

All amounts in Swiss Francs

SECTION VI : FINANCIAL RISK MANAGEMENT

C3. Derivative cash flows

Derivatives held are settled on a net basis and are disclosed on a fair value basis.

At 31 December 2010	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Assets						
Derivatives held for trading						
- Security options	-	-	-	-	-	-
- Futures	-	-	-	-	-	-
- Currency options	5	87,987	17,800	-	-	105,792
- Currency forwards	18,944,703	570,344	429,843	-	-	19,944,890
Derivatives held for hedging						
- Currency swaps	1,808,113	1,577,568	895,955	-	-	4,281,636
- Currency forwards	11,326	10,830	9,540	-	-	31,696
Total	**20,764,147**	**2,246,729**	**1,353,138**	-	-	**24,364,014**
Liabilities						
Derivatives held for trading						
- Security options	-	-	-	-	-	-
- Futures	-	-	-	-	-	-
-Currency options	5	87,987	17,800	-	-	105,792
- Currency forwards	4,237,196	559,194	412,312	-	-	5,208,702
Derivatives held for hedging						
- Currency swaps	-	-	23,442	-	-	23,442
- Currency forwards	-	-	1,094	-	-	1,094
Total	**4,237,201**	**647,181**	**454,648**	-	-	**5,339,030**

At 31 December 2009	Up to 1 month	1 to 3 months	3 to 13 months	1 to 5 years	Over 5 years	Total
Assets						
Derivatives held for trading						
- Security options	2,522,473	3,818,114	6,898,224	2,139,142	2,195	15,380,148
- Futures	139,674	-	-	-	-	139,674
- Currency forwards	119,379	23,082	172,388	-	-	314,849
Derivatives held for hedging						
- Currency swaps	222,122	106,131	78,101	-	-	406,354
- Currency forwards	740	282	919	-	-	1,941
Total	**3,004,388**	**3,947,609**	**7,149,632**	**2,139,142**	**2,195**	**16,242,966**
Liabilities						
Derivatives held for trading						
- Security options	2,522,473	3,818,114	6,898,224	2,139,142	2,195	15,380,148
- Futures	139,674	-	-	-	-	139,674
- Currency forwards	115,697	19,835	163,277	-	-	298,809
Derivatives held for hedging						
- Currency swaps	102,341	57,838	25,146	-	-	185,325
- Currency forwards	857	690	230	-	-	1,777
Total	**2,881,042**	**3,896,477**	**7,086,877**	**2,139,142**	**2,195**	**16,005,733**

All amounts in Swiss Francs

SECTION VI : FINANCIAL RISK MANAGEMENT

C4. Off balance sheet items

The table below summarises the future cash outflow commitments at 31 December:

At 31 December 2010	No later than 1 year	1 to 5 years	Over 5 years	Total
Loan commitments	18,878,000	-	-	18,878,000
Operating lease commitments	15,802,819	31,361,164	-	47,163,983
Capital commitments	-	-	-	-
Total	**34,680,819**	**31,361,164**	**-**	**66,041,983**

At 31 December 2009	No later than 1 year	1 to 5 years	Over 5 years	Total
Loan commitments	14,150,000	-	-	14,150,000
Operating lease commitments	900,764	1,960,259	-	2,861,023
Capital commitments	-	-	-	-
Total	**15,050,764**	**1,960,259**	**-**	**17,011,023**

Loan commitments are related to the Group contribution to the Depositor protection scheme (Art. 37H Banking Act)

Operating lease commitments also include ACM Advanced Currency Markets Ltd and its subsidiaries for CHF 4.4m

D. Market Risk

Market risk is the risk that fair values or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spread, foreign exchange rates and equity prices.

Due to the scope of its operations, the Company has only a limited exposure to trading (Nostro) portfolios i.e. positions arising from market making transactions where the Group acts as principal with clients or markets. Non-trading portfolios primarily arise from the interest rate management of the client deposits (liabilities), and loans and advances to banks and clients and available-for-sale investments (assets).

D1. Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial positions and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The table on the following page summarises the Group's exposure to foreign currency risk at 31 December. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

The Group treasury's risk management policy is to hedge 100% of anticipated cash flows (mainly accrued interests on bonds and term deposits) in each major foreign currency for the subsequent 12 months. 100% (2009: 100%) of projected interests in each major currency qualify as 'highly probable' forecast transactions for hedge accounting purposes.

All amounts in Swiss Francs

SECTION VI : FINANCIAL RISK MANAGEMENT

At 31 December 2010	CHF	USD	EUR	Others	Total
Assets					
Cash and balances with central bank	57,403,923	70,060	129,121	19,525	57,622,629
Treasury bills and other eligible bills	753,928,440	-	14,675,550	-	768,603,990
Loans and advances to banks	219,170,121	148,396,065	171,228,129	57,041,794	595,836,109
Loans and advances to customers	62,539,117	20,260,750	33,660,314	2,217,142	118,677,323
Investment securities	354,907,503	70,296,885	243,075,208	1,875,723	670,155,319
Others (Derivatives, Trading assets and Other assets)	35,592,984	8,642,672	5,663,343	7,715,358	57,614,357
Total financial assets	**1,483,542,088**	**247,666,432**	**468,431,665**	**68,869,542**	**2,268,509,727**
Liabilities					
Deposits from banks	1,648,401	5,148,801	1,108	62,790	6,861,100
Due to customers	1,358,866,881	239,506,823	427,973,330	65,763,479	2,092,110,513
Others (Derivatives and Other payables)	22,075,163	3,312,214	51,146	210,018	25,648,541
Total financial liabilities	**1,382,590,445**	**247,967,838**	**428,025,584**	**66,036,287**	**2,124,620,154**
Net on balance sheet financial position	**100,951,643**	**(301,406)**	**40,406,081**	**2,833,255**	**143,889,573**
Off balance sheet notional position	**41,692,116**	**-**	**(40,496,804)**	**(1,195,312)**	**-**
Credit commitments	**-**	**-**	**-**	**-**	**-**
Net exposure	**142,643,759**	**(301,406)**	**(90,723)**	**1,637,943**	**143,889,573**

At 31 December 2009	CHF	USD	EUR	Others	Total
Total financial assets	**1,194,530,964**	**172,184,760**	**424,134,534**	**63,368,648**	**1,854,218,906**
Total financial liabilities	**1,086,508,968**	**169,481,812**	**409,870,735**	**38,405,211**	**1,704,266,726**
Net on balance sheet financial position	**108,021,996**	**2,702,948**	**14,263,799**	**24,963,437**	**149,952,180**
Off balance sheet notional position	**36,058,793**	**(1,918,449)**	**(9,305,472)**	**(24,834,872)**	**-**
Credit commitments	**-**	**-**	**-**	**-**	**-**
Net exposure	**144,080,789**	**784,499**	**4,958,327**	**128,565**	**149,952,180**

D2. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored quarterly.

All amounts in Swiss Francs 44

SECTION VI : FINANCIAL RISK MANAGEMENT

At 31 December 2010	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non interest Bearing	Total
Assets						
Cash and balances with central bank	57,622,629	-	-	-	-	57,622,629
Treasury bills and other eligible bills	768,603,990	-	-	-	-	768,603,990
Loans and advances to banks	595,836,109	-	-	-	-	595,836,109
Loans and advances to customers	118,677,323	-	-	-	-	118,677,323
Investment securities	132,123,454	116,811,262	318,515,488	102,705,115	-	670,155,319
Others (Derivatives, Trading assets and Other assets)	56,155,427	1,353,138	-	-	105,792	57,614,357
Total financial assets	**1,729,018,932**	**118,164,400**	**318,515,488**	**102,705,115**	**105,792**	**2,268,509,727**
Liabilities						
Deposits from banks	6,861,100	-	-	-	-	6,861,100
Due to customers	2,092,110,513	-	-	-	-	2,092,110,513
Others (Derivatives and Other payables)	25,088,101	454,648	-	-	105,792	25,648,541
Total financial liabilities	**2,124,059,714**	**454,648**	**-**	**-**	**105,792**	**2,124,620,154**
Net on balance sheet	**(395,040,782)**	**117,709,752**	**318,515,488**	**102,705,115**	**-**	**143,889,573**
Off balance sheet	-	-	-	-	-	-
Total interest sensitivity gap	**(395,040,782)**	**117,709,752**	**318,515,488**	**102,705,115**	**-**	**143,889,573**

At 31 December 2009	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non interest Bearing	Total
Assets						
Cash and balances with central bank	238,968,193	-	-	-	-	238,968,193
Treasury bills and other eligible bills	599,997,000	-	-	-	-	599,997,000
Loans and advances to banks	506,456,020	410,089	-	-	-	506,866,109
Loans and advances to customers	91,759,737	-	-	-	-	91,759,737
Investment securities	85,934,882	38,796,286	166,305,478	97,401,957	-	388,438,603
Others (Derivatives, Trading assets and Other assets)	471,736	251,408	-	-	27,466,120	28,189,264
Total financial assets	**1,523,587,568**	**39,457,783**	**166,305,478**	**97,401,957**	**27,466,120**	**1,854,218,906**
Liabilities						
Deposits from banks	749,833	-	-	-	-	749,833
Due to customers	1,674,695,545	101,000	-	-	-	1,674,796,545
Others (Derivatives and Other payables)	297,258	188,653	-	-	28,234,437	28,720,348
Total financial liabilities	**1,675,742,636**	**289,653**	**-**	**-**	**28,234,437**	**1,704,266,726**
Net on balance sheet	**(152,155,068)**	**39,168,130**	**166,305,478**	**97,401,957**	**(768,317)**	**149,952,180**
Off balance sheet	-	-	-	-	-	-
Total interest sensitivity gap	**(152,155,068)**	**39,168,130**	**166,305,478**	**97,401,957**	**(768,317)**	**149,952,180**

The table above summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

All amounts in Swiss Francs

SECTION VI : FINANCIAL RISK MANAGEMENT

D3. Sensitivity analysis on Foreign exchange Rate Risk and Interest Rate Risk

Sensitivity Foreign exchange Rate Risk analysis

		Foreign exchange Rate Risk			
		+ 5% EUR + 5% USD		- 5% EUR - 5% USD	
	Carrying amount CHF'000	Profit / (Loss) CHF'000	Other movements in equity CHF'000	Profit / (Loss) CHF'000	Other movements in equity CHF'000
Financial Assets					
Cash and balances with central bank	57,623	10	-	(10)	-
Treasury bills and other eligible bills	768,604	734	-	(734)	-
Loans and advances to Banks	595,836	15,981	-	(15,981)	-
Loans and advances to Customers	118,677	2,696	-	(2,696)	-
Investment securities	670,155	15,669	-	(15,669)	-
Others (Derivatives, Trading assets and Other assets)	57,614	715	-	(715)	-
Impact on financial assets before tax		35,805	-	(35,805)	-
Tax charges of 22.37%		(8,010)	-	8,010	-
Impact on financial assets after tax		**27,795**	-	**(27,795)**	-
Financial Liabilities					
Deposits from Banks	6,861	(257)	-	257	-
Due to Customers	2,092,111	(33,374)	-	33,374	-
Others (Derivatives and Other payables)	25,649	(168)	-	168	-
Impact on financial liabilities before tax		(33,799)	-	33,799	-
Tax charges of 22.37%		7,561	-	(7,561)	-
Impact on financial liabilities after tax		**(26,238)**	-	**26,238**	-
Total Increase / (Decrease)		**1,557**	-	**(1,557)**	-

The assumptions are based on historical volatility.

SECTION VI : FINANCIAL RISK MANAGEMENT

Sensitivity Interest Rate Risk analysis

	Interest Rate (-IR-) Risk				
		+100 bp of CHF IR +100 bp of EUR IR		-100 bp of CHF IR -100 bp of EUR IR	
	Carrying amount CHF'000	Profit / (Loss) CHF'000	Other movements in equity CHF'000	Profit / (Loss) CHF'000	Other movements in equity CHF'000
Financial Assets					
Cash and balances with central bank	57,623	288	-	(29)	-
Treasury bills and other eligible bills	768,604	3,843	-	(231)	-
Loans and advances to Banks	595,836	1,934	-	(483)	-
Loans and advances to Customers	118,677	1,139	-	(114)	-
Investment securities AFS	268,987	758	(1,539)	(455)	1,438
Investment securities HTM	401,169	-	-	-	-
Impact on financial assets before tax		7,962	(1,539)	(1,312)	1,438
Tax charges of 22.37%		(1,781)	344	293	(322)
Impact on financial assets after tax		**6,181**	**(1,195)**	**(1,019)**	**1,116**
Financial Liabilities					
Deposits from Banks	6,681	-	-	-	
Due to Customers	2,092,111	(5,205)	-	4,156	-
Impact on financial liabilities before tax		(5,205)	-	4,156	-
Tax charges of 22.37%		1,164	-	(930)	-
Impact on financial liabilities after tax		**(4,041)**	**-**	**3,226**	**-**
Total Increase / (Decrease)		**2,140**	**(1,195)**	**2,207**	**1,116**

The assumptions are based on historical volatility.

SECTION VI : FINANCIAL RISK MANAGEMENT

E. Fair value of financial assets and liabilities

The fair value of financial instruments traded in an active market, such as trading available-for-sale securities, is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debts.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, London Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange) and exchanges traded derivatives like futures (for example, Nasdaq, S&P 500).

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the OTC derivative contracts, traded loans and issued structured debts. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

SECTION VI : FINANCIAL RISK MANAGEMENT

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2010:

At 31 December 2010	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Derivatives held for trading	18,133,779	1,916,903	-	20,050,682
- Trading assets	1,632,444	-	-	1,632,444
Derivatives used for hedging	-	4,313,332	-	4,313,332
Available-for-sale financial assets	268,986,563	-	-	268,986,563
Total assets measured at fair value	**288,752,786**	**6,230,235**	-	**294,983,021**
Liabilities				
Financial assets at fair value through profit or loss				
- Derivatives held for trading	3,431,551	1,882,943	-	5,314,494
Derivatives used for hedging	-	24,536	-	24,536
Total liabilities measured at fair value	**3,431,551**	**1,907,479**	-	**5,339,030**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated at the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All amounts in Swiss Francs

SECTION VI : FINANCIAL RISK MANAGEMENT

F. Financial assets categorisation

IFRS 7 requires to present all the financial assets of the Group by category and by class of instruments. This presentation is as follows:

Classes of financial assets	Fair Value through profit & loss	Loans and advances	Held-to-maturity	Available-for-sale	Total	Fair value
Cash and balances with central bank	-	57,622,629	-	-	57,622,629	57,622,629
Treasury bills and other eligible bills	-	-	768,603,990	-	768,603,990	768,603,990
Loans and advances to banks	-	595,836,109	-	-	595,836,109	595,836,109
Loans and advances to customers	-	118,677,323	-	-	118,677,323	118,677,323
Trading assets	1,632,444	-	-	-	1,632,444	1,632,444
Investment securities	-	-	401,168,756	268,986,563	670,155,319	681,174,001
Derivatives used for hedging	4,313,332	-	-	-	4,313,332	4,313,332
Other assets amortised at cost - CHF	-	29,647,208	-	-	29,647,208	29,647,208
Derivatives at fair value - CHF	-	-	-	-	-	-
Other assets amortised at cost - FX	-	1,970,691	-	-	1,970,691	1,970,691
Derivatives at fair value - FX	20,050,682	-	-	-	20,050,682	20,050,682
Total at 31 December 2010	**25,996,458**	**803,753,960**	**1,169,772,746**	**268,986,563**	**2,268,509,727**	**2,279,528,409**

Classes of financial assets	Fair Value through profit & loss	Loans and advances	Held-to-maturity	Available-for-sale	Total	Fair value
Cash and balances with central bank	-	238,968,193	-	-	238,968,193	238,968,193
Treasury bills and other eligible bills	-	-	599,997,000	-	599,997,000	599,997,000
Loans and advances to banks	-	506,866,109	-	-	506,866,109	506,866,109
Loans and advances to customers	-	91,759,737	-	-	91,759,737	91,759,737
Trading assets	595,067	-	-	-	595,067	595,067
Investment securities	-	-	302,254,303	86,184,300	388,438,603	396,141,418
Derivatives used for hedging	408,295	-	-	-	408,295	408,295
Other assets amortised at cost - CHF	-	5,309,894	-	-	5,309,894	5,309,894
Derivatives at fair value - CHF	6,311,916	-	-	-	6,311,916	6,311,916
Other assets amortised at cost - FX	-	6,041,337	-	-	6,041,337	6,041,337
Derivatives at fair value - FX	9,522,755	-	-	-	9,522,755	9,522,755
Total at 31 December 2009	**16,838,033**	**848,945,270**	**902,251,303**	**86,184,300**	**1,854,218,906**	**1,861,921,721**

	Carrying value		Fair value	
Classes of financial liabilities	**2010**	**2009**	**2010**	**2009**
Deposits from banks	6,861,100	749,833	6,861,100	749,833
Due to customers	2,092,110,513	1,674,796,545	2,092,110,513	1,674,796,545
Other liabilities amortised at cost - CHF	22,050,627	12,212,253	22,050,627	12,212,253
Derivatives used for hedging	24,536	187,102	24,536	187,102
Derivatives at fair value - CHF	-	6,610,725	-	6,610,725
Other liabilities amortised at cost - FX	(1,741,116)	502,362	(1,741,116)	502,362
Derivatives at fair value - FX	5,314,494	9,207,906	5,314,494	9,207,906
Total at 31 December	**2,124,620,154**	**1,704,266,726**	**2,124,620,154**	**1,704,266,726**

All amounts in Swiss Francs 50

SECTION VI : FINANCIAL RISK MANAGEMENT

G. Capital management

The Group's objectives when managing capital, which is a broader concept than "equity" on the face of the balance sheet are:

- to comply with the principles defined in the Swiss Federal Law on Banks and Savings Banks and the Implementing Ordinance on Banks and Savings Banks;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to the shareholders and benefits for other stakeholders; and
- to maintain a strong capital basis to support the development of its business.

Capital adequacy and the use of regulatory capital are projected over the strategic horizon of the Group, and monitored monthly or more often when required. The required information is filed with the Authority (Swiss National Bank and Swiss Financial Market Supervisory Authority FINMA) on a monthly basis. The Authority requires each bank or banking group to (a) hold a minimum level of regulatory capital of CHF 10m, and (b) to maintain a ratio of total regulatory capital to risk weighted assets of 8%. Further the coverage ratio shall not fall below 120%. Under Basel II, the Company applies the Swiss Standard Approach for credit risk, the De Minimis Approach for market risks and the Basis Indicator Approach for operational risks.

SECTION VI : FINANCIAL RISK MANAGEMENT

The table below summarises the capital analysis, the risk weighted assets and the resulting surplus of capital:

	2010	2009
Tier 1 capital		
Ordinary shares	2,927,674	2,927,674
Share premium	40,011,434	38,314,296
Share option reserve	2,455,677	2,042,605
Other reserve	(604,855)	(1,306,820)
Treasury shares	(17,808,463)	(26,518,573)
Retained earnings	172,029,134	158,781,171
Total Tier 1 capital	**199,010,601**	**174,240,353**
Tier 2 capital	-	-
Tier 1 and Tier 2 capital	**199,010,601**	**174,240,353**
Items to be deducted		
Intangible assets	(23,204,125)	-
Total qualifying capital	**175,806,476**	**174,240,353**
Needed capital		
Needed capital per credit risk	36,336,682	26,605,631
Needed capital per risk without counterparties	13,458,236	10,617,411
Needed capital per market risk		
- Currencies	3,982,653	79,440
Needed capital per operational risk	20,331,768	16,059,603
Total needed capital	**74,109,339**	**53,362,085**
Surplus of capital	**101,697,137**	**120,878,268**
Coverage ratio	**237%**	**327%**
Capital adequacy ratio (CAR)	**19.0%**	**26.1%**

The Group complies with the minimum capital requirement at 31 December 2010 and has done so at all times during 2010 and 2009.

Surplus capital at 31 December does not account for the impact of dividends (if any) to be proposed for approval at the Annual General Meeting of shareholders.

The Group recognised deferred tax assets of CHF 7.1m at 31 December 2010 that substantially reflect underlying carry forward tax losses of ACM Advanced Currency Markets Ltd. Agreed upon legal restructuring results in these carry forward losses to be accounted against future taxable profits of Swissquote Bank Ltd and hence deferred tax assets are not deemed to be deducted from Tier 1 and Tier 2 capital. Should deferred tax asset be deducted from Tier 1 and Tier 2 capital, the total qualifying capital at 31 December 2010 would amount to CHF 168.8m and the capital adequacy ratio (CAR) to 18.2%.

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SECTION VI : FINANCIAL RISK MANAGEMENT

H. Fiduciary activities

As mentioned above, the Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These services are mainly rendered through its web-portal and therefore the Group is exposed to the operational risks associated with the use of this technology. At the balance sheet date, the Group clients' financial assets under custody, excluding cash portion, amount to CHF 5.9 bn (2009: CHF 4.9 bn).

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and cash equivalents

	2010	2009
Cash and balances with central bank	57,622,629	238,968,193
Treasury bills and other eligible bills	768,603,990	599,997,000
Loans and advances to banks	595,836,109	506,866,109
Deposits from banks	(6,861,100)	(749,833)
Total net	**1,415,201,628**	**1,345,081,469**
Less Due from other banks above 3 months	-	(410,089)
Cash and cash equivalents	**1,415,201,628**	**1,344,671,380**

Loans and advances to banks are pledged (2010 CHF 82.1m - 2009 CHF 73.9m) in favour of third parties mainly in order to secure the settlement of client transactions.

Section VI "Financial Risk Management" provides further details on Loans and advances to banks.

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Derivative financial instruments

	31 December 2010		
	Fair value		Contract
	Assets	Liabilities	Notional amount
Derivatives held for trading			
- Security options	-	-	-
- Futures	-	-	-
- Currency options	105,792	(105,792)	2,640,304
- Currency forwards	19,944,890	(5,208,702)	590,127,604
Total derivatives assets / (liabilities) held for trading (a)	**20,050,682**	**(5,314,494)**	**592,767,908**
Derivatives held for hedging			
Derivatives designated as cash flow hedge:			
- Currency swaps	4,281,636	(23,442)	41,366,781
- Currency forwards	31,696	(1,094)	325,335
Total derivatives assets / (liabilities) held for hedging (b)	**4,313,332**	**(24,536)**	**41,692,116**
Total recognised derivatives assets / (liabilities)	**24,364,014**	**(5,339,030)**	**634,460,024**
Current	20,764,147	(4,237,201)	
Non-current	3,599,867	(1,101,829)	

	31 December 2009		
	Fair value		Contract
	Assets	Liabilities	Notional amount
Derivatives held for trading			
Total derivatives assets / (liabilities) held for trading (a)	**15,834,671**	**(15,818,631)**	**1,098,477,320**
Derivatives held for hedging			
Total derivatives assets / (liabilities) held for hedging (b)	**408,295**	**(187,102)**	**33,985,465**
Total recognised derivatives assets / (liabilities)	**16,242,966**	**(16,005,733)**	**1,132,462,785**
Current	14,101,629	(13,864,396)	
Non-current	2,141,337	(2,141,337)	

(a) These derivatives are linked to clients' transactions and hence the amounts are back to back.
(b) These derivatives are linked to the Group's own transactions.

All amounts in Swiss Francs 56

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Loans and advances to customers

Loans and advances to customers mainly consist in advances covered by the pledging of the customers portfolio consisting of cash and securities, which are held with the Bank.

	2010	2009
Loans and advances		
Covered loans	118,311,040	91,562,008
Overdrafts	496,283	327,729
Total	**118,807,323**	**91,889,737**
Impairment allowance	(130,000)	(130,000)
Total net	**118,677,323**	**91,759,737**
Impairment allowance		
Balance at 1 January	130,000	130,000
Increase	-	-
Bad debts written-off	-	-
Balance at 31 December	**130,000**	**130,000**

Section VI “Financial Risk Management” provides further details on Loans and advances to customers.

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Investment securities

Investment securities consist exclusively of listed bonds.

	2010	2009
Securities available-for-sale		
Debt securities - at fair value:		
- Listed	268,986,563	86,184,300
Total securities available-for-sale	**268,986,563**	**86,184,300**
Securities held-to-maturity		
Debt securities - at amortised cost:		
- Listed	401,168,756	302,254,303
Total securities held-to-maturity	**401,168,756**	**302,254,303**
Total Investment securities	**670,155,319**	**388,438,603**
Current	177,592,850	75,143,984
Non-current	492,562,469	313,294,619

	Available-for-sale	Held-to-maturity	Total
At 1 January 2010	**86,184,300**	**302,254,303**	**388,438,603**
Exchange difference on monetary assets	(10,587,692)	(40,981,513)	(51,569,205)
Additions	272,775,991	176,484,438	449,260,429
Premium / (Discount)	(2,190,531)	(3,215,392)	(5,405,923)
Disposals (sale and redemption)	(78,060,087)	(33,373,080)	(111,433,167)
Gains / (losses) from changes in fair value	864,582	-	864,582
At 31 December 2010	**268,986,563**	**401,168,756**	**670,155,319**

	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	480,986	(3,197,886)	(2,716,900)
Additions	74,900,638	226,395,963	301,296,601
Premium / (Discount)	(209,736)	(528,203)	(737,939)
Disposals (sale and redemption)	(71,413,221)	(8,696,846)	(80,110,067)
Gains / (losses) from changes in fair value	4,759,508	-	4,759,508
At 31 December 2009	**86,184,300**	**302,254,303**	**388,438,603**

All amounts in Swiss Francs 58

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Other assets

	2010	2009
Accrued income	30,497,574	10,013,341
Account receivables and prepayment	353,059	1,337,890
ACM related - other assets	767,266	-
Total	**31,617,899**	**11,351,231**

6. Intangible assets

	Customer relationships	Goodwill	Total
Year ended 31 December 2010			
Opening net book amount	-	-	-
Addition	3,300,000	20,029,472	23,329,472
Amortisation / depreciation	(125,347)	-	(125,347)
Closing net book amount	**3,174,653**	**20,029,472**	**23,204,125**
Year ended 31 December 2009			
Opening net book amount	-	-	-
Addition	-	-	-
Amortisation / depreciation	-	-	-
Closing net book amount	-	-	-

Business combinations

During 2010, the Group made to the following acquisitions:

On 7 June 2010, 100% of the share capital of Tradejet Ltd, Zürich, a competing introducing broker in Switzerland. This acquisition was realized with the perspective to close the operations and to integrate existing clientele onto the Group's trading plateform by migrating the clients' accounts from the current depositary bank to Swissquote Bank Ltd. As a result of the acquisition, the Group increased its market share.

On 26 October 2010, 100% of the ordinary shares of ACM Group (hereafter "ACM"), consisting of ACM Advanced Currency Markets Ltd in Geneva and its subsidiaries, an international online Forex broker with headquarters in Switzerland and active subsidiaries in Dubaï (UAE). Further to a recent development in the Swiss regulatory framework that ACM needed to comply with, the continuity of ACM business was questioned. Compliance with material framework was reestablished at the time of the acquisition by Swissquote. The purpose of the acquisition is to gain a critical mass in the eForex business and to open the business model to international operations.

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The result of these acquisitions is detailed as follows:

	Recognised amounts of identifiable assets acquired and liabilites assumed		
	Tradejet	ACM	Total
Cash and cash equivalents with central bank	45,535	440,870	486,405
Loans and advances to banks	-	93,223,370	93,223,370
Information technology systems	286,183	3,582,460	3,868,643
Derivatives financial instruments	-	18,388,726	18,388,726
Loans and advances to customers	-	1,623,803	1,623,803
Property, plan and equipment	19,980	2,637,399	2,657,379
Intangible assets (Customer relationships)	3,300,000	-	3,300,000
Deferred income tax assets	1,458,416	6,214,207	7,672,623
Other assets	435,051	1,580,183	2,015,234
Deposits from banks	-	(1,653,452)	(1,653,452)
Derivatives financial instruments	-	(1,943,366)	(1,943,366)
Due to customers	-	(91,451,992)	(91,451,992)
Other liabilites	(379,698)	(4,635,015)	(5,014,713)
Provisions	-	(4,657,915)	(4,657,915)
Provisions (application of IAS 19 for pension plan)	-	(800,000)	(800,000)
Deferred tax liabilites	(738,210)	(262,500)	(1,000,710)
Net assets acquired	**4,427,257**	**22,286,778**	**26,714,035**
Negative goodwill (gain on acquisition of subsidiary)	(777,257)	-	(777,257)
Goodwill	-	20,029,472	20,029,472
Total consideration			**45,966,250**
Consideration satisfied by :			
Cash			45,350,000
Contingent consideration			616,250
Total consideration			**45,966,250**
Purchase consideration settled in cash			45,350,000
Cash and cash equivalents in subsidiaries acquired			486,405
Cash outflow on acquisitions			**44,863,595**
Acquisition related-costs (included in operating expenses)			851,188

For each transaction, the Group initially measured separately the recognizable identified assets acquired and the liabilities assumed as of the acquisition date in accordance with the requirement of IFRS 3.

All amounts in Swiss Francs 60

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The total identifiable net assets of Tradejet Ltd have been measured at CHF 4,427,257. An amount of CHF 777,257 has been identified as an excess of the Group's interest in the net fair value of acquiree's identifiable net assets over the total consideration transferred to the acquiree. The Group reviewed the procedures it used to identify and to measure the assets acquired and liabilities assumed and to measure the fair value of the consideration transferred. After the review, the Group decided that the procedures and resulting measures were appropriate and a negative goodwill of CHF 777,257 has been recognised in the consolidated income statement.

Tradejet Ltd was not profitable because it did not reach a breakeven transactions volume. The integration of existing clients into the Group trading platform resulted in the generation of an immediate profitable margin. The fair value of the acquired identifiable intangible assets of CHF 3,300,000 corresponds to customer relationships which meet the separable criterion. A corresponding deferred tax liability has been recognised for CHF 738,210 to account for the temporary difference between the tax and the book basis of the intangible assets recognised.

Tradejet Ltd was merged with Swissquote Bank Ltd on 18 August 2010. Had Tradejet Ltd been consolidated from 1 January 2010, the consolidated income statement would show a net profit inferior of CHF 371,554 with additional revenues of CHF 811,596.

The total identifiable consolidated net assets of ACM Advanced Currency Markets Ltd have been measured at CHF 22,286,778. The goodwill of CHF 20,029,472 arising from the acquisition is attributable to a recovery of business after the removal of the regulatory issues that ACM was facing. None of the goodwill recognized is expected to be deductible for income tax purposes.

The Purchase Sale Agreement provides a contingent consideration that requires the Group to pay the seller a maximum of 30,000 SQN shares depending on the reaching of defined thresholds of Forex volumes in the 18 months following the acquisition. The fair value of the contingent consideration is CHF 616,250 (included in Other liabilities) and was measured as the best estimate that such target volumes will be achieved within the defined time frame. Should the defined thresholds of Forex volumes not been reached, no contingent consideration will have to be paid by the Group.

ACM pension plan is qualifying as fully reinsured pension plan under the Swiss contract that ACM signed with a third party insurance company. Experience however shows that such contracts do not account for all future obligations and based thereon the Group decided, based on third party advice, to post a CHF 800,000 IAS 19 pension provision. None of the loans and advances are expected to be uncollectible.

Tradejet Ltd and ACM Advanced Currency Markets Ltd did not recognise a deferred tax asset in respect of their past tax losses because both entities were unable to satisfy the recognition criteria for deferred tax assets due to uncertainty surrounding the availability of future taxable profits. As a result of both acquisitions, the Group determined at the respective dates of acquisition that it will have sufficient taxable profits in the future to realise the tax benefits through transfer of those carry forward losses of the acquired companies to offset the projected pre-tax profits of Swissquote Bank Ltd, as permitted by the tax laws. As a result, an aggregated CHF 7,504,623 of deferred tax assets have been recognised.

Since 26 October 2010, and excluding pre-tax post-acquisition restructuring charge, the ordinary operations of ACM Advanced Currency Markets Ltd and subsidiaries are breakeven (+CHF 150,763) providing the Group with additional revenues of CHF 5,913,276. Had ACM Advanced Currency Markets Ltd and its subsidiaries been consolidated from 1 January 2010, the consolidated income statement would show a net profit inferior of CHF 12,596,305 (excluding pre-tax post-acquisition restructuring charge) with additional revenues of CHF 36,898,223. These figures are not indicative of the future contribution expected from its post-restructuring Forex activities. ACM Advanced Currency Markets Ltd will be merged into Swissquote Bank Ltd in the course of Q2-2011.

Impairment tests for goodwill

The recoverable amount of goodwill has been determined based on value-in-use calculations. These calculations use cash-flow projections based on financial budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates and revenue driver assumptions. The key assumptions used for value-in-use calculation are as follows: Forex volume growth rate, dollar-per-million and discount rate.

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
Year ended 31 December 2010				
Opening net book amount	1,481,824	7,273,665	2,643,448	11,398,937
Addition	2,050,250	8,422,472	1,795,548	12,268,270
Addition through acquisitions	2,335,545	1,250,000	283,099	3,868,644
Amortisation / depreciation	(1,219,477)	(3,339,832)	(1,795,129)	(6,354,438)
Impairment	-	(3,576,523)	-	(3,576,523)
Closing net book amount	**4,648,142**	**10,029,782**	**2,926,966**	**17,604,890**
Year ended 31 December 2009				
Opening net book amount	1,337,656	6,042,320	3,750,095	11,130,071
Addition	981,709	3,671,433	983,239	5,636,381
Addition through acquisitions	-	-	-	-
Amortisation / depreciation	(837,541)	(2,440,088)	(2,089,886)	(5,367,515)
Closing net book amount	**1,481,824**	**7,273,665**	**2,643,448**	**11,398,937**

Additions to Information technology systems include an amount of CHF 6.6m (2009: CHF 3.3m) representing own costs capitalised in connection with the development of the systems of the bank and in particular with the eForex platform and ePrivate Banking services.

The 2010 amortisation and depreciation includes write-offs incurred primarily in connection with the integration of the ACM operations into the Group. Details are provided in Note 17.

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
Year ended 31 December 2010				
Opening net book amount	16,659,549	1,360,539	1,811,525	19,831,613
Addition	1,938,070	322,354	233,130	2,493,554
Addition through acquisitions	-	2,170,500	486,878	2,657,378
Amortisation / depreciation	(551,923)	(372,676)	(315,143)	(1,239,742)
Impairment	-	(1,250,796)	(114,670)	(1,365,466)
Closing net book amount	**18,045,696**	**2,229,921**	**2,101,720**	**22,377,337**
Year ended 31 December 2009				
Opening net book amount	17,106,884	1,040,448	2,041,267	20,188,599
Addition	101,178	610,064	87,694	798,936
Addition through acquisitions	-	-	-	-
Amortisation / depreciation	(548,513)	(289,973)	(317,436)	(1,155,922)
Closing net book amount	**16,659,549**	**1,360,539**	**1,811,525**	**19,831,613**

Additions to Property, Plant and equipment include an amount of CHF 0.12m (2009: CHF 0.14m) representing own costs capitalised in connection with development of property.

Land and Building mainly consist of an office building located in Gland, Canton de Vaud, Switzerland that was completed in mid 2007.

The 2010 amortisation and depreciation includes write-offs incurred primarily in connection with the integration of the ACM operation into the Group. Details are provided in Note 17.

9. Due to customers

	2010	2009
Due to customers - saving accounts	437,646,919	253,596,475
Due to customers - others	1,654,463,594	1,421,200,070
Total	**2,092,110,513**	**1,674,796,545**

Due to customers - others comprise of cash deposited through trading and eForex accounts.

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Other liabilities

	2010	2009
Accrued expenses	8,602,025	6,582,288
Account payables	6,178,123	4,897,255
Social security and other taxes	719,835	195,245
Deferred revenues	1,525,805	1,039,827
ACM related - other liabilities	3,283,723	-
Total	**20,309,511**	**12,714,615**

Other liabilities include an amount of CHF 0.6m that is the fair value of the deferred consideration that may be payable in form of shares if certain conditions are met in the future.

11. Deferred income tax assets and liabilities

a) Deferred income tax assets

	Sources of deferred taxes		
	Tax losses carried forward	Provisions	Total Deferred Income tax assets
Balance at 1 January 2010	-	-	-
In connection with acquisition of subsidiaries	6,046,207	168,000	6,214,207
In connection with tax losses of subsidiaries	917,780	-	917,780
Balance at 31 December 2010	**6,963,987**	**168,000**	**7,131,987**
Balance at 1 January 2009	-	-	-
In connection with acquisition of subsidiaries	-	-	-
In connection with tax losses of subsidiaries	-	-	-
Balance at 31 December 2009	-	-	-

All amounts in Swiss Francs 64

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Deferred tax liabilities

	Sources of deferred taxes		
	Permanent differences	Temporary differences	Total Deferred tax liabilities
Balance at 1 January 2010	-	**1,393,283**	**1,393,283**
Movements with counterparty in Income tax expense			
In connection with write-back of general provision of subsidiaries	-	(1,201,657)	(1,201,657)
In connection with step-up to fair value at date of acquisition of subsidiaries	-	955,500	955,500
In connection with depreciation of fair valued assets at date of acquisition of subsidiaries	-	(43,291)	(43,291)
In connection with fair value of treasury shares		23,329	23,329
In connection with differences in the capitalisation and depreciation policies in the books of Swissquote Bank Ltd	-	28,755	28,755
Balance at 31 December 2010	-	**1,155,919**	**1,155,919**
Balance at 1 January 2009	-	**1,368,759**	**1,368,759**
Movements with counterparty in Income tax expense			
In connection with write-back of general provision of subsidiaries	-	269,200	269,200
In connection with step-up to fair value at date of acquisition of subsidiaries	-	-	-
In connection with depreciation of fair valued assets at date of acquisition of subsidiaries	-	-	-
In connection with fair value of treasury shares		(280,145)	(280,145)
In connection with differences in the capitalisation and depreciation policies in the books of Swissquote Bank Ltd	-	35,469	35,469
Balance at 31 December 2009	-	**1,393,283**	**1,393,283**

	2010	2009
General provision in the books of Swissquote Bank Ltd	-	1,201,657
Difference in valuation of treasury shares and gain on treasury shares sold	11,673	(11,656)
Acquisition of subsidiaries	912,209	-
Different capitalisation and depreciation method in accounting policies of Swissquote Bank Ltd	232,037	203,282
Total	**1,155,919**	**1,393,283**

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred income taxes are calculated on all temporary differences under the liability method using various tax rates (depending on the tax status applicable to the subsidiary consolidated).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Due to the fact that Swissquote Group Holding Ltd benefits from the Swiss holding tax regime, no deferred income tax liabilities is required for the unremitted earnings of its subsidiaries that are all domiciled in Switzerland.

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Provisions

	2010	2009
Balance at 1 January	**1,343,749**	**4,884,057**
Increase :		
- Restructuring costs	2,058,011	-
- Acquisition of subsidiaries	5,457,915	-
- Others	630,000	200,000
Used :		
- Lehman Brothers Holding Inc related	-	(1,319,678)
- Restructuring costs	(575,253)	-
- Through subsidiaries	(309,439)	-
- Others	(383,656)	(47,010)
Exchange differences	(95,283)	-
Reversed	-	(2,373,620)
Balance at 31 December	**8,126,044**	**1,343,749**

The acquisition of ACM Advanced Currency Markets Ltd will result in the merger with Swissquote Bank Ltd by 30 June 2011 at the latest. Restructuring costs comprise the estimated staff termination costs to be incurred and other direct costs attributable to the restructuring (such as lease and other contracts terminations).

13. Pension

The Group operates three pension plans, which are all organised under Swiss Law. The main features are the following:

- the pension plans are defined benefit plans under IAS 19;
- ACM related pension plan will be merged with existing Group pension plans;
- the fund assets are held independently of the Group assets in separated trustee funds;
- decisions with respect to the funds (levels of the benefits and of the contributions, as well as investment strategy) are made by a board of trustees in which the employees and the Group are each represented at parity;
- the pensions benefits are determined based on the contributions paid by the employees and the Group. However, in accordance with Swiss Law the part of the employees' saving accounts corresponding to the minimum required by law shall be remunerated at a minimal interest rate set by the Swiss Government. In 2010, the rate was 2.0% per annum (2009: 2.0% per annum).

The main actuarial assumptions used for the calculation of the pension cost and the projected benefit obligations are as follows:

	2010	2009
Discount Rate	2.50%	3.00%
Rate of future increase in compensations	1.00%	2.00%
Rate of future increase in current pensions	0.50%	0.50%
Interest rate credited on savings accounts	2.00%	3.50%
Expected long-term rate of return on plan assets	3.75%	4.50%
Retirement age	65 (male) / 64 (female)	65 (male) / 64 (female)
Turnover	20% on average	20% on average

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

According to IAS 19, pension plan assets have been estimated at market fair value and liabilities have been calculated according to the « Projected Unit Credit » method.

	Actuarial				
(all amounts in thousands CHF)	2010	2009	2008	2007	2006
Fair value of plan assets	12,474.5	9,985.8	8,283.4	7,206.1	7,167.0
Defined benefit obligation	(11,074.1)	(9,639.6)	(8,513.8)	(6,973.4)	(6,892.6)
Funded status	**1,400.4**	**346.2**	**(230.4)**	**232.7**	**274.4**

The annual actuarial Company pension cost according to IAS 19 is as follows:

	Actuarial	
(all amounts in thousands CHF)	2010	2009
Services cost	(1,785.9)	(1,451.5)
Interest cost	(263.6)	(246.0)
Expected return on plans assets	374.5	372.8
Employees contribution	855.9	702.0
Impact of IAS 19 §58 and 58A limit	(47.4)	(89.9)
Company's pension cost (included in Operating expenses)	**(866.5)**	**(712.6)**

The actuarial pension cost compares with the actual Company's contribution as follows:

(all amounts in thousands CHF)	2010	2009
Company's pension cost (actuarial)	(866.5)	(712.6)
Company's pension contribution (financial)	866.5	712.6
Difference : movement in prepaid pension cost	-	-

The analysis of the reported pension obligation is summarised as follows:

(all amounts in thousands CHF)	2010	2009
Beginning of year	-	-
Change	47.4	89.9
Impact of IAS 19 §58 and 58A	(47.4)	(89.9)
End of year	-	-

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The reconciliation between funded status and prepaid pension cost is as follows:

(all amounts in thousands CHF)	2010	2009
Funded status	1,400.4	346.2
Unrecognised (gain) / loss	(1,353.0)	(256.3)
Limit on balance sheet (para 58 & 58A of IAS19)	(47.4)	(89.9)
Reported prepaid pension cost	-	-

The changes in defined benefit obligation, fair value of plan assets and unrecognised gains / (losses) are as follows:

(all amounts in thousands CHF)	2010	2009
Defined benefit obligation at beginning of the year	(9,639.6)	(8,513.8)
Service cost	(1,785.9)	(1,451.5)
Interest cost	(263.6)	(246.0)
Actuarial gains / (losses)	14.5	97.0
Benefit payments	600.5	474.7
Defined benefit obligation at end of the year	**(11,074.1)**	**(9,639.6)**

(all amounts in thousands CHF)	2010	2009
Fair value of plan assets at beginning of the year	9,985.8	8,283.4
Expected return on plan assets	374.5	372.8
Employees' contributions	855.9	702.0
Company contribution	866.5	712.6
Plan assets gains / (losses)	992.3	389.7
Benefit payments	(600.5)	(474.7)
Fair value of plan assets at end of the year	**12,474.5**	**9,985.8**

(all amounts in thousands CHF)	2010	2009
Unrecognised gains / (losses) at beginning of the year	346.2	(230.4)
Amortisation due to impact of IAS 19 §58 and 58A limit	47.4	89.9
Net liabilities	-	-
Actuarial gains / (losses)	14.5	97.0
Plan assets gains / (losses)	992.3	389.7
Unrecognised gains / (losses) at end of the year	**1,400.4**	**346.2**

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The actual return on plan assets is as follows:

(all amounts in thousands CHF)	2010	2009
Actual return on plan assets	1,366.8	762.5

The categories of plan assets and their expected return are as follows:

	2010 proportion in %	2010 expected return	2009 proportion in %	2009 expected return
Cash	21.2%	2.8%	46.7%	3.0%
Swiss bonds	55.7%	2.8%	47.2%	4.0%
Foreign bonds	1.8%	3.8%	0.0%	5.0%
Swiss shares	18.0%	7.0%	4.9%	10.0%
Foreign shares	2.7%	9.0%	1.2%	12.0%
Real estate, commodities	0.6%	4.5%	0.0%	0.0%
Total	**100.0%**	**3.8%**	**100.0%**	**3.9%**

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Equity

14.1 Share capital

a) Number of Shares in 2010

	1 January	Change	31 December
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) Number of Shares in 2009

	1 January	Change	31 December
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**

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14.2 Share options reserve

	31 December 2010	31 December 2009
Value of services to be reclassified to Accumulated profits when outstanding options will lapse, expire or be exercised	3,690,496	3,186,037
Value of services to be amortised through profit and losses over the residual vesting periods of options	(1,234,819)	(1,143,432)
Share options reserve	**2,455,677**	**2,042,605**

The Group operates a Stock Option Plan under which it makes options in common stock available to the Group's employees and directors at the discretion of the Board. Since the creation of the Plan in 1999, a total of twelve allocation schemes were offered. The first and second allocations lapsed in 2001 and 2002, the fifth allocation in 2006 and the third and fourth allocations in 2007. The terms of the non-lapsed allocations at 31 December 2010 are summarised below. In connection with the share split carried out in 2009, the original terms have been adapted accordingly. Optionees whose work contract is terminated loose their rights to options outstanding unless the Board resolves otherwise.

- The sixth allocation is reserved to Group employees. It provides that one option grants the right to acquire one SQN share. Options granted are exercisable in three equal tranches. The first tranche becomes exercisable on the date of the first anniversary of the date of grant, the second on the second anniversary and the third on the third anniversary. The options granted in 2004 have a strike price of CHF 11.39.

- The options granted under the seventh allocation in July 2005 are made under the following terms:
  - one option grants the right to acquire one share;
  - the strike price is equal to CHF 17.00;
  - exercise:
    - options granted to members of the Board (117,000) are first exercisable three years after the date of grant. The exercise period is two years, starting on the date options first become exercisable;
    - options granted to Group employees (131,500) are exercisable in three equal tranches. The first tranche becomes exercisable on the date of the first anniversary of the grant date, the second tranche on the date of the second anniversary and the third tranche on the date of the third anniversary. Each tranche is exercisable during a period of two years, starting from the date it first becomes exercisable.

All amounts in Swiss Francs 72

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- The options granted under the eighth allocation in July 2006 are made under the following terms:
  - one option grants the right to acquire one share;
  - the strike price is equal to CHF 34.00;
  - options granted to Group employees are exercisable in three equal tranches. The first tranche becomes exercisable on the date of the first anniversary of the grant date, the second tranche on the date of the second anniversary and the third tranche on the date of the third anniversary. Each tranche is exercisable during a period of two years, starting from the date it first becomes exercisable.

- The options granted under the ninth allocation in July 2007 are made under the following terms:
  - one option grants the right to acquire one share;
  - the strike price is equal to CHF 75.00;
  - options granted to Group employees are exercisable in three equal tranches. The first tranche becomes exercisable on the date of the first anniversary of the grant date, the second tranche on the date of the second anniversary and the third tranche on the date of the third anniversary. Each tranche is exercisable during a period of two years, starting from the date it first becomes exercisable.

- The options granted under the tenth allocation in July 2008 are made under the following terms:
  - one option grants the right to acquire one share;
  - the strike price is equal to CHF 47.00;
  - options granted to Group employees are exercisable in three equal tranches. The first tranche becomes exercisable on the date of the first anniversary of the grant date, the second tranche on the date of the second anniversary and the third tranche on the date of the third anniversary. Each tranche is exercisable during a period of two years, starting from the date it first becomes exercisable.

- The options granted under the eleventh allocation in July 2009 are made under the following terms:
  - one option grants the right to acquire one share;
  - the strike price is equal to CHF 63.24;
  - options granted to Group employees are exercisable in three equal tranches. The first tranche becomes exercisable on the date of the first anniversary of the grant date, the second tranche on the date of the second anniversary and the third tranche on the date of the third anniversary. Each tranche is exercisable during a period of two years, starting from the date it first becomes exercisable.

- The options granted under the twelfth allocation in August 2010 are made under the following terms:
  - one option grants the right to acquire one share;
  - the strike price is equal to CHF 47.50;
  - options granted to Group employees are exercisable in three equal tranches. The first tranche becomes exercisable on the date of the first anniversary of the grant date, the second tranche on the date of the second anniversary and the third tranche on the date of the third anniversary. Each tranche is exercisable during a period of two years, starting from the date it first becomes exercisable.

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The fair value of the options is determined based on Black-Scholes valuation model. The table below summarises the most significant inputs into the model that are the spot price at grant, the strike price, the expected life of the options and the volatility. The volatility is measured over a period of 3 years. Other inputs into the model are the risk free interest rate and the dividend yield (respectively 1.5% and 1% for the 2010 allocation). One option grants the right to acquire one share.

Date of Grant	12.08.2010
Strike price [CHF]	47.50
Number of equal tranches	3
Start of exercise period	
[years from date of Grant]	
Tranche 1	1
Tranche 2	2
Tranche 3	3
Max. duration of exercise period (years) for each tranche	2
Duration used for the calculation of the value of the option	1
Data on options granted and option price:	
Total number of options initially granted (*)	132,735
Of which granted to Board	8,250
Of which granted to Executive Management	18,000
Of which granted to Others employees	106,485
Spot price at grant [CHF]	43.18
Volatility [CHF]	43.96%
Fair value per option (average of all tranches) [CHF]	8.62

(*) 12.5% of the options granted are assumed to lapse in the vesting period

Options are conditional on the employee completing at least one year's service after the grant date (vesting period).

All amounts in Swiss Francs 74

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

	Allocation							Conditional
	6th & 7th	8th	9th	10th	11th	12th	Total	shares available for exercise
Balance at 1 January 2009	**136,500**	**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	(35,630)	(32,776)	-	(14,238)	-	-	(82,644)	
Lapsed	-	(200)	(4,290)	(5,958)	(120)	-	(10,568)	
Balance at 31 December 2009	**100,870**	**31,052**	**102,000**	**125,284**	**85,032**	**-**	**444,238**	**211,060**
Balance at 1 January 2010	**100,870**	**31,052**	**102,000**	**125,284**	**85,032**	**-**	**444,238**	**211,060**
Grants	-	-	-	-	-	132,735	132,735	
Exercised								
Covered by:								
the issue of new shares	-	-	-	-	-	-	-	
treasury shares	(100,870)	(18,672)	-	(9,009)	-	-	(128,551)	
Lapsed	-	-	(36,302)	(4,304)	(3,312)	(240)	(44,158)	
Balance at 31 December 2010	**-**	**12,380**	**65,698**	**111,971**	**81,720**	**132,495**	**404,264**	**211,060**
Less options outstanding								*(404,264)*
Shortfall								*(193,204)*
Number of treasury shares available at 31 December 2010								*273,404*
Balance shares available for future grants								*80,200*

The movement (fair value) in stock options is the following:

	Allocation						
	6th & 7th	8th	9th	10th	11th	12th	Total
Balance at 1 January 2009	**120,528**	**471,233**	**946,774**	**1,024,140**	**-**	**-**	**2,562,675**
Grants	-	-	-	-	1,070,565	-	1,070,565
Exercise : new shares	-	-	-	-	-	-	-
Exercise : treasury shares	(38,016)	(236,955)	-	(86,368)	-	-	(361,339)
Lapsed	-	(1,525)	(39,301)	(43,529)	(1,509)	-	(85,864)
Balance at 31 December 2009	**82,512**	**232,753**	**907,473**	**894,243**	**1,069,056**	**-**	**3,186,037**
Balance at 1 January 2010	**82,512**	**232,753**	**907,473**	**894,243**	**1,069,056**	**-**	**3,186,037**
Grants	-	-	-	-	-	1,144,306	1,144,306
Exercise : new shares	-	-	-	-	-	-	-
Exercise : treasury shares	(82,512)	(138,330)	-	(62,145)	-	-	(282,987)
Lapsed	-	-	(281,486)	(31,665)	(41,640)	(2,069)	(356,860)
Balance at 31 December 2010	**-**	**94,423**	**625,987**	**800,433**	**1,027,416**	**1,142,237**	**3,690,496**

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

a) Strike value of stock options outstanding and movements

	Allocation						
	6th & 7th	8th	9th	10th	11th	12th	Total
Balance at 1 January 2009	**2,288,523**	**2,176,952**	**7,971,750**	**6,837,560**	**-**	**-**	**19,274,785**
Grants	-	-	-	-	5,385,013	-	5,385,013
Exercise : new shares	-	-	-	-	-	-	-
Exercise : treasury shares	(573,733)	(1,114,384)	-	(669,186)	-	-	(2,357,303)
Lapsed	-	(6,800)	(321,750)	(280,026)	(7,589)	-	(616,165)
Balance at 31 December 2009	**1,714,790**	**1,055,768**	**7,650,000**	**5,888,348**	**5,377,424**	**-**	**21,686,330**
Balance at 1 January 2010	**1,714,790**	**1,055,768**	**7,650,000**	**5,888,348**	**5,377,424**	**-**	**21,686,330**
Grants	-	-	-	-	-	6,304,913	6,304,913
Exercise : new shares	-	-	-	-	-	-	-
Exercise : treasury shares	(1,714,790)	(634,848)	-	(423,423)	-	-	(2,773,061)
Lapsed	-	-	(2,722,650)	(202,288)	(209,451)	(11,400)	(3,145,789)
Balance at 31 December 2010	**-**	**420,920**	**4,927,350**	**5,262,637**	**5,167,973**	**6,293,513**	**22,072,393**

b) Maturity and status of stock options outstanding at 31 December 2010

			Exercise Period		Analysis of status		
Allocation #	Strike Price	Number Options	Start	End	In the money	In exercise period	In the money & exercise period
8	34.00	12,380	August-09	July-11	12,380	12,380	12,380
9	75.00	33,337	August-09	July-11	-	33,337	-
		32,361	August-10	July-12	-	32,361	-
10	47.00	30,567	August-09	July-11	30,567	30,567	30,567
		37,297	August-10	July-12	37,297	37,297	37,297
		44,107	August-11	July-13	44,107	-	-
11	63.24	27,240	August-10	July-12	-	27,240	-
		27,240	August-11	July-13	-	-	-
		27,240	August-12	July-14	-	-	-
12	47.50	44,165	September-11	August-13	44,165	-	-
		44,165	September-12	August-14	44,165	-	-
		44,165	September-13	August-15	44,165	-	-
	Total	**404,264**			**256,846**	**173,182**	**80,244**

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14.3 Treasury Shares

	2010	2009
Beginning of the year (shares)	**583,692**	**623,503**
Acquisition - shares	**145,940**	**80,839**
unit price ranging from CHF	37.53 to 54.80	36.03 to 58.85
average price in CHF	41.73	46.59
Disposal - shares	**(297,677)**	**(38,006)**
unit price ranging from CHF	39.62 to 50.61	39.55 to 53.71
average price in CHF	47.16	47.53
Remittance to optionees - shares	**(128,551)**	**(82,644)**
unit price ranging from CHF	17.00 to 47.00	11.39 to 47.00
average price in CHF	21.57	28.52
End of the period - 31 December (shares)	**303,404**	**583,692**
Total cost in CHF	**17,808,463**	**26,518,573**
Average cost per share in CHF	**58.70**	**45.43**
% of the issued shares	**2.07%**	**3.99%**

30,000 shares would need to be delivered to the Seller of ACM (As per Note 6) if certain conditions are met in the future. Assuming the conditions are met, the number of options available for the optionnees (stock option plan) at 31 December 2010 is 273,404.

14.4 Dividend

Under Swiss Law, dividends can only be paid out of the distributable reserves that are determined on a non-consolidated basis.

15. Fee and commission income

	2010	2009
Brokerage and related	59,586,844	69,106,703
Custody and others	8,392,367	7,009,955
Advertising and subscription fees	3,643,152	2,725,383
Total	**71,622,363**	**78,842,041**

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Interest income, net

	2010	2009
Interest income		
Cash and short-term funds	2,050,341	2,718,444
Investment securities	13,582,133	8,266,647
Currency derivatives revaluation	565,745	26,021
Loans to customers	2,832,649	2,533,807
	19,030,868	**13,544,919**
Interest expense		
Banks	(10,845)	(2,273)
Due to customers	(6,505,334)	(3,965,378)
	(6,516,179)	**(3,967,651)**
Total net	**12,514,689**	**9,577,268**

17. Operating expenses

	2010			2009
	Ordinary	Impairment, restructuring and acquisition costs	Total	Total
Payroll & related expenses	29,337,554	1,600,000	30,937,554	24,572,019
Other operating expenses	20,925,475	822,515	21,747,990	17,090,007
Marketing expenses	12,309,760	-	12,309,760	8,417,003
Depreciation and amortisation	7,719,527	4,941,989	12,661,516	6,523,437
Provisions	417,451	458,011	875,462	200,000
Acquisition related costs	-	851,188	851,188	-
Total	**70,709,767**	**8,673,703**	**79,383,470**	**56,802,466**

Payroll and related expenses consist of:

	2010	2009
Wages and salaries	33,635,093	24,673,247
Social security costs	4,061,372	3,330,434
	37,696,465	**28,003,681**
Less capitalised costs	(6,758,911)	(3,431,662)
Total	**30,937,554**	**24,572,019**
Average headcount	279	231

The costs were capitalised in connection with the development of the Bank's IT systems and the realisation of the Company's property.

All amounts in Swiss Francs 78

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Income tax expense

	2010	2009
Current tax, except impairment and provision on Investment securities	5,562,592	8,655,747
Deferred tax assets	(917,780)	-
Deferred tax liabilities	237,364	24,524
	4,882,176	**8,680,271**
Current tax on impairment and provision on Investment securities	-	**530,980**
Total	**4,882,176**	**9,211,251**

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Earning per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

	2010	2009
Net Profit	21,156,635	34,993,001
Weighted average number of ordinary shares in issue	14,194,822	14,034,773
Basic earning per share	1.49	2.49

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options are the only type of dilutive potential ordinary shares: a calculation is performed to determine the number of shares that could have been acquired at fair value (determined at the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2010	2009
Net Profit	21,156,635	34,993,001
Weighted average number of ordinary shares in issue	14,194,822	14,034,773
Adjustments for share options	3,273	78,912
Weighted average number of ordinary shares for diluted earnings per share options	**14,198,095**	**14,113,685**
Diluted earning per share	1.49	2.48

All amounts in Swiss Francs 80

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Related party transactions

Related party transactions are defined as transactions and balances with members of the Board of Directors and of Executive Management, as well as with shareholders with an interest in the Group of more than 5%.

	2010	2009
Key Management compensation		
Short term employee benefits	2,042,475	2,160,870
Post-employment benefits	223,226	248,045
Share based payment	226,275	263,970
Loans and advances to customers	4,909,077	3,993,066
Due to customers	1,984,491	4,092,067
Interest income	58,513	23,560
Interest expenses	3,030	4,399

21. Commitments

Operating leases: Operating lease commitments consist of office space leases.

Payable	2010	2009
Not later than 1 year	15,802,819	900,764
Later than 1 year and not later than 5 years	31,361,164	1,960,259
Later than 5 years	-	-

Capital commitments

On 19 October 2010, Swissquote Bank Ltd entered into a contract with a construction company, which purpose is the realisation of the extension of the Swissquote headquarters in Gland, Switzerland.

The value of the contract is CHF 42.2m, including applicable VAT. The extension will consist of 6,700 sqm office space (max. 500 work places), storage rooms and parking, and is scheduled to be delivered in December 2013, subject to the delivery by Authorities of the required construction permit in first half year of 2011.

Up to 31 December 2010, the Bank made an aggregate advanced payment of CHF 1.75m (included in Other assets) to the constuction company. Swissquote has the right to withdraw from the contract if the construcion permit is not delivered by 31 July 2011, subject to the payment by Swissquote of an amount of CHF 1.25m.

Assuming that the construction permit is delivered according to the plan, the payment schedule of the amount payable to the construction company is as follows: CHF 13.8m in 2011, CHF 16.0m in 2012 and CHF 10.65m in 2013.

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Disclosure of compensation of the Board of Directors and Executive Management in accordance with Art. 663b^{bis} and Art. 663c CO

In compliance with Art. 663b^{bis} and Art. 663c of Swiss Obligation Code (effective since 1 January 2007), the following table summarises all compensations, loans granted and participations held by each member of the Board of Directors and of Executive Management:

a) Compensations 2010

All amounts in CHF	Base compensation		Variable compensation		Other Compensation	Total	Number of share options granted
	Cash	Shares (fair value)	Cash bonus (*1)	Share option (fair value) (*2)			
Board of Directors					(*3)		
Mario Fontana, Chairman	120,000	-	-	19,395	2,000	141,395	2,250
Paul E. Otth, member	80,000	-	-	12,930	2,000	94,930	1,500
Markus Dennler, member	80,000	-	-	12,930	2,000	94,930	1,500
Martin Naville, member	80,000	-	-	12,930	2,000	94,930	1,500
Adrian Bult, member	80,000	-	-	12,930	2,000	94,930	1,500
Total Board of Directors	**440,000**	**-**	**-**	**71,115**	**10,000**	**521,115**	**8,250**
Executive Management					(*4)		
Marc Bürki, CEO	355,000	-	78,000	51,720	25,200	509,920	6,000
Paolo Buzzi, CTO	355,000	-	78,000	51,720	25,200	509,920	6,000
Michael Ploog, CFO	355,000	-	78,000	51,720	16,800	501,520	6,000
Total Executive Management	**1,065,000**	**-**	**234,000**	**155,160**	**67,200**	**1,521,360**	**18,000**

Total compensation is reported based on the base compensation paid in 2010, the value of the options granted in 2010 (value at grant date) and the accrual in 2010 of the bonus payable in 2011, based on the 2010 results.

(*1) Cash bonus consists of the bonus payable in 2011 based on the performance of the 2010 financial year.

(*2) The fair value of the options has been determined based on the valuation method and the parameters used for the 12th allocation (see Note 14.2). The number of options granted in 2010 is stated in the last column of the above table. The amounts stated correspond to the total value of options granted.

(*3) Other compensation consists of discretionary allowances for out-of-pocket expenses.

(*4) Other compensation consists of Bel-étage funding contributions and discretionary allowances for out-of-pocket expenses.

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b) Compensations 2009

All amounts in CHF	Base compensation		Variable compensation		Other Compensation	Total	Number of share options granted
	Cash	Shares (fair value)	Cash bonus (*1)	Share option (fair value) (*2)			
Board of Directors					(*3)		
Mario Fontana, Chairman	120,000	-	-	22,626	2,000	144,626	1,800
Paul E. Otth, member	80,000	-	-	15,084	2,000	97,084	1,200
Markus Dennler, member	80,000	-	-	15,084	2,000	97,084	1,200
Martin Naville, member	80,000	-	-	15,084	2,000	97,084	1,200
Adrian Bult, member	80,000	-	-	15,084	2,000	97,084	1,200
Total Board of Directors	**440,000**	**-**	**-**	**82,962**	**10,000**	**532,962**	**6,600**
Executive Management					(*4)		
Marc Bürki, CEO	355,000	-	105,000	60,336	25,100	545,436	4,800
Paolo Buzzi, CTO	355,000	-	105,000	60,336	25,100	545,436	4,800
Michael Ploog, CFO	355,000	-	105,000	60,336	16,700	537,036	4,800
Total Executive Management	**1,065,000**	**-**	**315,000**	**181,008**	**66,900**	**1,627,908**	**14,400**

Total compensation is reported based on the base compensation paid in 2009, the value of the options granted in 2009 (value at grant date) and the accrual in 2009 of the bonus payable in 2010, based on the 2009 results.

(*1) Cash bonus consists of the bonus payable in 2010 based on the performance of the 2009 financial year.

(*2) The fair value of the options has been determined based on the valuation method and the parameters used for the 11th allocation (see Note 14.2). The number of options granted in 2009 is stated in the last column of the above table. The amounts stated correspond to the total value of options granted.

(*3) Other compensation consists of discretionary allowances for out-of-pocket expenses.

(*4) Other compensation consists of Bel-étage funding contributions and discretionary allowances for out-of-pocket expenses.

All amounts in Swiss Francs

SECTION VII : OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) Loans and credits

As per 31 December 2010, the following loans and credits were granted to and are still outstanding with current and former members of the Board of Directors and Executive Management:

All amounts in CHF	2010	2009
Mario Fontana, Chairman of the Board	632,087	940,478
Paul E. Otth, member	450,511	-
Markus Dennler, member	-	-
Martin Naville, member	-	-
Adrian Bult, member	-	-
Marc Bürki, CEO	-	-
Paolo Buzzi, CTO	-	-
Michael Ploog, CFO	-	-
Closely related persons	-	-
Former members	3,826,479	3,052,588

d) Participations

	Number of shares 2010	Number of shares 2009	Number of share options expiring				
			2011	2012	2013	2014	2015
Mario Fontana, Chairman of the Board	836,000	809,050	1,000	1,600	2,350	1,350	750
Paul E. Otth, member	81,200	55,200	666	1,067	1,567	900	500
Markus Dennler, member	26,000	-	666	1,067	1,567	900	500
Martin Naville, member	5,722	5,722	1,333	1,734	1,567	900	500
Adrian Bult, member	-	-	-	1,067	1,567	900	500
Marc Bürki, CEO	2,126,670	2,124,000	8,003	6,934	6,267	3,600	2,000
Paolo Buzzi, CTO	2,122,475	2,119,805	8,003	6,934	6,267	3,600	2,000
Michael Ploog, CFO	72,650	72,150	4,467	6,934	6,267	3,600	2,000
Closely related persons (*1)	159,564	165,331	-	-	-	-	-
Former members (*2)	988,780	985,780	-	-	-	-	-

(*1) The data reported in the table above is based on its best knowledge of the number of shares owned by close relatives of the members of the Board and members of Executive Management. Close relatives consist of spouse, children, father and mother as well as sisters and brothers.
(*2) To the best knowledge of the Company since 2004, the following former Board members owned shares / options in the Company, whether acquired during their terms with the Company or after: Mr. R. Briner (2000 to 2004), Mr. P. Brogle (2002 to 2004), Mr. E. Gounod (2000 to 2004) and Mr. O. Nägeli (2003 to 2007).

All amounts in Swiss Francs 84

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Report of the statutory auditor
to the general meeting of
Swissquote Group Holding Ltd
Gland

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Swissquote Group Holding Ltd, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 15 to 84), for the year ended 31 December 2010.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Philippe Bochud	Xavier Ménaige
Audit expert	Audit expert
Auditor in charge	

Geneva, 23 February 2011

Financial Report 2010
Statutory Financial Statements

STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 OF SWISSQUOTE GROUP HOLDING LTD

Financial Report 2010
Statutory Financial Statements

BALANCE SHEET AT 31 DECEMBER 2010

	Notes	2010	2009
ASSETS			
Current assets			
Cash and banks		77,288	77,192
Receivables and prepayments		120,755	186,780
Securities (treasury shares)	3	12,276,399	23,295,588
Total current assets		**12,474,442**	**23,559,560**
Non-current assets			
Investments in subsidiaries	4	75,298,952	40,698,952
Receivables from subsidiaries	5	36,871,778	50,108,368
Total non current assets		**112,170,730**	**90,807,320**
TOTAL		**124,645,172**	**114,366,880**
LIABILITIES AND EQUITY			
Current liabilities			
Creditors and accrued liabilities		126,754	192,780
Income tax payable		478,662	762,013
Total current liabilities		**605,416**	**954,793**
Equity			
Share capital	6	2,927,674	2,927,674
Share premium	7	11,536,894	2,826,784
Reserve for own shares	3/7	17,808,463	26,518,573
Retained earnings	7	91,766,725	81,139,056
Total equity		**124,039,756**	**113,412,087**
TOTAL		**124,645,172**	**114,366,880**

The notes on pages 90 to 94 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2010
Statutory Financial Statements

STATEMENT OF OPERATIONS FOR THE YEAR 2010

	Notes	2010	2009
Income			
Revenues from investments		1,096,969	939,238
Realised gain on treasury shares		2,011,132	2,367,853
Fair value adjustment of treasury shares		-	1,209,982
Interest income		1,501,536	1,061,162
Royalties		4,968,714	5,050,378
Dividend received from subsidiaries		13,541,668	13,541,668
Total		**23,120,019**	**24,170,281**
Expenses			
Fair value adjustment of treasury shares		2,309,079	-
Operating expenses		1,139,546	1,121,563
Tax expense		495,206	744,402
Total		**3,943,831**	**1,865,965**
Net profit of the year	7	**19,176,188**	**22,304,316**

The notes on pages 90 to 94 are integral part of these financial statements

All amounts in Swiss Francs

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

1. Introduction

The Company was formed on 12 August 1999. It is registered in the Canton de Vaud, Switzerland, with headquarters in Gland. Swissquote Group Holding Ltd is the parent of Group companies that are active in online financial services.

The shares of Swissquote Group Holding Ltd are listed on the Swiss Stock Exchange since 29 May 2000. The ticker is SQN, the security number is 1,067,586 and the ISIN Number is CH0010675863.

The main shareholders are:

	2010	2009
Mr. Marc Bürki	14.53%	14.51%
Mr. Paolo Buzzi	14.50%	14.48%
Mr. Mario Fontana	5.71%	5.53%
Mr. Jean Pfau	5.57%	5.57%
Alken Fund European Opportunities	3.91%	4.79%
BlackRock, Inc.	3.03%	<3%
Threadneedle Asset Management Holdings Ltd	<3%	3.10%
PEC Global Equity Fund	<3%	4.90%
Treasury Shares:		
Swissquote Group Holding Ltd	<3%	3.99%

The Statutory Financial Statements were approved for issue by the Board of Directors of the Company on 23 February 2011.

2. Corporate governance, risk assessment and disclosure of compensation in accordance with art 663b bis and 663c CO

The detailed Corporate Governance Report established in compliance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance is included in Section 3 of the 2010 Annual Report of Swissquote Group Holding Ltd and subsidiaries. The Board of Directors is composed of MM Mario Fontana (Chairman of the Board and Chairman of the Nomination and Remuneration Committee), Paul E. Otth (Chairman of the Audit Committee), Markus Dennler (member of the Nomination & Remuneration Committee), Martin Naville (member of the Audit Committee), and Adrian Bult (member of the Audit Committee). Executive Management is composed of MM Marc Bürki (CEO), Paolo Buzzi (CTO) and Michael Ploog (CFO).

The Board met seven times in 2010, of which once for a conference dedicated to an in-depth review of risks and of risk management processes that was attended by the full Board, the Executive Management, the heads of department of Swissquote Bank Ltd who are involved in specific risk management functions, Internal Audit and External Audit. Each body / person submitted to the Board its own independent assessment and, based thereon and on its own assessment the Board concluded on the adequacy of risk management and, when required, resolved on enhancements to the risk assessment process and to internal control.

All amounts in Swiss Francs 90

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

The compensation of the Board of Directors and of Executive Management (Art. 663b bis and 663c CO) is disclosed in Note 22 (Section VII) of the 2010 Consolidated Financial Statements of Swissquote Group Holding Ltd and subsidiaries.

3. Securities (Treasury shares)

	2010	2009
Beginning of the year (shares)	583,692	623,503
Acquisition - shares	145,940	80,839
unit price ranging from CHF	37.53 to 54.80	36.03 to 58.85
average price in CHF	41.73	46.59
Disposal - shares	(297,677)	(38,006)
unit price ranging from CHF	39.62 to 50.61	39.55 to 53.71
average price in CHF	47.16	47.53
Remittance to optionees - shares	(128,551)	(82,644)
unit price ranging from CHF	17.00 to 47.00	11.39 to 47.00
average price in CHF	21.57	28.52
End of the period - 31 December (shares)	303,404	583,692
Total cost in CHF	17,808,463	26,518,573
Average cost per share in CHF	58.70	45.43
% of the issued shares	2.07%	3.99%

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

Treasury shares are valued at the lowest of cost or a lower amount in the following cases:
- when the market value is below both the cost and the expected strike price of options outstanding (options are out-of the money): valuation at market value;
- when the market value is above the strike price of options outstanding (options in the money), but the strike price is below the cost: valuation at the strike of options outstanding.

Treasury shares in excess of share options to be covered are valued at the lowest either the cost either the market price.

4. Investments in subsidiaries

Investments in subsidiaries consist of:

	2010		2009	
	%	CHF	%	CHF
Swissquote Bank Ltd	100.00%	75,060,002	100.00%	40,460,002
Swissquote Trade Ltd	100.00%	238,950	100.00%	238,950
Total		**75,298,952**		**40,698,952**

All amounts in Swiss Francs

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

5. Receivables from subsidiaries

Receivables from subsidiaries consist of:

	2010	2009
Subordinated loan	20,000,000	34,600,000
Current account	16,871,778	15,508,368
Total	**36,871,778**	**50,108,368**

The subordinated loan is due by Swissquote Bank Ltd. The CHF 34.6m subordinated loan was converted into an increase of the investment of Swissquote Group Holding Ltd into Swissquote Bank Ltd on 17 November 2010. On the same date Swissquote Group Holding Ltd granted a new CHF 20m subordinated loan to Swissquote Bank Ltd. The terms of the subordinated loan comply with Art. 16 and 27 of the Swiss Federal Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers of 29 September 2006. The subordinated loan agreement is renewed annually as long as no party terminates it per 31 December of the relevant year. When the termination is notified by one party to the other, the agreement terminates five years after the first day of the year following the 31 December as per which the termination is notified. The interest rate is set annually and is based on the standards issued by the Swiss Tax Authorities.

6. Share capital

	2010	2009
Ordinary issued share capital		
Number of shares in issue	14,638,370	14,638,370
Nominal value of each share (Registered shares)	0.20	0.20
Ordinary share capital	**2,927,674**	**2,927,674**
Unissued share capital		
Conditional share capital	42,212	42,212
Authorised share capital	800,000	800,000

Authorised Share capital

The provision ruling the utilisation of the Authorised share capital provides that the Board of Directors is authorised until 30 April 2012 to increase the share capital of the Company by a maximum of CHF 800,000 by issuing no more than 4,000,000 new registered shares with a nominal value of CHF 0.20. The provision further provides details on the capital increase process and exercise of preferential subscription rights.

All amounts in Swiss Francs 92

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

7. Share premium, Reserve for own shares and Retained earnings

	2010	2009
Share premium		
At beginning of year	2,826,784	2,826,784
Allocation from Reserve for own shares	8,710,110	-
At end of year	**11,536,894**	**2,826,784**
Reserve for own shares		
At beginning of year	26,518,573	24,548,517
Allocation from Retained earnings	-	1,970,056
Allocation to Share premium	(8,710,110)	-
At end of year	**17,808,463**	**26,518,573**
Retained earnings		
At beginning of year	81,139,056	66,412,172
Dividend paid	(8,548,519)	(5,607,376)
Allocation for own shares	-	(1,970,056)
Net profit of the year	19,176,188	22,304,316
Available Retained earnings, end of year	**91,766,725**	**81,139,056**

The Reserve for own shares is carried at the acquisition cost of the own shares. At beginning of the year, the Reserve for own shares included a net amount of CHF 8.7m which was released in 2010 after the sale of own shares and therefore was allocated to Share premium.

8. Disclosure of compensation of the Board of Directors and Management Board in accordance with Art. 663b and 663c CO

See Note 22 of the Consolidated Financial Statements in section VII “Other Notes to the Consolidated Financial Statements”.

All amounts in Swiss Francs

Financial Report 2010
Statutory Financial Statements

PROPOSAL OF THE BOARD OF DIRECTORS REGARDING AVAILABLE EARNINGS AT 31 DECEMBER 2010

The Board of Directors proposes to utilise available retained earnings as follows:

	CHF
Available retained earnings at 31 December 2010	91,766,725
Proposed dividend (CHF 0.60 per share)	(8,783,022)
Retained earnings to be carried forward at 1 January 2011	**82,983,703**

Amount of proposed dividend is based on the number of shares issued at 31 December 2010.

All amounts in Swiss Francs 94

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Report of the statutory auditor
to the general meeting of
Swissquote Group Holding Ltd
Gland

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Swissquote Group Holding Ltd, which comprise the balance sheet, income statement and notes (pages 90 to 94), for the year ended 31 December 2010.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

PRICEWATERHOUSECOOPERS

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Philippe Bochud	Xavier Ménaige
Audit expert	Audit expert
Auditor in charge	

Geneva, 23 February 2011

Section 3: Corporate Governance Report
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Corporate Governance Report
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Corporate Governance Report

Introduction

Swissquote Group Holding Ltd is fully committed to meeting the highest standards of corporate governance. Swissquote Group Holding Ltd complies with the standards established by the "SIX Swiss Exchange Directive on Information Relating to Corporate Governance" and the "Swiss Code of Best Practice for Corporate Governance", both effective since 2002.

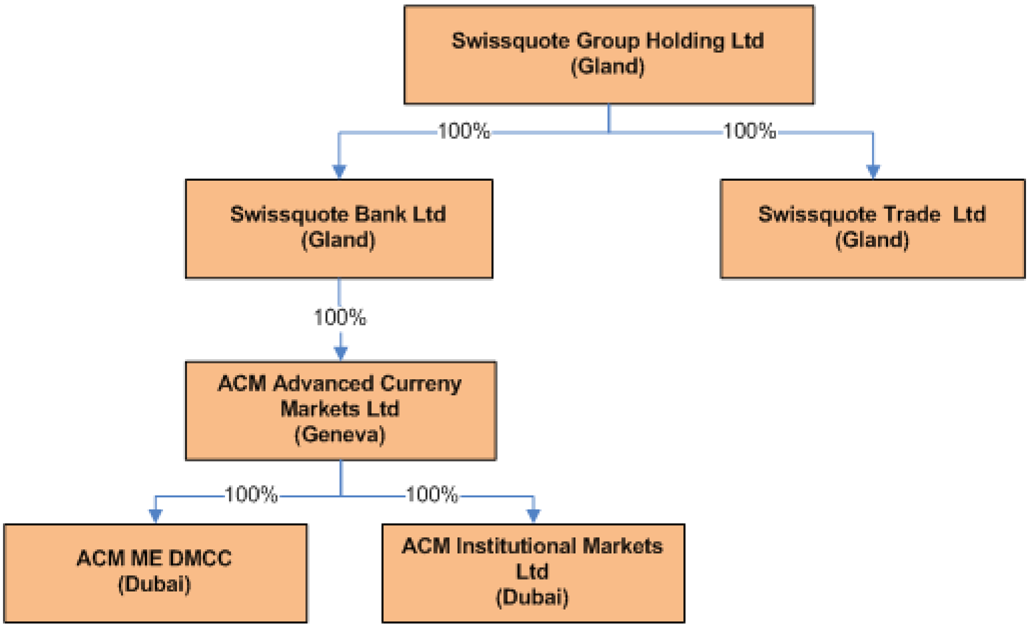
1. Group structure and shareholders

1.1 Group structure

The structure of Swissquote Group Holding Ltd ("the Group"), which encompasses Swissquote Group Holding Ltd and its subsidiaries, is designed to support its operations within an efficient tax and regulatory framework. Compared to 2009 the structure expanded as a result of the acquisition of ACM Advanced Currency Markets Ltd by Swissquote Bank Ltd on 26 October 2010. ACM Advanced Currency Markets Ltd is an online Forex broker headquartered in Geneva with subsidiaries in Dubai.

ACM Advanced Currency Markets Ltd will be fully merged into Swissquote Bank Ltd in the first half-year of 2011. The integration and merger process was approved by the Swiss Financial Market Supervisory Authority FINMA.

Swissquote Group presents as follows:



Corporate Governance Report

Swissquote Group Holding Ltd ("the Company") is the listed vehicle of the Group. Its shares are listed on SIX Swiss Exchange since 29 May 2000. The symbol is SQN, the security number is 1,067,586 and the ISIN number is CH0010675863. At 31 December 2010 Swissquote Group Holding Ltd's market capitalisation amounted to CHF 760,842,459. The Company's headquarters are in Gland, Canton de Vaud / Switzerland. Details on the capital are provided in section 2.

Swissquote Bank Ltd, the fully owned subsidiary of the Company, is a bank subject to the supervision of the Swiss Financial Market Supervisory Authority FINMA. Swissquote Bank Ltd's main office is in Gland, Canton de Vaud, Switzerland with a branch in Zürich. Swissquote Bank Ltd's share capital amounts to CHF 30,000,000 (5,000,000 registered shares with par value of CHF 6). Prior to the acquisition of ACM Advanced Currency Markets Ltd all Group operations were carried out by Swissquote Bank Ltd.

Swissquote Trade Ltd is a dormant company fully owned by Swissquote Group Holding Ltd; its share capital amounts to CHF 100,000 (10,000 registered shares with par value of CHF 10).

ACM Advanced Currency Markets Ltd, which was formed in 2002, is a fully owned subsidiary of Swissquote Bank Ltd and is operating from Geneva, Switzerland. ACM Advanced Currency Markets Ltd's share capital amounts to CHF 40,000,000 (40,000 bearer shares with par value of CHF 1,000).

ACM ME DMCC and **ACM Institutional Markets Ltd** are two fully owned subsidiaries of ACM Advanced Currency Markets Ltd. Both have registered offices in Dubai, United Arab Emirates. ACM ME DMCC is a Dubai Multi Commodities Center company, member of the Dubai Gold & Commodities Exchange; its share capital amounts to AED 2,500,000. ACM Institutional Markets Ltd is a dormant Dubai International Financial Centre company with a share capital of USD 611,898.

Additional information is provided in Swissquote Group's annual report, in the section II of the Notes to the Consolidated Financial Statements of the Financial Report.

1.2 Significant shareholders

Under the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA) anyone holding shares in a company listed in Switzerland is required to notify the concerned company and the stock exchange, if the holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 33 1/3%, 50%, or 66 2/3% of the voting rights.

According to the information received by the Company, the shareholders with an interest in the Company above 3% at 31 December 2010 were:

	2010	2009
Mr. Marc Bürki	14.53%	14.51%
Mr. Paolo Buzzi	14.50%	14.48%
Mr. Mario Fontana	5.71%	5.53%
Mr. Jean Pfau	5.57%	5.57%
Alken Fund European Opportunities	3.91%	4.79%
BlackRock, Inc.	3.03%	<3%
Threadneedle Asset Management Holdings Ltd	<3%	3.10%
PEC Global Equity Fund	<3%	4.90%
Treasury Shares:		
Swissquote Group Holding Ltd	<3%	3.99%

The following table reports the most relevant disclosures of shareholdings made in accordance with Art. 20 SESTA in 2010:

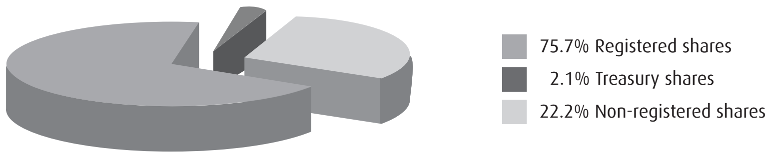
Date	Shareholder / Group	Indirect holder	Action	New total amount of shares held	New percentage of voting rights
01.04.2010	PEC Global Equity Fund	LB (Swiss) Investment AG	Sale	373,742	2.55%
01.04.2010	Swissquote Group Holding Ltd	-	Sale	426,703	2.91%
27.05.2010	Swissquote Group Holding Ltd	-	Acquisition	454,174	3.10%
29.10.2010	Swissquote Group Holding Ltd	-	Sale	431,700	2.95%
19.11.2010	BlackRock, Inc.	Various companies of the group	Acquisition	444,063	3.03%
27.12.2010	Ameriprise Financial, Inc.	Threadneedle Asset Management Holdings Ltd	Sale	430,778	2.94%

A full list of past disclosures of shareholding made in accordance with Art. 20 SESTA is available on the website of SIX Swiss Exchange using the following link:

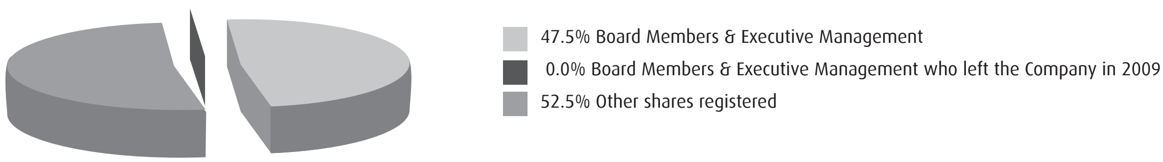
http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

The Company is not aware of any shareholder's agreements.

At 31 December 2010 the issued share capital consisted of 14,638,370 ordinary registered shares of CHF 0.20 nominal value each. The shareholders registered in the share register held 11,088,420 shares and the Company owned 303,404 treasury shares. The distribution of the shareholdings in the Company was the following:



Further the registered shareholders at 31 December 2010 are analysed as follows:



1.3 Cross-shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1 Capital

Under Swiss Company Law shareholders have to approve in a General Meeting of Shareholders any increase in the total number of issued shares, which may be an ordinary share capital increase or the creation of conditional or authorised capital.

At 31 December 2010 the share capital amounted to CHF 2,927,674 (14,638,370 shares with par value of CHF 0.20). The Company owned 303,404 treasury shares. Further a conditional share capital of CHF 42,212 consisting of 211,060 ordinary conditional shares of CHF 0.20 nominal value and an authorised capital of CHF 800,000 consisting of 4,000,000 authorised shares of CHF 0.20 nominal value each were outstanding at 31 December 2010.

All issued shares at 31 December 2010 were freely tradable (i.e. there is no lock-up in place). SIX Swiss Exchange Regulations however provide that individual shareholdings exceeding 5% (save inter alia for certain investment funds) are deemed to be permanent investment and are to be excluded from the free float. In accordance with SIX Swiss Exchange Regulations, the free float at 31 December 2010 was 59.70% (2009: 59.92%).

2.2 Conditional and authorised capital in particular

The purpose of the conditional capital is to allow the coverage of the exercise of the options granted to Group employees and Board members in accordance with the Group stock option plan. Art. 4bis of the Articles of Association on the utilisation of the conditional capital provides that the Board of Directors is authorised to increase the share capital of the Company by a maximum of CHF 42,212 by issuing no more than 211,060 new registered shares with a nominal value of CHF 0.20 each.

Art. 4ter of the Articles of Association ruling the utilisation of the authorised capital provides that the Board of Directors is authorised until 30 April 2012 to increase the share capital of the Company by a maximum of CHF 800,000 by issuing no more than 4,000,000 new registered shares with a nominal value of CHF 0.20 each. The amount of the issue, the point of time at which the shares confer a dividend entitlement, the method of payment in full for contributions and the subscription procedure shall be determined by the Board of Directors. An increase in tranches or a partial increase is also possible. The amount of the increase must be fully paid-up in accordance with procedures to be defined by the Board of Directors. The provisions of the Articles of Association relating to the restriction on the transferability of shares shall also apply to the new shares. The General Meeting of Shareholders may decide to abolish preferential subscription rights in the sole event that the increase in share capital is adopted with a view to acquiring another undertaking or parts of undertakings or holdings in accordance with the terms of Art. 652b, paragraph 2 of the Swiss Code of Obligations (CO). In other instances of increases in share capital decided within the framework of this provision, preferential subscription rights may be exercised by shareholders in proportion to their previous holding. Regarding preferential subscription rights assigned but not exercised, the Board of Directors may, without having to put it to a General Meeting of Shareholders first, either allow these to lapse or else offer them – respectively, to offer the corresponding new shares – wholly or in part to other shareholders in proportion to their previous holding, or offer them wholly or in part to one or more third parties, under such conditions as it sees fit to decide. Only shareholders listed in the share register may exercise their preferential subscription right. The Board of Directors shall determine the conditions of registration of shareholders who purchased shares in the Company prior to the decision of the Board of Directors to increase the share capital, but who have not yet been registered into the share register. The Board of Directors may require the subscription in trust by a third party and define the corresponding procedure as it sees fit.

2.3 Changes in capital

The following table summarises the changes in capital that took place within the last three financial years:

Number of shares	Ordinary Shares Issued	Unissued Shares Conditional Capital	Unissued Shares Authorised Capital	Total Shares Issued and Unissued
At 1 January 2008	**14,638,370**	**211,060**	**2,000,000**	**16,849,430**
Exercise of employees' Stock Options	-	-	(2,000,000)	(2,000,000)
New authorised Capital	-	-	4,000,000	4,000,000
At 31 December 2008	**14,638,370**	**211,060**	**4,000,000**	**18,849,430**
At 1 January 2009	**14,638,370**	**211,060**	**4,000,000**	**18,849,430**
Exercise of employees' Stock Options	-	-	-	-
At 31 December 2009	**14,638,370**	**211,060**	**4,000,000**	**18,849,430**
At 1 January 2010	**14,638,370**	**211,060**	**4,000,000**	**18,849,430**
Exercise of employees' Stock Options	-	-	-	-
At 31 December 2010	**14,638,370**	**211,060**	**4,000,000**	**18,849,430**

The following table summarises the change of equity in the last three financial years (amounts in CHF):

	Share capital	Share premium	Share option reserve	Other reserve	Treasury shares	Accumulated profits	Total
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	-	-	-	-	-	32,806,750	32,806,750
Pay-out							
Dividend	-	-	-	-	-	(5,691,562)	(5,691,562)
Capital reduction	(4,391,511)	130,413	-	-	-	-	(4,261,098)
Other movements (*1)	-	1,003,987	743,613	(1,467,824)	(10,750,230)	181,841	(10,288,613)
Balance at 31 December 2008	**2,927,674**	**35,946,443**	**1,485,992**	**(5,629,772)**	**(24,548,517)**	**128,948,338**	**139,130,158**
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	-	-	-	-	-	34,993,001	34,993,001
Pay-out							
Dividend	-	-	-	-	-	(5,607,376)	(5,607,376)
Other movements (*1)	-	2,367,853	556,613	4,322,952	(1,970,056)	447,208	5,724,570
Balance at 31 December 2009	**2,927,674**	**38,314,296**	**2,042,605**	**(1,306,820)**	**(26,518,573)**	**158,781,171**	**174,240,353**
Balance at 1 January 2010	**2,927,674**	**38,314,296**	**2,042,605**	**(1,306,820)**	**(26,518,573)**	**158,781,171**	**174,240,353**
Net profit	-	-	-	-	-	21,156,635	21,156,635
Pay-out							
Dividend	-	-	-	-	-	(8,548,519)	(8,548,519)
Transaction costs related to capital inscrease	-	(342,426)	-	-	-	-	(342,426)
Currency translation differences	-	28,432	-	-	-	-	28,432
Other movements (*1)	-	2,011,132	413,072	701,965	8,710,110	639,847	12,476,126
Balance at 31 December 2010	**2,927,674**	**40,011,434**	**2,455,677**	**(604,855)**	**(17,808,463)**	**172,029,134**	**199,010,601**

(*1) See Consolidated Changes in Shareholder' Equity for the years ended 2010, 2009 and 2008 for further details.

2.4 Shares and participation certificates

At 31 December 2010 the share capital consisted of 14,638,370 registered shares. Each Company's registered share (par value CHF 0.20) carries one voting right at the General Meeting of Shareholders. Registered shareholders can only execute their voting rights if they are entered in the share register as owner and beneficiary.

The share capital of the Company is fully paid up. Dividend entitlement is in accordance with par value of the share. More information is provided in section 6.

The Company does not issue any participation certificates.

2.5 Profit sharing certificates

The Company does not issue any profit sharing certificates.

2.6 Limitations on transferability and nominee registrations

Art. 6bis of the Articles of Association stipulates that, subject to Art. 685d of the Swiss Code of Obligations, the transfer of nominative shares is subject to the approval of the Board of Directors. Art. 6ter of the Articles of Association stipulates that the Board of Directors is entitled to refuse to give its approval if, despite Company's request, the buyer of the shares does not expressly represent that he / she acquires the shares on his / her behalf and account.

Nominees cannot be registered with voting rights.

Decisions related to the restriction of the transferability of registered shares can only be taken by the General Meeting of Shareholders and require a qualified majority (two-thirds of the votes represented and the absolute majority of the par value of the shares represented).

2.7 Convertible bonds and warrants / options

The Company does not issue any bonds, convertible bonds or warrants.

Information on Company's stock option plans are provided in section 5.5

3. Board of Directors

The Board of Directors is the most senior body with the ultimate responsibility for the strategy and the management of the Company and for the supervision of its Executive Management. The Articles of Association stipulate that the Board of Directors shall be composed of a minimum of three members. At 31 December 2010 the Board of Directors consisted of five members, all non-executive, which are presented here-below.

3.1 Members of the Board of Directors

At the Annual General Meeting of Shareholders on 30 April 2010, all Board members seeking their re-election were re-elected.

Mario Fontana (1946 / Swiss national, domiciled in Switzerland)
Member of the Board of Swissquote Group Holding Ltd since April 2001
Chairman of the Board of Swissquote Group Holding Ltd since April 2002
Chairman of the Board of Swissquote Bank Ltd since April 2004
Chairman of the Nomination & Remuneration Committee

Educational Background

1966 – 1969	ETH Zurich, Studies in Mechanical Engineering
1969 – 1970	Georgia Tech, USA, Master of Science Degree in Aerospace Engineering

Executive Experience

1970 – 1977	IBM Switzerland, Sales Representative and International Account Manager
1977 – 1980	Brown Boveri Brazil, Chief of Staff and CIO. Since 1997 is part of ABB
1981 – 1983	Storage Technology Switzerland, Country General Manager
1984 – 1993	Hewlett-Packard Switzerland, Country General Manager
1993 – 1995	Hewlett-Packard Germany, General Manager Computer Business
1995 – 1997	Hewlett-Packard Europe, General Manager Computer Business
1997 – 1999	Hewlett-Packard USA, General Manager Financial Services worldwide

Previous Board Mandates

1993 – 2006	Büro Fürrer, Member of the Board. Company acquired by Lyreco, France
1998 – 2008	SBB, Swiss Railways, Member of the Board
1999 – 2004	Bon appétit Group, Chairman. Company acquired by REWE, Germany
2000 – 2005	Leica Geosystems, Chairman. Company acquired by Hexagon, Sweden
2000 – 2003	AC Services, Germany, Member of the Board
2002 – 2006	Sulzer, Member of the Board
2003 – 2010	Inficon, Member of the Board
2004 – 2006	Amazys, Chairman. Company acquired by X-Rite, USA
2006 – 2008	X-Rite, USA, Member of the Board

Current Board Mandates

Since 2001	Swissquote, Chairman
Since 2005	Dufry, Member of the Board
Since 2006	Hexagon, Sweden, Member of the Board
Since 2010	Regent Lighting, Chairman

Other Activities

Since 2007	Investor and Board Member of various Start-up Companies
Since 2008	Own Family Foundation: www.fontana-foundation.org

Mario Fontana has not held official functions or political posts in 2010. To the exception of the above-mentioned activities, he has no significant business connections with the Company or one of the Company's subsidiaries.

Paul E. Otth (1943 / Swiss national, domiciled in Switzerland) Member of the Board of Swissquote Group Holding Ltd since April 2002 Vice Chairman of the Board of Swissquote Bank Ltd since March 2004 Chairman of the Audit Committee

Educational Background

1972	Swiss Certified Public Accountant

Executive Experience

1962–1965	Elektrodenfabrik Oerlikon Bührle, Financial and Cost Accounting
1965–1967	Zürcher Kantonalbank, Traditional Banking and Internal Audit
1968–1974	Neutra Treuhand, Consulting and Auditing
1974-1988	Corange Group (Boehringer Mannheim): 1974-1977 and 1980-1982 International Division, Head of Organisation, Consulting, Internal Audit 1978-1979 Boehringer Mannheim France, Co-General Manager, Finance and Administration 1982-1988 Corange Group, Head of Corporate Controlling and Holding Treasurer
1988-1989	Budliger Treuhand, Partner
1989-1996	Landis & Gyr 1989-1994 Division Building Control, Head of Finance and Controlling 1994 Landis&Gyr Europe, Head of Finance and Controlling and Informatics 1994-1996 CFO and member of the Group Executive Board
1996-1998	Elektrowatt Group, CFO and member of the Group Executive Board
1998-2000	Siemens Building Technologies, CFO and member of the Group Executive Board
2000-2002	Unaxis, CFO and member of the Group Executive Board

Previous Board Mandates

1998-2008	SBB, Swiss Railways, Member of the Board and Chairman of the audit committee
2000-2001	Elma, Member of the Board
2000-2004	Esec, Member of the Board

Current Board Mandates

Since 1999	EAO, Chairman
Since 2000	Inficon, Vice-chairman
Since 2002	Ascom, Vice-chairman and Chairman of the audit committee
Since 2002	Swissquote, Member of the Board

Paul E. Otth has not held official functions or political posts in 2010. To the exception of the above-mentioned activities, he has no significant business connections with the Company or one of the Company's subsidiaries.

Markus Dennler (1956 / Swiss national, domiciled in Switzerland) Member of the Board of Swissquote Group Holding Ltd since March 2005 Member of the Board of Swissquote Bank Ltd since March 2005 Member of the Nomination & Remuneration Committee

Educational Background

1982	Licentiate in Law, University of Zurich
1984	Doctorate in Law, University of Zurich
1986	Attorney at Law, admitted to the Bar
1989	International Bankers School, New York
1997	Harvard Business School, Boston (AMP)

Executive Experience

1986 - 1994	Credit Suisse, Various assignments
1994 - 1996	CS Columna, Delegate to the Board of Directors
1997 - 1998	Winterthur Columna, CEO
1998 - 2000	Winterthur Insurance, Member of the Corporate Executive Board and Head of Individual and Group Life Division
2000 - 2003	Credit Suisse, Member of the Executive Board of CSFS and responsible for the operational global Life & Pensions business

Current Activity

Attorney at Law with office in Zürich

Previous Board Mandates

2005 - 2006	Batigroup, Chairman
2005 - 2007	Converium, Chairman
2007 - 2010	Jelmoli, Member of the Board

Current Board Mandates

Since 2003	British Swiss Chamber of Commerce, Councillor
Since 2005	Swissquote, Member of the Board
Since 2006	Allianz Suisse, Vice-Chairman
Since 2006	Implenia, Vice-Chairman
Since 2006	Petroplus, Member of the Board

Markus Dennler has not held official functions or political posts in 2010. To the exception of the above-mentioned activities, he has no significant business connections with the Company or one of the Company’s subsidiaries.

Martin Naville (1959 / Swiss national, domiciled in Switzerland) Member of the Board of Swissquote Group Holding Ltd since April 2007 Member of the Board of Swissquote Bank Ltd since April 2007 Member of the Audit Committee

Educational Background

1979 – 1984	University Zurich, Master of the Laws

Executive Experience

1985 – 1988	J.P. Morgan Bank, Assistant Treasurer in Zurich and New York
1988 - 1990	The Boston Consulting Group, Consultant in Munich
1990 – 1992	The Boston Consulting Group, Project Leader in Zurich
1992 – 1995	The Boston Consulting Group, Manager in New York
1995 – 2004	The Boston Consulting Group, Partner and Director in Zurich
Since 2004	Swiss-American Chamber of Commerce, CEO, Zurich

Current Board Mandates

Since 2002	Zoo Zürich Inc., Member of the Board (Chairman since 2004)
Since 2006	Lombard International, Luxemburg, Member of the Board
Since 2007	Swissquote, Member of the Board

Martin M. Naville has not held official functions or political posts in 2010. To the exception of the above-mentioned activities, he has no significant business connections with the Company or one of the Company’s subsidiaries.

Adrian Bult (1959 / Swiss national, domiciled in Switzerland) Member of the Board of Swissquote Group Holding Ltd since April 2008 Member of the Board of Swissquote Bank Ltd since April 2008 Member of the Audit Committee

Educational Background

1978 – 1983	University St. Gallen, MBA in Economics and Marketing

Executive Experience

1984 – 1987	IBM (Switzerland) Zürich, Marketing Assistant, Sales Representative
1988 – 1989	IBM United Kingdom, Industry Specialist
1989 – 1994	IBM (Switzerland) Zürich, Head of Market Development Banking, Head of Profit Center Banking
1995 – 1996	IBM (Switzerland), IBM (Austria), Head of Profit Center Switzerland, Austria and Eastern Europe and member of the management board IBM (Switzerland)
1997	IBM (Switzerland), Head of Region Switzerland, Austria, Eastern Europe, Germany
1997 - 1998	Telecom PTT (prior to the IPO), Head of IT
1998 – 2000	Swisscom AG, Chief Information Officer, member of the management board
2001 – 2006	Swisscom Fixnet AG, Bern (wire line company), CEO and member of the management board Swisscom AG
2006 – 2007	Swisscom Mobile AG, Bern, CEO and member of the management board of Swisscom AG
Since 2007	COO Avaloq Evolution AG, Zürich, Member of the management team, shareholder

Current Board Mandates

Since 2007	Swissgrid AG, Switzerland, Member of the Board
Since 2008	Swissquote, Switzerland, Member of the Board
Since 2008	Versatel Holding, Germany, Member of the Board
Since 1998	Adag, Switzerland, Member of the Board
Since 2010	Regent AG, Member of the Board

Other Mandates

Since 2006	Swiss Marketing Association, Member of the Board
Since 2006	IBM Alumni Association, President

Adrian Bult has not held official functions or political posts in 2010. To the exception of the above-mentioned activities, he has no significant business connections with the Company or one of the Company’s subsidiaries.

3.2 Other activities and vested interests

None of the Board members has activities or vested interests other than the ones described under 3.1.

3.3 Elections and terms of office

The Board of Directors shall have a minimum of three members elected by the General Meeting of Shareholders for a one-year term. The Board members are eligible for re-election.

Since 2008 the Board has been comprised of five non-executive members. The Board of Swissquote Group Holding Ltd acts at the same time as the Board of Swissquote Bank Ltd.

The time of the first election is mentioned under 3.1.

3.4 Internal organisational structure

3.4.1 Generalities

The Board is the supreme management body of the Company. It consists of at least three members and may form one or several advisory committees.

The operating of a bank in Switzerland requires inter alia a proper organisation and a clear segregation between the duties and responsibilities of the Board of Directors and of the Executive Management. The Company's internal regulation framework consists of a cohesive set of by-laws, regulations and policies that is organised with respect to the level of competence required for adopting new regulations and / or amending existing ones. The various levels of competence required are the following:

- both the General Meeting of Shareholders and the FINMA;
- the General Meeting of Shareholders;
- both the Board and the FINMA;
- the Board;
- the Executive Management; and
- the Management.

The determination of the level of competence for making decisions in the Company (including according to levels of financial materiality) is summarised in a single document, the Regulation on Competences.

After each Annual General Meeting of Shareholders the Board elects its Chairman, Vice Chairman and appoints its Secretary. The Board may form one or several advisory committees, which consist of members of the Board. The Committees are in charge of proposing Board Resolutions to the full Board with respect to specific matters. Such Committees have to report to the Board on a regular basis, at least once a year. In 2010, there were two such Committees at the level of the Group: the Audit Committee and the Nomination & Remuneration Committee. Further certain functions are delegated to the Chairman.

New Board members are introduced to their new function by a specific program including presentations by Executive Management of the firm-wide considerations and by the Managers of each department. Further new Board members receive a manual including the Company's Internal Regulations and by-laws.

The Board meets as often as business requires, but at least four times a year. The Board and the Committees plan and coordinate their activities in accordance with a yearly planning that covers all matters that require the Board's attention and thus ensures that the Board's activity is compliant with applicable laws and regulations.

In 2010 the Board met eight times, out of which one meeting was dedicated to a two-day strategy session and another to the Annual Conference on Risks. In average each ordinary meeting lasts four to five hours. At various occasions, decisions were taken by ways of circular resolutions and ratified at the next Board meeting.

3.4.2 Functions of the Board of Directors

The Board of Directors has the ultimate responsibility for the strategic direction of the Group, for the appointments and dismissals of the Executive Management, for the approval of the overall organisation of the Group and the risk principles and risk capacities. Its members may not act alone on behalf of the Company and may not give instructions on their own, except when the Articles of Association, the Internal Regulations or a Resolution of the Board provide otherwise.

The Board has the power to decide on all matters, which are not vested in the General Meeting of Shareholders or in any other body by law, Articles of Incorporation or Internal Regulations. The Board has in particular the following functions:

- choose the Chairman of the Board and the Chairman of the Committees;
- act as the ultimate direction of the Company;
- define and modify the strategy of the Company as well as approve resolutions regarding the implementation or ceasing of business activities;
- establish the overall organisation;
- based on the proposal of the Nomination & Remuneration Committee, decide on the appointment, suspension and dismissal of the Executive Management and of other signatories of the Company;
- define the finance and investment policy;
- approve the annual budget;
- based on the proposal of the Audit Committee, approve the financial planning and financial control as well as determine the applicable accounting standards and decide on accounting issues where the accounting standards allow the Company to choose between different solutions;
- approve the financial disclosure policy;
- approve the Annual Financial Statements and regular interim financial reporting prior to their disclosure and after clearance by the Audit Committee;
- approve the organisation of the risk identification and monitoring as well as supervise the internal control function;
- supervise the Executive Management, especially with respect to compliance with laws, Articles of Association, internal directives and instructions;
- prepare the annual report and the General Meeting of Shareholders (invitations incl.) as well as execute decisions;
- pass resolutions in connection with a capital increase pursuant to Art. 651a, 652g, 653g CO and make decisions pursuant to Art. 634a I CO (contributions on shares not fully paid in) and Art. 651 IV CO (increase of share capital in the case of authorised capital);
- approve mass dismissal of employees in the sense of Art. 335d CO or similar foreign regulations;
- approve those matters for which the Executive Management have to seek approval by the Board;
- notify the judge pursuant to Art. 725 CO in case of overindebtedness.

Further the Board's approval is required for specific transactions that do not fall under the ordinary business activities and / or which financially exceed defined thresholds.

3.4.3 Functions delegated to the Chairman

The Chairman has the following functions:

- chair the meetings of the Board and the General Meeting of Shareholders;
- represent the Board vis-à-vis the public at large, public officials and the shareholders;
- supervise the execution of measures, which the Board has enacted.

3.4.4 Rules governing decisions

Valid decisions can only be taken if a majority of all Board members participate in the meeting. Should this quorum not be met, the Board of Directors may pass contingent resolutions under the condition that all members of the Board of Directors shall unanimously approve the resolutions in writing after such a Board meeting.

The Chairman has the casting vote. For decisions regarding capital reductions and capital increases (ordinary, conditional and authorised increases) including the statutory modifications corresponding to these decisions, the presence of one member of the Board of Directors is sufficient.

3.4.5 Group Audit Committee

Board members on the Committee: Paul E. Otth, Martin M. Naville, Adrian Bult.

The principal duty of the Audit Committee is the supervising of the regular financial reporting, the risk management and the audit function. In particular, the Audit Committee examines and reports to the Board on the following matters:
- overview the entire financial reporting;
- review significant accounting issues and propose changes of accounting standards;
- review the audit results and supervise the actions taken by the management on the auditor's management letters;
- advise the Board on whether the existing or new Auditors shall be proposed to the General Meeting of Shareholders;
- check the independence of the Auditors;
- review the audit plan;
- assess the qualification of Auditors and the quality of their audit work.

The Audit Committee meets at least twice a year and has four times in 2010. The usual length of the meeting was 2.5 hours. At each meeting held in 2010 the Executive Management, the Internal Audit and the Auditors were present. With few exceptions, all other Board members attended the meetings as well.

The Audit Committee has no decision-making powers. It only acts in an advisory or preparatory capacity.

3.4.6 Group Nomination & Remuneration Committee

Board members on the Committee: Mario Fontana, Markus Dennler.

The Committee takes care of and reports to the Board on the following matters:
- propose to the Board the compensation of the Executive Management and the members of the Board;
- propose to the Board the terms and conditions of employee shares or option plans (ESOP) and new profit sharing, bonus or incentive schemes;
- propose to the Board a planning of the succession for the Executive Management (emergency and long-term planning);
- propose to the Board the appointment of new members of the Board;
- propose to the Board the appointment, suspension and dismissal of the Executive Management and of other signatories of the Company;
- provide guidance in relation to overall management development.

The Committee meets at least twice a year. In 2010 it met four times. The usual length of the meeting was 1.5 hours. At each meeting held in 2010 the Executive Management was present, except for those parts of the agenda dedicated to the examination of the personal situation of the members of Executive Management. With few exceptions, all other Board members attended the meetings as well. No external counsels attended the meetings.

The Nomination & Remuneration Committee has no decision-making powers. It only acts in an advisory or preparatory capacity.

3.5 Definitions of areas of responsibility

The Executive Management has the business management responsibility of the Group. All executive functions within the Group not reserved for the Board or the Chairman are delegated to the Executive Management. The Executive Management is responsible for the implementation of business strategies approved by the Board of Directors and for the compliance of the operations with the risk management policies approved by the Board. Further the Executive Management ensures the maintenance and development of a corporate framework embedded in the corporate values approved by the Board. The Executive Management is accountable to the Board of Directors for the Company's results.

The Executive Management has in particular the following functions:
- implement the strategy decided by the Board and execute its decisions and instructions;
- prepare the items to be discussed by the Board;
- delegate competences to committees;
- draft the Internal regulations for the Board approval;
- propose the organisation chart to the Board;
- hire the employees and set their employment conditions and loans according to the guidelines issued by the Board;
- propose the budget to the Board;
- prepare the financial statements;
- ensure that the stock exchange journal is properly maintained and that transactions are properly reported to the stock exchange;
- ensure that the IT systems are adequate;
- implement the instructions of the Board related to internal controlling;
- report to the Board material information on the risk evolution and provide its own risk analysis;
- determine the commissions, interest rates and other business conditions applicable to the Bank's clients.

The delegation process to General Management is documented in the Internal Regulations approved by the FINMA and the Board has an overview of the delegation process through the summary provided in the Regulation on Competences.

The following business functions, organised in departments led by Directors and seconded by Vice Directors, report to:

- Marc Bürki: Customer Care, B2B, Sales & Forex
- Paolo Buzzi: Product Development, Information Technology & Security, Quantitative Asset Management
- Michael Ploog: Treasury & Trading, Back-office & Banking Applications, Legal & Compliance, Reporting & Controlling and Asset & Liability Management
- Executive Management: Human Resources

The Executive Management is further assisted by non-executive committees formed of members of the General Management that assure coordination and reporting functions and make recommendations to the Executive Management. At least one member of the Executive Management sits in each committee.

3.6 Information and control instruments vis-à-vis the Executive Management

The Group operates a comprehensive Management Information System that provides Executive Management with all data required to monitor and control the business and to report relevant information to the Board.

The Board periodically reviews the nature of the formal reporting prepared by Executive Management and the frequency of the respective reports:

- monthly reports typically focus on the development of the operations and on the list of counterparties that exceed 10% of the capital, if any;
- quarterly reporting includes a full set of Interim Condensed Consolidated Financial Statements, which are reviewed by the Auditors, as well as a financial report examining the key financial matters, including budgets and capital management issues. A risk and compliance report summarises the key risk issues, new or amendments to internal regulations that require Board approval, and assesses the changes in the compliance environment. Further the Board receives summary reports on key human resources and compensation issues as well as a status on important projects, statistics on the development of the revenues and comments on the operations and the business environment;
- half year reporting also includes interim statutory reports;
- yearly reporting includes the review of the audited Consolidated and Statutory Financial Statements.

Once a year the Board of Directors organises a conference dedicated to an in-depth review of risk and of the risk management process (“the Annual Conference on Risks”). The Executive Management and the respective Directors of Reporting & Controlling, Legal & Compliance and Information Technology & Security provide the Board with their own risk assessment and their recommendations with respect to the enhancement of the risk assessment process and to internal control.

Ad hoc reporting is addressed to the Board when required by the circumstances or upon request by the Board. Further, the Executive Management shall immediately report to the Board material matters outside the ordinary course of business.

The Executive Management participates at all meetings of the Board and of the Committees, unless otherwise requested by the Board or the concerned Committees.

The position of Internal Auditor reporting directly and independently to the Board of Directors of Swissquote Bank Ltd is outsourced to BDO SA, Genève. The duties of the Internal Auditor are governed by the Federal Law on Banks and Saving Banks and the Bank’s Internal Regulations. The Internal Auditor screens the compliance of business activities with legal and regulatory requirements and with applicable internal regulation. The Internal Auditor carries out the audit plan approved by the Board and reports its significant findings and recommendations in writing. It also executes ad hoc missions and investigations upon request of the Board. The Internal Auditor provides the Board with a specific half year summary report that inter alia reviews the progress made by the Company in implementing the recommendations made by the Internal Auditor in past reports and includes all relevant information with respect to the execution of the audit plan. The Internal Auditor participates to the Annual Conference on Risks and provides the Board with its own assessment of the risks and risk management process. The Board formally takes note of the reports of the Internal Auditor and reviews the conclusions and comments made by the Audit Committee.

In terms of risk management, the Company fully complies with the requirements of the FINMA Circular 2008/24 on supervision and internal control. In particular the Company operates an integrated risk management system called “Core Manual”. This system is permanently evolving based on the experiences made. The Core Manual inter alia addresses the following matters:

- objectives of the document, organisation of the Company as well as duties and responsibilities pertaining to the various organisation levels and the functioning of the committees;
- risk identification process;
- key procedures to control and / or mitigate risks.

4. Executive Management

4.1 Members of the Executive Management

The Executive Management consists of Marc Bürki, Chief Executive Officer, Paolo Buzzi, Chief Technology Officer and Michael Ploog, Chief Financial Officer. Marc Bürki and Paolo Buzzi are founding shareholders of Swissquote and were still major shareholders at 31 December 2010. All three members have assumed their current positions at the level of the Group since its formation in 1999. They have assumed the same functions in Swissquote Bank Ltd since 2002.

Marc Bürki (1961 / Swiss national, domiciled in Switzerland)
Chief Executive Officer (CEO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd
Founding partner of Swissquote Group Holding Ltd

Educational Background

1982 - 1987	Swiss Federal Institute of Technology (EPFL), Lausanne, degree in electrical engineering

Professional Experience

1987 – 1990	European Space Agency, Nordweijk, Netherlands, telecommunication specialist
1990 – 2002	Marvel Communications Ltd, Co-Managing Director
Since 1999	Swissquote Group Holding Ltd, Chief Executive Officer
Since 2002	Swissquote Bank Ltd, Chief Executive Officer (co-CEO, shared responsibility)
Since 2010	ACM Advanced Currency Markets Ltd, Chairman of the Board of Directors

Paolo Buzzi (1961 / Swiss national, domiciled in Switzerland)
Chief Technology Officer (CTO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd
Founding partner of Swissquote Group Holding Ltd

Educational Background

1983 - 1988	Swiss Federal Institute of Technology (EPFL), Lausanne, degree of Engineer in micro-engineering

Professional Experience

1988 – 1990	Rolm Systems, Santa Clara, USA, Software Engineer and New Technology Integration Engineer
1990 – 2000	Marvel Communications Ltd, Co-Managing Director
2000 – 2002	Swissquote Info Ltd, Chief Executive Officer
Since 1999	Swissquote Group Holding Ltd, Chief Executive Officer (co-CEO, shared responsibility)
Since 2002	Swissquote Bank Ltd, Chief Technology Officer
Since 2010	ACM Advanced Currency Markets Ltd, Member of the Board of Directors

Michael Ploog (1960 / Swiss national, domiciled in Switzerland) Chief Financial Officer (CFO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1980 - 1983	University of Lausanne, Hautes Etudes Commerciales
1986 - 1990	Swiss Institute of Certified Accountant, Lausanne, Swiss Certified Accountant

Professional Experience

1983 – 1985	University of Lausanne, Chair of Financial and Cost Accounting, Graduate Teaching Assistant
1986 – 1998	Deloitte & Touche, Senior Manager (1995) Geneva, Audit (1994) London, Corporate Finance (1994-1996) Lausanne, Management Advisory Services (1996-1998)
1998 – 1999	PricewaterhouseCoopers, Lausanne, Senior manager Transaction Services Group & Corporate Finances
Since 1999	Swissquote Group Holding Ltd and Swissquote Bank Ltd, Chief Financial Officer
Since 2010	ACM Advanced Currency Markets Ltd, Vice-Chairman of the Board of Directors

Other Mandates

Secretary of the Board of Directors of Swissquote Group Holding Ltd and Swissquote Bank Ltd.

4.2 Other activities and vested interests

None of the members of the Executive Management has other activities and vested interests as defined in the SIX Swiss Exchange regulations.

4.3 Management contracts

The Company has not entered into management contracts with third parties.

5. Compensation

5.1 Group Nomination & Remuneration Committee

The Group Nomination & Remuneration Committee is composed of two non-executive, independent members of the Board. At 31 December 2010 these were Mario Fontana (Chairman) and Markus Dennler.

Swissquote being a comparatively young company with a strong growth pattern, the Group Nomination & Remuneration Committee is in particular entrusted with the responsibility to regularly examine and review the adequacy of the firm's compensation systems and policies with the current and future needs of the Company, and to report its conclusions and recommendations to the Board. The Nomination & Remuneration Committee has no decision-making powers. It only acts in an advisory or preparatory capacity.

No external advisors have been consulted by the Company in respect of the structuring of compensation and share-ownership programs.

5.2 Content and method of determining the compensation and the shareholding programs (compensation policy)

5.2.1 Generalities

Swissquote's compensation policy is one of the components of the corporate framework and has the ultimate purpose to deliver sustainable growth and performance to shareholders, to provide a favourable development ground for the Company's employees and to induce a responsible and ethical behaviour vis-à-vis the Company and the community. Swissquote's compensation policy is designed to contribute in attracting and retaining employees, and to reward merit and medium and long term performance, with due care to the Company's success and its stage of development as well as in alignment with the interest of shareholders. With due care to labour market constraints, the Company seeks to keep multiples between lowest and highest paid employees within sensible ranges.

Although not submitted to FINMA Circular 10/1 on remuneration systems in the banking and insurance industries, which sets out mandatory rules for institutions that have equity capital requirements of at least CHF 2 billion, Swissquote's compensation policy is materially in line with FINMA Circular 10/1.

5.2.2 Components

Whatever the level of responsibilities, all employees' compensation at Swissquote is structured in four components: (i) the base salary, (ii) the level of pension benefits, (iii) the variable compensation and (iv) the medium term participation of employees to the growth of the stock price of the Company in the form of stock options. The compensation of Board members has only two components: a base fee and stock options.

Base salary depends on the level of seniority and the area in which an employee exercises his / her function. Pension benefits depend on individual family situation and level of management.

Variable compensation

The variable compensation is structured as follows:

- Annual Executive Management's variable compensation (see in section 5.3)
- Annual variable compensation for all employees except the Executive Management and employees paid on commissions ("General Variable Compensation").

The General Variable Compensation, if any, allocated to each eligible employee is the result of an amount called “Profit Award” multiplied by a factor called “Multiplier”:

- The Profit Award is a percentage of the salary of all concerned employees, which is set discretionary by the Board based on its assessment of the success of the Company. Success is a broader measurement basis than profitability (although a key factor): the assessment of success also encompasses the examination of the context in which the Company has developed and performed in the period under review.
- The Multiplier is a factor that depends on (i) the level of management (from member of the General Management to staff member) and / or experience of the concerned employee and on (ii) the assessment of the level of collective achievement of the objectives set at the beginning of each year by the Executive Management. Executive Management’s assessment is ratified by the Board. The objectives set by the Executive Management are generally related to growth, profitability, compliance and the development of new services. The Company seeks to maintain a sensible ratio between the lowest Multiplier and the highest one.

The amount of the General Variable Compensation is approved by the Board based on the recommendations of the Nomination & Remuneration Committee.

Stock option plans

The Group operates two stock option plans: one for the employees (including management) and one for the Board. The difference between the two plans mainly consist in the fact that the Board’s plan provides that all options granted are vested at the date of grant whereas the Employees’ plan provides that options are vested at the date of exercise. As a result, employees holding options who leave the Company before their options become exercisable lose their right to exercise their options. The Board is sole competent for deciding at its own discretion on the terms of the options and the number of options offered. Although terms have varied over the past years, the Company’s practice has converged to an annual grant to all eligible employees and Board members. Since 1999, a total of twelve allocation schemes have been made. The terms of the options in the ordinary course of business generally provide that options offered are divided in three equal tranches, each tranche becoming exercisable respectively one, two and three years after the date of grant. The exercise period is generally 2 years.

Since 2007 and in ordinary business circumstances, the maximum number of options that can be offered in a single calendar year is determined based on a set ratio expressing the percentage of the fair value of the options offered compared to the base salary payroll costs. The ratio was 3.9% in 2010 (3.3% in 2009). In ordinary circumstances of the business, the allocation of options to individual employees is made based on the level of an employee in the organisation structure. All employees belonging to the same level of the organisation are offered the same number of options.

The Board seeks to maintain a sensible ratio between number of options offered to individual employees, individual members of the Executive Management and individual Board members.

Data on the stock options plan is provided in section 5.5.

5.3 Executive Management compensation

The employment contract of the members of the Executive Management provides that their compensation consists of a base salary, the entitlement to a bonus subject to meeting specific performance related conditions and the eligibility to annual grants of stock options, all of these items being at the discretion of the Board. Further the contract provides that members of the Executive Management participate to a "bel-étage" pension scheme. The termination period of the labour contract is 6 months and there is no provision in it that would entitle the Executive Management to a "golden parachute". Members of the Executive Management do not attend the part of the Board meeting, where their compensation is decided on.

The base salary of the members of the Executive Management is assessed annually by the Board and when needed, is adjusted by the Board at its own discretion. Base salaries were last increased in 2006.

Each year the Board sets a list of objectives to the Executive Management as a whole that will be measured against actual achievements in the coming year. Objectives typically include business development targets, target profitability ratios and objectives relating to the strengthening of the organisation (risk management, compliance, people development, etc.). The level of achievements of the objectives is measured on a scale ranging from missed to largely overachived. The performance review is carried out by the Nomination & Remuneration Committee, shortly before the Auditors delivered their Audit Report on the Consolidated Financial Statements of the year under review. A percentage weighting is established for each objective and the maximum bonus (100% of the base salary) is reached when all objectives are largely overachieved. The Board resolves on the level of the bonus in response to the recommendation of the Nomination & Remuneration Committee.

The audited details of the compensation of the Executive Management are disclosed in Note 22 to the Consolidated Financial Statements (Section VII) in a format compliant with the provisions of Art. 663bbis and Art. 663c of the Swiss Code of Obligations.

5.4 Board compensation

The remuneration of the Chairman of the Board and other Board members comprises a cash component and a Swissquote Group Holding Ltd stock option component. The cash component, which is reviewed annually, is set at its own discretion by the entire Board of Directors in response to a proposal by the Nomination & Remuneration Committee. The same procedure applies to the grant of stock options.

The review of the compensation of the Board takes several factors into consideration, such as the trends in compensation of Board members in Switzerland and / or in companies that are comparable (industry / size) according to publicly available information. Further the Board seeks to keep a sensible relation between the cash compensation of Board members and the base salary of the Executive Management.

Board members are elected for one year terms, which are renewable. There are no "golden parachutes".

As of 2008, Board members are entitled to an annual grant of stock options (whereas in the past the entitlement was every three years). Terms provide that Board stock options granted are vested at grant.

The audited details of the compensation of the members of the Board are disclosed in Note 22 to the Consolidated Financial Statements (Section VII) in a format compliant with the provisions of Art. 663bbis and Art. 663c of the Swiss Code of Obligations.

5.5 Stock option plan

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

	Allocation 6th	7th	8th	9th	10th	11th	12th	Total	Conditional shares available for exercise
Year of grant	2004	2005	2006	2007	2008	2009	2010		
Strike (*1) [CHF per option]	11.39	17.00	34.00	75.00	47.00	63.24	47.50		
Number of options									
Board	-	117,000	-	2,000	11,000	6,600	8,250		
Executive Management	-	-	24,000	24,000	24,000	14,400	18,000		
Other employees	79,980	131,500	61,770	89,550	112,840	64,152	106,485		
	Number of options								
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	-	-	-	-	-	-	-	-	
Covered by treasury shares	(1,550)	(36,970)	(4,300)	-	-	-	-	(42,820)	
Lapsed	-	(340)	(2,500)	(9,260)	(2,360)	-	-	(14,460)	
At 31 December 2008	**5,700**	**130,800**	**64,028**	**106,290**	**145,480**	-	-	**452,298**	**211,060**
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	-	-	-	-	-	-	-	-	
Covered by treasury shares	(5,700)	(29,930)	(32,776)	-	(14,238)	-	-	(82,644)	
Lapsed	-	-	(200)	(4,290)	(5,958)	(120)	-	(10,568)	
At 31 December 2009	-	**100,870**	**31,052**	**102,000**	**125,284**	**85,032**	-	**444,238**	**211,060**
At 1 January 2010	-	**100,870**	**31,052**	**102,000**	**125,284**	**85,032**	-	**444,238**	**211,060**
Grants	-	-	-	-	-	-	132,735	132,735	
Exercised									
Covered by the issue of new shares	-	-	-	-	-	-	-	-	
Covered by treasury shares	-	(100,870)	(18,672)	-	(9,009)	-	-	(182,551)	
Lapsed	-	-	-	(36,302)	(4,304)	(3,312)	(240)	(44,158)	
At 31 December 2010	-	-	**12,380**	**65,698**	**111,971**	**81,720**	**132,495**	**404,264**	**211,060**
Exercise periods of balance options at 31 December 2010									
August 2009 to July 2011	-	-	*12,380*	*33,337*	*30,567*	-	-	*76,284*	
August 2010 to July 2012	-	-	-	*32,361*	*37,297*	*27,240*	-	*96,898*	
August 2011 to July 2013	-	-	-	-	*44,107*	*27,240*	*44,165*	*115,512*	
August 2012 to July 2014	-	-	-	-	-	*27,240*	*44,165*	*71,405*	
August 2013 to July 2015	-	-	-	-	-	-	*44,165*	*44,165*	

(*1) Number of shares and strike price for the years 2004 to 2006 restated in order to reflect the share split 1:10 carried out on 8 May 2007.

Further details on the terms of the respective allocations are provided in Note 14.2 to the Consolidated Financial Statements (Section VII).

6. Shareholders's participation

6.1 Generalities

Shareholders in Swiss corporations have extended participatory and protective rights. Protective rights include the right to inspection and information (Art. 696, 697 CO), the right to a special audit (Art. 697a CO), the right to call a General Meeting of Shareholders (Art. 699 par. 3 CO), motion rights, the right of appeal (Art. 706 f CO) and the right to instigate liability proceedings (Art. 752 ff CO). Participatory rights primarily include the right to participate at General Meeting of Shareholders, the right to express an opinion and voting rights (Art. 694 CO). All shareholders listed in the share register as having voting rights, are permitted to attend and vote at General Meeting of Shareholders.

The General Meeting of Shareholders is the highest body of the Company. Its non-delegable rights are:

- the adoption and the amending of the Articles of Association;
- the election of the members of the Board of Directors;
- the election of the Auditors;
- the approval of the Annual Report, including the Consolidated Financial Statements;
- the approval of the Annual Financial Statements, as well as the resolution regarding the use of the balance sheet profit; in particular the amount of the dividend;
- the release of the members of the Board of Directors;
- passing any resolution on matters which are by Law or by the Articles of Association reserved to the General Meeting of Shareholders.

The Chairman of the Board chairs the General Meeting of Shareholders, or if absent, another member of the Board does, or otherwise a chairman, who shall not necessarily be a shareholder, is elected by the General Meeting of Shareholders. In principle, ballots are made via electronic systems. In case of system failure, they are made via open ballot, unless one or more shareholders representing an aggregate of at least 5% of the voting rights request a secret ballot.

Minutes of each General Meeting of Shareholders shall be kept. They are signed by the Chairman and the Secretary. Minutes shall include:

- the number, type, value and classes of shares represented by shareholders, corporate bodies, independent proxies of voting;
- rights and proxies for deposited shares;
- the resolution and results of elections;
- the requests of information and the respective replies;
- the statements for records made by shareholders.

6.2 Voting-rights and representation restrictions

Art. 12 of the Articles of Association provides that one registered share gives the right to one vote. The Articles of Association do not include any percentage clause or group limitation clause.

Registered shareholders can be represented at a General Meeting of Shareholders. Art. 11 of the Articles of Association sets out no restriction. The invitation to General Meeting of Shareholders provides instructions as to how a representation shall be formalised in order to be validly recognised by the Company.

6.3 Statutory quorums

A General Meeting of Shareholders, which has been called in accordance with the provisions of the Law and Articles of Association, can make decisions, irrespective of the number of shares / shareholders present or represented at a General Meeting. There is no quorum.

Except when law and / or the Articles of Association provide otherwise, the decisions are made based on the simple majority of the votes, corresponding to the shares validly represented. In case of even ballot, a second round is organised and if there is still no majority, the Chairman of the Board casts the decisive vote.

A qualified majority (two-thirds of the votes represented and the absolute majority of the par value of the shares represented) is required for resolutions on the following matters:

- the change in the Company’s purpose;
- the creation of shares incorporating privileged rights;
- the restriction of the transferability of registered shares;
- the creation or the increase of conditional and / or authorised share capital;
- an increase of the share capital out of equity, or by means of a contribution in kind, or for the purpose of the acquisition of assets or in exchange for the grant of special benefits;
- the limitation or withdrawal of preemptive rights;
- the relocation of the Company’s domicile;
- the dissolution of the Company without liquidation;
- the conversion of registered shares into bearer shares and conversely.

6.4 Convocation of the General Meeting of Shareholders

The General Meeting of Shareholders is called to meet by the Board of Directors in the normal course of business or otherwise by the Auditors or the Liquidator. The General Meeting can also be called by one or more shareholders who represent in aggregate 10% or more of the share capital. Further details are provided in the Articles of Association.

Ordinary General Meeting must be held within 6 months from the date of the financial year-end. Extraordinary General Meetings are called whenever required. If all shareholders or their representatives are present, the shareholders can validly hold a meeting, even if the form provided by the Articles of Association has not been met.

General Meeting shall be called respecting a notice period of at least 20 days. Invitations to meetings are valid if made in the form of the publication of the invitation in the “Feuille des Avis Officiels” or by mail to each shareholder. The invitation to the Ordinary Meeting shall state that the Annual Report is available for the shareholders at the Company’s headquarters.

6.5 Agenda

No decision can be made by the General Meeting on matters that are not stated in the agenda, except if all shareholders or their representatives are present or except on a motion to convene an Extraordinary General Meeting or to instigate a special audit.

One or more shareholders representing in aggregate 5% or more of the share capital can have an item included on the agenda (Art. 699 par. 3 CO). Written requests for the inclusion of items on the agenda must be submitted to the Company at least 45 days prior to the General Meeting of Shareholders. Further details are provided in the Articles of Association.

6.6 Inscriptions into the share register

Art. 6 of the Articles of Association provides that the Company shall maintain a share register that shall include for each shareholder having requested his / her registration, his / her name and address, and the number of shares owned. The Board has mandated ShareCommService AG, Europastrasse 29, CH-8152 Glattbrugg, to maintain the Company's share register.

The registration of an acquirer of Swissquote shares is made on the request of the acquirer, who shall on request of the Company, represent that the acquisition was made on his / her behalf and account. Nominees cannot be registered with voting rights. If the above mentioned representation is not received, the Board may refuse to proceed to a registration. For practical reasons, no new registration will be made in the share register up to 20 days before a General Meeting. Registered shareholders that sell their shares prior to the General Meeting of Shareholders are no longer entitled to exercise their votes.

7. Changes of control and defence measures

7.1 Duty to make an offer

Art. 32 of the Federal Act on Stock Exchanges and Securities Trading (SESTA) states that anyone directly or indirectly acquiring equity securities, thereby exceeding the threshold of 33 1/3 per cent of the voting rights of a target company, whether or not such rights can be exercised, is obliged to submit an offer to acquire all listed equity securities of the company. Art. 29 SESTA outlines the Board of Directors' obligation, in the event of a public takeover bid, to provide shareholders with the information they need to evaluate the offer as well as the prohibition of defensive measures (no significant alteration in the assets or liabilities of the target company is permitted as of the time of the bid, aside from transactions that have already been approved by the General Meeting).

The Company has no opting out / opting up clause in its Articles of Association.

7.2 Clauses on changes of control

None of the members of the Board of Directors and of the Executive Management benefits from change-of-control clauses.

8. Auditors

8.1 Generalities

The duties of the Auditors are to report to the General Meeting of Shareholders the results of their audit, the objective of which is to verify that the Financial Statements, the Annual Report and the proposed utilisation of the accumulated results comply with law and with the Articles of Association. The Auditors recommend the approval, with or without qualification, or rejection of the Annual Financial Statements. Further when the Company is required to deliver Consolidated Financial Statements, the Auditors shall report their compliance with the law and the accounting principles adopted for the consolidation. Auditors must be present at General Meeting of Shareholders, unless an unanimous resolution of the shareholders provides otherwise.

The Group's Financial Statements and the individual Group companies' Financial Statements are audited by PricewaterhouseCoopers SA since 1999, which were re-elected in each year since then. Philippe Bochud is responsible for the audit of the Group since 2008.

The Auditors shall be independent from the Board and from the shareholders. Except for tax matters, audit related services and other services that can generally only be provided by the Auditors (e.g. reviews of documents filed with the Swiss Financial Market Supervisory Authority FINMA), the Group uses consultants who are entirely independent from the Company's Auditors.

In addition to their audit opinions, the Auditors are requested to provide specific information such as their audit findings, comments on accounting issues and audit fee proposals to the Audit Committee.

8.2 Duration of the mandate and term of office of the lead auditor

The Auditors are elected for one-year terms by the General Meeting of Shareholders and are eligible for re-election. They were re-elected on 30 April 2010. The rotation frequency of the lead auditor is 7 years.

8.3 Auditing fees and additional fees

The total fee (in CHF) charged by the Auditors to the Group in 2010 is analysed as follows:

	2010	2009
Auditing fees	524,324	410,200
Additional fees:		
Audit-related services	9,300	66,163
Tax	47,977	52,300
Total	**581,601**	**528,663**

The amount of the auditing fees is based on fees agreed upon for the audits of the Consolidated and Statutory Financial Statements of the Group companies, including the regulatory audit of the bank, for the year ended 31 December 2010. Audit-related services mainly consist in reports examining the Group's compliance with provisions of agreements, such as the Qualified Intermediary Agreement with the US Internal Revenue Service, or the compliance with private regulations, such as the regulations related to Swissquote Bank Ltd's membership to SIX Swiss Exchange; audit-related services may also consists of due diligence services.

8.4 Informational instruments pertaining to the external audit

The Auditors are requested to meet at least twice a year with the Audit Committee. In 2010, the Auditors met four times with the Audit Committee.

Year-round the Auditors inter alia provide the Audit Committee and / or the Board with the following reports:

- each quarter: review report on the Condensed Consolidated Interim Financial Statements (balance sheet, statement of operations, statement of changes in shareholders' equity, cash flow statement and notes);
- each year:
  - Audit Report on Group Consolidated Financial Statement as well as on Swissquote Group Holding Ltd and Swissquote Bank Ltd Statutory Financial Statements;
  - Audit Plan to the Audit Committee;
  - Regulatory Audit Report;
  - Report on the Financial Audit.

The Regulatory Audit Report and the Report on the Financial Audit are part of the ordinary reporting to the Swiss Financial Market Supervisory Authority FINMA and are commented by the Auditors within the Audit Committee. The Board of Directors takes note of them. The Regulatory Audit Report examines the overall compliance and adequacy of the organisation and assesses matters such as the independence and the qualification of the Board as a body, the professional qualification of Internal Auditor and the adequacy and quality of the planning, execution and reporting of internal audit. The Report on the Financial Audit inter alia examines the financial strength of the Company, its compliance with minimal financial ratios set by law and the adequacy of capital.

The Audit Committee also receives copy of the various reports issued by the Auditors within the framework of audit-related services, e.g. reports related to the Group's compliance with provisions of agreements or private regulations as described in section 8.3. This allows the Audit Committee to assess the work of the Auditors performed outside the standard audit services, in particular in terms of admissibility and conflict of interests.

At each Audit Committee the Auditors provide a written report on their findings, if any, and comment on the development of the regulatory and accounting frameworks. Further the Auditors participate to the Annual Conference on Risks, where they provide the Board with the Audit Plan for the coming year. The Audit Plan in particular includes an audit fees analysis (including audit-related services) as well as an assessment of specific and mandatory audit risks based on Auditor's report "Risk Analysis / Audit Strategy" (report based on FINMA standards). The Audit Plan is discussed in depth at the Annual Conference on Risks and is updated from time to time over the year depending on the circumstances.

Once a year the Audit Committee reviews the qualification and performance of the Auditors and inter alia assesses the level of expertise available, the adequacy of resources and the quality of the planning (in particular the coordination with the Internal Auditor). The Audit Committee also assesses whether the amount and trend in audit fees appears reasonable. In this respect changes in audit fees must be justified by the Auditors in terms of marginal changes in volumes to be audited and / or complexity of the audit items.
Based on its assessment the Audit Committee recommends to the Board to either propose the Auditors in place to the General Meeting of Shareholders or to start a process for the selection of other Auditors.

The Auditors confirm their independence to the Audit Committee at least once a year. The Audit Committee assesses the Auditors' independence on the basis of their confirmation and also based on its own assessment of the various reports addressed to its attention or of which it received a copy (incl. reports related to additional services).

9. Information Policy

9.1 General principles

The Company aims primarily to promote confidence in its disclosure policy. Thereby it intends to create a better understanding of its business and to develop and maintain realistic investor expectations.

The Company commits to providing timely and orderly information in accordance with the legal and regulatory requirements, in particular with the provisions of the SIX Swiss Exchange Listing Rules on ad hoc publicity. The Company aims to provide the financial market with consistent, accurate and complete information evenly during good and bad times and ensures that the investment community has fair access to such information.

It is the Company's policy not to release explicit earnings projections, but it may provide certain guidance to the investment community for them to assess the Company and its business prospects.

As a general rule, material or price-sensitive information shall be released promptly as soon as the main aspects of such information are established by the Company. However, the Company is permitted under the relevant regulatory provisions to postpone the release of material information, if the information concerns a plan or negotiation of the Company and its premature disclosure would prejudice the legitimate interest of the Company. In such case, the Company will take adequate measures to ensure the effective confidentiality of the information and to prevent insiders from trading on the basis of that information. The Company will adequately inform the investment community in cases where the information previously kept confidential is substantially leaked to the market.

The Company will avoid releasing material and price-sensitive information during trading periods of the shares or shortly before opening of trading. If the information is to be released during normal trading hours of the SIX Swiss Exchange (9 a.m. to 5.30 p.m.) or less than 90 minutes before the opening of trading, the SIX Exchange Regulations and / or any other SIX department shall be informed at least 90 minutes prior to the release of such information. In situations where it cannot be avoided that material information is to be disclosed during trading hours, the CEO and CFO shall consider whether a request for a suspension of trading is appropriate. If material and non-public information is divulged unintentionally in a selective setting, such as analyst meetings or conference calls, which are not open to the investment community, the Company will publicly disclose such information promptly after the meeting or after it learns of the selective disclosure.

If the Company discovers that the statement made was, in fact, materially incorrect at the time it was disclosed, the Company will publicly issue a corrective statement of such incorrect statement as soon as the error is discovered.

The Company will also issue within due time a corrective statement as soon as new facts that make a previous disclosure false or misleading come to light.

The Company does not comment on market rumors and speculations.

9.2 Regular reporting

9.2.1 Annual reporting

The Company announces its annual revenues and results in a press release shortly after the Board of Directors has approved the audited annual Financial Statements. This announcement is normally scheduled in February, followed by a press conference and / or a telephone conference for analysts and media. The General Meeting of Shareholders normally takes place between March and May. The Annual Report is released on the Company's website or in print format at the Board's discretion.

9.2.2 Quarterly reporting

The quarterly results are published by a press release shortly after the Board of Directors has approved them. The press release is followed by a call-in conference for analysts and media and a press conference for the half-year results. The quarterly reports are released on the Company's website.

The releases of the quarterly results in 2011 are scheduled as follows:

Quarter 1 Interim Financial Statements at 31 March 2011:	5 May 2011
Quarter 2 Interim Financial Statements at 30 June 2011:	29 July 2011
Quarter 3 Interim Financial Statements at 30 September 2011:	4 November 2011

9.3 Updated information and contacts

Press releases and reports as well as other information made public are accessible on www.swissquote.ch section "The Company".

Section 4: Compensation Report
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Compensation Report

1. Scope

The present report summarizes the 2010 compensations received in cash or in the form of other entitlements by the members of the Board of Directors and Executive Management of Swissquote Group, as well as the principles guiding the metrics of such compensation. The report further provides a perspective on the development of the individual and aggregate compensations of the members of the Board of Directors and of Executive Management.

The scope of the present report does not reach to compensation of other classes of employees. Further information on global compensation systems is provided in section 5.1 of the Corporate Governance Report.

Contrary to the Corporate Governance Report, which is a requirement for a listed company on SIX Swiss Exchange, there is no legal requirement for the Company at its actual stage of development to prepare a Compensation Report. The Board of Directors however considers that the disclosure of a Compensation Report on a voluntary basis is a positive contribution to the development of Group's overall corporate governance framework. The present report is inspired by the FINMA circular 10/1 on remuneration systems in the banking and insurance industries, which sets out mandatory rules for institutions that have equity capital requirements of at least CHF 2.0 billion.

2. Guiding principles

Swissquote's compensation policy is one of the components of the corporate framework which ultimate purpose is to deliver sustainable growth and performance to shareholders, to provide a favourable development ground for the Company's employees and to include a responsible and ethical behaviour vis-à-vis the Company and the community.

Swissquote's compensation policy is designed to contribute to attracting and retaining employees, to reward merit, medium and long term performance with due care to the Company's success and its stage of development, as well as in alignment with the interest of the shareholders.

With due care to specific industry features and labour market constraints, the Company seeks to keep multiples between lowest and highest paid employees with sensitive ranges.

3. Organisation and competences

The Board of Directors is competent to decide on all relevant issues related to compensation, in particular on:

- Swissquote's compensation policy;
- the compensation of Executive Management and the Board members;
- the annual bonus;
- the stock option plans.

The Board of Directors makes its decisions based on the proposals of the Group Nomination & Remuneration Committee, which is composed of two non-executive, independent members of the Board. At 31 December 2010, these were Mario Fontana (Chairman) and Markus Dennler. The Nomination & Remuneration Committee has no decision-making powers. It only acts in an advisory and preparatory capacity.

No permanent external advisors is consulted by the Company in respect of the structuring of compensation or otherwise.

More information is provided in the Corporate Governance Report, in particular under sections 3.4.6 and 5.1.

4. Board compensation

The compensation of the Chairman of the Board and other Board members comprises a cash component and a stock option component. Members of the Board receive a fixed indemnity covering their estimated out-of-pocket expenses (called hereafter "Other fixed compensation").

The cash component, which is reviewed annually, is set at its own discretion by the entire Board of Directors in response to a proposal by the Nomination & Remuneration Committee. The review of the compensation of the Board takes several factors into consideration, such as the trends in compensation of Board members in Switzerland and / or in companies that are comparable (industry / size) according to publicly available information. Further the Board seeks to help a sensible relation between the cash compensation of Board members and the base salary of Executive Management. The same principles apply to the grant of stock options. Board's stock options are vested at grant.

None of the Board members has a "golden parachute". The members of the Board benefit from the same benefits on the consumption of services provided by the Company than all employees of the Company. The aggregate amount of such benefits is not considered material and is not reported in the present report.

5. Executive Management compensation

The employment contract of the members of Executive Management provides that their compensation consists of:

- a base salary;
- an annual bonus capped at 100% of the base salary;
- an annual grant of stock options;
- a "bel-étage" pension scheme included in "Other fixed compensation".

All of these items are set at the discretion of the Board of Directors. Members of Executive Management do not attend the part of the Board meeting, where their compensation is decided on.

Whereas the Board considers that the capping of bonuses at 100% of the base salary ensures that no inadequate or excessive risk taking is rewarded - and hence makes it unnecessary to differ the payment of cash bonuses -, stock options are viewed by the Board as the appropriate deferrred compensation instrument that links effective management performance to medium and long-term growth of the value of the Company.

The base salary of the members of Executive Management is assessed annually by the Board and, when needed, is adjusted by the Board at its own discretion. The base salary of the members of Executive Management was last increased in 2006.

Each year the Board sets a list of objectives to Executive Management as whole that will be measured against actual achievements. Objectives typically include growth and profitability targets and objectives relating to the strenghtening of the organisation (risk management, compliance, people development, etc.).

The level of achievement of the objectives is measured on a scale ranging from missed to largely overachieved. The performance review is carried out by the Nomination & Remuneration Committee. A percentage weighting is established for each objective and the maximum bonus (100% of the base salary) is granted when all objectives are largely overachieved. The Board resolves on the level of the bonus in response to the recommendation of the Nomination & Remuneration Committee.

Compensation Report

The Board is sole competent for making discretionary decision with respect to the terms of the options and the number of options offered. The decision is based on general considerations inter alia linked with the stage of development of the Company. The terms of the options in the ordinary course of business generally provide that options offered are divided in three equal tranches, each tranche becoming exercisable respectively one, two and three years after the date of grant. The exercice period is generally 2 years.

The Board seeks to maintain sensible ratio between number of options offered to individual members of Executive Management and invidual Board members, as well as between the number of options offered to Executive Management and those offered to members of the respective levels of the organisation. Stock options granted to Executive Management members are vested at the date of exercise.

None of the members of Executive Management has a "golden parachute". The members of Executive Management enjoy the same benefits on the consumption of services provided by the Company than all employees of the Company. The aggregate amount of such benefits is not considered material and is not reported in the present report.

6. Summary of 2010 Compensation

The following table shows the audited details of the compensation of the members of the Board and Executive Management in a format compliant with the provisions of Art. 663b^{bis} and Art. 663c of the Swiss Code of Obligations.

All amounts in CHF	Base compensation		Variable compensation		Other Compensation	Total	Number of share options granted (*2)
	Cash	Shares (fair value)	Cash bonus (*1)	Share option (fair value) (*2)			
Board of Directors					(*3)		
Mario Fontana, Chairman	120,000	-	-	19,395	2,000	141,395	2,250
Paul E. Otth, member	80,000	-	-	12,930	2,000	94,930	1,500
Markus Dennler, member	80,000	-	-	12,930	2,000	94,930	1,500
Martin Naville, member	80,000	-	-	12,930	2,000	94,930	1,500
Adrian Bult, member	80,000	-	-	12,930	2,000	94,930	1,500
Total Board of Directors	**440,000**	**-**	**-**	**71,115**	**10,000**	**521,115**	**8,250**
Executive Management					(*4)		
Marc Bürki, CEO	355,000	-	78,000	51,720	25,200	509,920	6,000
Paolo Buzzi, CTO	355,000	-	78,000	51,720	25,200	509,920	6,000
Michael Ploog, CFO	355,000	-	78,000	51,720	16,800	501,520	6,000
Total Executive Management	**1,065,000**	**-**	**234,000**	**155,160**	**67,200**	**1,521,360**	**18,000**

(*1) Cash bonus consists of the bonus payable in 2011 based on the performance of the 2010 financial year.
(*2) The fair value of the options has been determined based on the valuation method and the parameters used for the 12th allocation (see Note 14.2). The number of options granted in 2010 is stated in the last column of the above table. The amounts stated correspond to the total value of options granted.
(*3) Other Fixed Compensation consists of discretionary allowances for out-of-pocket expenses.
(*4) Other Fixed Compensation consists of Bel-étage funding contributions and discretionary allowances for out-of-pocket expenses.

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7. Development of compensation: 2006 to 2010

The compensation of the Chairman of the Board of Directors, each of the other Board members and each of the members of Executive Management has developed as follows since 2006:

a) Compensation 2010

In CHF'000	Base Salary	Other fixed Compensation	Bonus	Stock options	Total
Board of Directors					
Mario Fontana, chairman	120.0	2.0	-	19.4	141.4
Paul E. Otth, member	80.0	2.0	-	12.9	94.9
Markus Dennler, member	80.0	2.0	-	12.9	94.9
Martin Naville, member	80.0	2.0	-	12.9	94.9
Adrian Bult, member	80.0	2.0	-	12.9	94.9
Total for Board of Directors	**440.0**	**10.0**	**-**	**71.0**	**521.0**
Executive Management					
Marc Bürki, CEO	355.0	25.2	78.0	51.7	509.9
Paolo Buzzi, CTO	355.0	25.2	78.0	51.7	509.9
Michael Ploog, CFO	355.0	16.8	78.0	51.7	501.5
Total for Executive Management	**1,065.0**	**67.2**	**234.0**	**155.1**	**1,521.3**

b) Compensation 2009

In CHF'000	Base Salary	Other fixed Compensation	Bonus	Stock options	Total
Board of Directors					
Mario Fontana, chairman	120.0	2.0	-	22.6	144.6
Paul E. Otth, member	80.0	2.0	-	15.1	97.1
Markus Dennler, member	80.0	2.0	-	15.1	97.1
Martin Naville, member	80.0	2.0	-	15.1	97.1
Adrian Bult, member	80.0	2.0	-	15.1	97.1
Total for Board of Directors	**440.0**	**10.0**	**-**	**83.0**	**533.0**
Executive Management					
Marc Bürki, CEO	355.0	25.1	105.0	60.3	545.4
Paolo Buzzi, CTO	355.0	25.1	105.0	60.3	545.4
Michael Ploog, CFO	355.0	16.7	105.0	60.3	537.0
Total for Executive Management	**1,065.0**	**66.9**	**315.0**	**180.9**	**1,627.8**

Compensation Report

c) Compensation 2008

In CHF'000	Base Salary	Other fixed Compensation	Bonus	Stock options	Total
Board of Directors					
Mario Fontana, chairman	120.0	2.0	-	21.1	143.1
Paul E. Otth, member	75.0	2.0	-	14.1	91.1
Markus Dennler, member	75.0	2.0	-	14.1	91.1
Martin Naville, member	75.0	2.0	-	14.1	91.1
Adrian Bult, member (*)	65.0	1.5	-	14.1	80.6
Total for Board of Directors	**410.0**	**9.5**	**-**	**77.5**	**497.0**
Executive Management					
Marc Bürki, CEO	355.0	25.3	230.8	56.3	667.4
Paolo Buzzi, CTO	355.0	25.3	230.8	56.3	667.4
Michael Ploog, CFO	355.0	16.9	230.8	56.3	659.0
Total for Executive Management	**1,065.0**	**67.5**	**692.4**	**168.9**	**1,993.8**

(*) At the AGM on 25 April 2008, Mr. Adrian Bult was elected at the Board for a first term on the same date.

d) Compensation 2007

In CHF'000	Base Salary	Other fixed Compensation	Bonus	Stock options	Total
Board of Directors					
Mario Fontana, chairman	120.0	2.0	-	-	122.0
Paul E. Otth, member	60.0	2.0	-	-	62.0
Markus Dennler, member	60.0	2.0	-	-	62.0
Martin Naville, member (*)	45.0	1.5	-	17.8	64.3
Otto E. Nägeli, member (*)	20.0	0.7	-	-	20.7
Total for Board of Directors	**305.0**	**8.2**	**-**	**17.8**	**331.0**
Executive Management					
Marc Bürki, CEO	355.0	25.3	248.5	71.3	700.1
Paolo Buzzi, CTO	355.0	25.3	248.5	71.3	700.1
Michael Ploog, CFO	355.0	16.9	248.5	71.3	691.7
Total for Executive Management	**1,065.0**	**67.5**	**745.5**	**213.9**	**2,091.9**

(*) At the AGM on 25 April 2007, Mr. Otto E. Nägeli did not seek his re-election at the Board. Mr. Martin Naville was elected at the Board for a first term on the same date.

e) Compensation 2006

In CHF'000	Base Salary	Other fixed Compensation	Bonus	Stock options	Total
Board of Directors					
Mario Fontana, chairman	120.0	2.0	-	-	122.0
Paul E. Otth, member	60.0	2.0	-	-	62.0
Markus Dennler, member	60.0	2.0	-	-	62.0
Otto E. Nägeli, member	60.0	2.0	-	-	62.0
Total for Board of Directors	**300.0**	**8.0**	**-**	**-**	**308.0**
Executive Management					
Marc Bürki, CEO	355.0	25.2	183.5	58.2	621.9
Paolo Buzzi, CTO	355.0	25.2	183.5	58.2	621.9
Michael Ploog, CFO	355.0	16.8	183.5	58.2	613.5
Total for Executive Management	**1,065.0**	**67.2**	**550.5**	**174.6**	**1,857.3**

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