ANNUAL REPORT 2013
CORPORATE GOVERNANCE REPORT
COMPENSATION REPORT

SWISSQUOTE
THE SWISS LEADER IN ONLINE BANKING

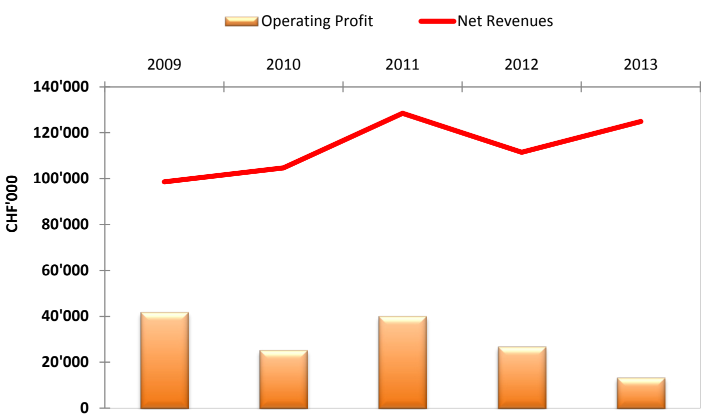
Annual Report 2013

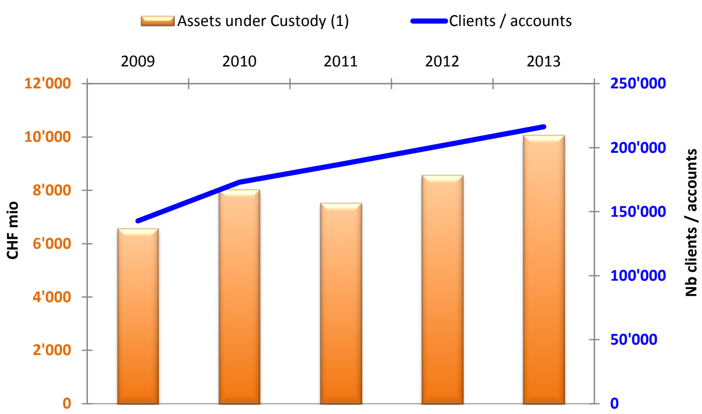
Section 1: Key Figures

	2013	2012	2011	2010	2009
Clients / accounts	216,357	201,582	187,077	173,058	142,702
% change	7.3%	7.8%	8.1%	21.3%	19.0%
Assets under Custody in CHFm (1)	10,083	8,581	7,537	8,030	6,583
% change	17.5%	13.9%	-6.1%	22.0%	45.0%
Employees	507	368	358	355	236
% change	37.8%	2.8%	0.8%	50.4%	0.0%

(1) including cash deposited by clients

All amounts in CHF '000	2013	2012	2011	2010	2009
Net revenues	124,871	111,492	128,444	104,645	98,633
% change	12.0%	-13.2%	22.7%	6.1%	-11.7%
Operating Expenses	111,582	84,744	88,431	79,383	56,802
% change	31.7%	-4.2%	11.4%	39.8%	4.0%
Operating Profit	13,289	26,747	40,013	25,262	41,831
% change	-50.3%	-33.2%	58.4%	-39.6%	-26.7%
Operating Profit Margin [%]	10.6%	24.0%	31.2%	24.1%	42.4%
Net Profit	11,656	22,004	31,407	21,157	34,993
% change	-47.0%	-29.9%	48.4%	-39.5%	6.7%
Net Profit Margin [%]	9.3%	19.7%	24.5%	20.2%	35.5%
Total Equity	247,941	241,128	229,746	199,011	174,240
% change	2.8%	5.0%	15.4%	14.2%	25.2%
% of Equity/Total Assets	7.7%	8.6%	8.9%	8.5%	9.2%





(1) including cash deposited by clients

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 (2009 to 2013)

Development of stock market share price (January to December 2013)

Share price in CHF	2013	2012	2011	2010	2009
High	39.85	42.40	61.70	54.80	58.85
Low	27.00	24.10	29.00	36.25	35.00
31 December	39.15	28.70	33.00	53.60	51.50

Stock market capitalisation in CHF million	2013	2012	2011	2010	2009
High	583.3	620.7	888.2	777.9	825.9
Low	395.2	352.8	417.5	514.6	491.2
31 December	573.1	420.1	475.0	760.8	722.8

Per share data in CHF	2013	2012	2011	2010	2009
Net revenue per share	8.77	7.71	8.92	7.37	7.03
Net profit per share	0.82	1.52	2.18	1.49	2.49
Equity per share	16.94	16.47	15.69	13.60	11.90
Dividend per share	0.60*	0.60	-	0.60	0.60
Other pay out per share	-	-	1.04	-	-

* Proposal of the Board of Directors

Report to the Shareholders

RESULTS FOR THE 2013 FINANCIAL YEAR

Dear Shareholders,

Capital markets showed a surprisingly consistent positive performance in 2013. At the same time, the acquisition of major forex broker MIG Bank was a significant milestone for Swissquote. The report on the 2013 financial year clearly illustrates the impact that the expansion of forex operations is already having and how it will shape Swissquote's development going forward.

Swissquote reports significantly higher revenues

Swissquote increased net revenues by 12.0 percent year-on-year to CHF 124.9 million in 2013. MIG Bank, acquired at the end of September, contributed around CHF 8 million to total net revenues in the 4th quarter. The one-off restructuring costs associated with the acquisition did, however, depress net profit, which was down by 47.0 percent to CHF 11.7 million.

At CHF 10.1 billion, assets under custody reached double-digit billion figures for the first time. The number of accounts grew by 7.3 percent.

Sharp rise in share of revenues from forex trading

In 2013, total net revenues rose by 12.0 percent year-on-year to CHF 124.9 million (CHF 111.5 million).

Net fee and commission income increased by 14.7 percent to CHF 59.3 million (CHF 51.7 million) although trading activity improved by only 11.6 percent. The moderate increase in trading activity to 12.5 transactions per client/year contrasts with the positive market development, which surpassed the optimistic expectations for 2013. Representing almost one quarter of assets under custody, the relatively high cash proportion was a further indicator of the caution exercised by clients.

Swissquote's prudent investment policy was reflected in the 11.5 percent decrease in net interest income to CHF 15.1 million (CHF 17.1 million). More than half of the balance sheet total (CHF 1.843 billion) is held as deposits with the Swiss National Bank.

Net forex and trading income (including MIG Bank) increased by 19.2 percent to CHF 49.8 million (CHF 41.8 million), corresponding to a 39.9 percent share in total net revenues.

Huge increase in forex trading volume

The significance of forex operations for Swissquote has been evident for some time. This trend has become more pronounced since the takeover of MIG Bank on 25 September 2013. In the 4th quarter of 2013 alone, the forex trading volume rose by 200.9 percent to CHF 226.3 billion (3rd quarter: CHF 75.2 billion). Swissquote has thus consolidated its place among the world's ten largest forex service providers. The volume for 2013 totaled CHF 459.4 billion (CHF 336.6 billion).

MIG Bank was fully merged with Swissquote Bank effective 9 December 2013. The two MIG subsidiaries were renamed Swissquote Ltd in London and Swissquote Asia Ltd in Hong Kong. Whereas the merger has been completed, the process of technical integration will not be fully finished before the second half of 2014. As of then, it will be possible to expand MIG Bank's profit margin from 10 percent to the 25 percent targeted by Swissquote.

Report to the Shareholders

One-off acquisition costs depress net profit

Swissquote posted an 8.8 percent increase in pre-tax profit on ordinary business in 2013. This encouraging operating result was impacted by extraordinary one-off costs and provisions, which led to a 47.0 percent drop in net profit. The bulk of the extraordinary expenses of CHF 12.8 million relate to the acquisition of MIG Bank.

At CHF 95.8 million (CHF 84.7 million), operating expenses were 13.0 percent higher in 2013 than in the previous year. The increase in operating expenses is also largely due to integration costs and additional payroll and related expenses. Following the acquisition, Swissquote has a total headcount of 507 at its Gland head office and its five subsidiaries.

Pre-tax profit came to CHF 29.1 million (CHF 26.7 million), and net profit – having been reduced by the extraordinary costs – stood at CHF 11.7 million (CHF 22.0 million). The pre-tax profit margin was 23.3 percent (24.0 percent), and the net profit margin 9.3 percent (19.7 percent). Earnings per share amounted to CHF 0.82 (CHF 1.52).

Although the purchase of MIG Bank was financed entirely with equity capital, the impact on total equity and the common equity ratio was modest: total equity rose slightly by 2.8 percent to CHF 247.9 million (CHF 241.1 million); the core capital ratio reached 20.6 percent (23.0 percent).

Continued growth in assets under custody and number of clients

The number of clients increased further in 2013. The total number of accounts rose by 7.3 percent year-on-year to 216,357 (201,582). The breakdown is 163,486 trading accounts (+2.2 percent), 31,051 saving accounts (+3.5 percent) and 936 ePrivate Banking accounts (+21.9 percent). The 20,884 eForex accounts (+92.1 percent) include the 9,600 MIG clients. Compared with the previous year, assets under custody increased by 17.5 percent to CHF 10.083 billion (CHF 8.581 billion). As at end 2013, assets of CHF 9.111 billion were held in trading accounts, CHF 704.9 million in saving accounts, and CHF 33.9 million in ePrivate Banking accounts. Assets under custody held in eForex accounts (incl. MIG clients) amounted to CHF 232.6 million. The increase in assets under custody is due half to growth in the value of the assets and half to net new monies. While net new monies in 2013 decreased by 8.7 percent year-on-year to CHF 765.2 million (CHF 838.0 million), they more than doubled in the 4th quarter compared with the 3rd quarter.

Expansion of forex activities outside Switzerland

Swissquote aims to further step up its strategy of expanding forex activities outside Switzerland, in particular at the London, Dubai and Hong Kong offices. An application is pending for a category 4 license for the Malta subsidiary so that it can in the future operate as a custodian bank for European funds.

As part of the expansion strategy, Swissquote's Dubai subsidiary is offering expats a new product. The new expat account provides easy and efficient access to a Swiss bank account with a multi-asset trading system for members of the expat community living in the United Arab Emirates interested in savings, trading and other investment products.

Swiss DOTS

Launched by Swissquote in conjunction with Goldman Sachs and UBS at the end of May 2012, Swiss DOTS continues to develop well in terms of volumes. In 2013, the market share grew to 19.2 percent compared with all transactions with leveraged products executed on the SIX Derivative Products platform (formerly Scoach). Clients currently have access to almost 43,000 products on the Swissquote platform. The positive development confirms not only that Swiss DOTS meets a genuine need among investors but also that there is certainly room for such an offering in Switzerland. Swiss DOTS produces a significant additional volume for Swissquote without reducing the volume settled with SIX Derivative Products.

Report to the Shareholders

Online mortgages

The partnership entered into with the Basellandschaftliche Kantonalbank (BLKB) to offer online mortgages is a success. Demand is continually rising. As at end-December 2013, CHF 382 million in loans have been originated. The two partners will improve existing services and tools in the interests of faster growth.

Cautious optimism for 2014

Swissquote's view of the market for 2014 is fundamentally optimistic. Accordingly, revenue growth of 20 percent is assessed as realistic. Net new monies of CHF 1 billion are projected, and a forex volume of CHF 1,000 billion is being targeted. In the ePrivate Banking segment, assets under custody should grow to CHF 100 million and revenues are expected to surpass the one million mark.

Change in reporting practice

As of 2014, Swissquote will no longer be publishing financial reports quarterly but will instead focus on reporting half-yearly and yearly. Past experience has shown that analysts, media and shareholders are not very interested in quarterly results unless they relate to significant occurrences. Consequently, Swissquote has decided to stop the costly practice of producing reports every quarter. Swissquote will, of course, in the future continue to report any special developments or changes as and when they happen.

Distribution of profit to shareholders

The Board of Directors will propose to the Annual General Meeting of Swissquote Group Holding Ltd on 7 May 2014 that an unchanged dividend of CHF 0.60 per share be distributed.

Acknowledgements

On behalf of the Board of Directors and Group Management, we would like to thank our clients, 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 our 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 owe a debt of gratitude to our cooperation partners for their unfailing expertise and support in helping us to grow our business.

Mario Fontana
Chairman of the Board of Directors

Marc Bürki
Chief Executive Officer

Section 2: Financial Report 2013

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

Financial Report 2013
Consolidated Statement of Financial Positions

	Notes	31 December 2013	31 December 2012 (restated)*	1 January 2012 (restated)*
ASSETS				
Cash and balances with central bank	1	1,843,810,396	1,612,190,388	1,274,982,572
Treasury bills and other eligible bills	1	-	4,825,733	6,678,547
Loans and advances to banks	1	303,651,723	236,956,542	300,794,570
Derivative financial instruments	2	102,003,040	29,087,367	43,051,092
Trading assets	3	6,394,761	5,358,622	3,846,407
Loans and advances to customers	4	124,184,586	91,728,176	100,615,748
Investment securities	5	694,314,286	718,914,914	748,377,322
Deferred income tax assets	12	3,765,795	366,520	199,752
Intangible assets	6	40,997,575	22,215,204	22,983,918
Information technology systems	7	24,036,680	21,743,823	21,529,047
Property, plant and equipment	8	66,134,735	45,792,263	33,147,276
Other assets	9	25,384,973	30,635,888	29,529,756
Total assets		**3,234,678,550**	**2,819,815,440**	**2,585,736,007**
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks	1	1,528,791	10,561,838	9,510,283
Derivative financial instruments	2	35,312,224	7,904,195	9,921,620
Due to customers	10	2,891,520,464	2,533,756,648	2,310,092,305
Other liabilities	11	35,045,518	18,548,992	19,650,059
Current income tax liabilities	12	336,368	3,122,276	1,150,970
Deferred tax liabilities	12	1,501,045	894,235	1,105,896
Provisions	13	21,493,079	3,899,016	4,689,497
Total liabilities		**2,986,737,489**	**2,578,687,200**	**2,356,120,630**
Equity				
Ordinary shares	15.1	2,927,674	2,927,674	2,927,674
Share premium		35,636,056	39,496,150	39,418,265
Share option reserve	15.2	2,546,508	3,003,351	2,785,238
Other reserve	15.3	1,814,847	1,589,373	(1,574,167)
Treasury shares	15.4	(2,959,769)	(9,184,665)	(9,444,191)
Retained earnings		207,975,745	203,296,357	195,502,558
Total equity		**247,941,061**	**241,128,240**	**229,615,377**
Total liabilities and equity		**3,234,678,550**	**2,819,815,440**	**2,585,736,007**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

The notes on pages 16 to 110 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2013
Consolidated Income Statement

	Notes	2013	2012 (restated)*
Fee and commission income	16	66,462,794	58,716,419
Fee and commission expense	16	(7,158,782)	(6,994,382)
Net fee and commission income		59,304,012	51,722,037
Interest income	17	19,631,478	22,272,490
Interest expense	17	(4,506,576)	(5,173,560)
Net interest income		15,124,902	17,098,930
Net trading income	18	50,441,828	42,670,562
Operating income		**124,870,742**	**111,491,529**
Operating expenses	19	**(111,581,750)**	**(84,744,433)**
Operating profit		**13,288,992**	**26,747,096**
Income tax expense	12	(1,632,829)	(4,742,779)
Net profit		**11,656,163**	**22,004,317**
Earning per share	*20*	*0.82*	*1.52*
Diluted earning per share	*20*	*0.82*	*1.52*
Weighted average number of shares	*20*	*14,239,826*	*14,462,730*

*Restatement related to adoption of IAS 19 revised (see Note 14i)

The notes on pages 16 to 110 are integral part of these financial statements

All amounts in Swiss Francs 11

Financial Report 2013
Consolidated Statement of Comprehensive Income

	Notes	2013	2012 (restated)*
Net profit for the period		**11,656,163**	**22,004,317**
Other comprehensive income: **Gains / (losses) recognised directly in equity**			
Items to be recycled			
Available-for-sale financial assets	5	(1,000,890)	4,883,629
Income tax relating to Available-for-sale financial assets		187,166	(957,191)
Hedge reserve		-	6,670
Income tax relating to hedge reserve		-	(1,492)
Currency translation differences		1,574	(83,643)
Items not to be recycled		-	-
Remeasurement of defined benefit obligation	14i	-	(908,000)
Income tax relating to defined benefit obligation		-	177,968
Revaluation of land and building	8	1,276,290	-
Income tax related to revaluation of land and building		(238,666)	-
Other comprehensive income for the period (net of tax)		**225,474**	**3,117,941**
Total comprehensive income for the period		**11,881,637**	**25,122,258**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

The notes on pages 16 to 110 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2013
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 2013		**2,927,674**	**39,496,150**	**3,003,351**	**1,589,373**	**(9,184,665)**	**203,296,357**	**241,128,240**
Net profit of the period		-	-	-	-	-	11,656,163	**11,656,163**
Available-for-sale financial assets	5	-	-	-	(1,000,890)	-	-	**(1,000,890)**
Hedge reserve		-	-	-	-	-	-	-
Revaluation of land and building	8	-	-	-	1,276,290	-	-	**1,276,290**
Income tax relating to components of other comprehensive income		-	-	-	(51,500)	-	-	**(51,500)**
Currency translation differences		-	-	-	1,574	-	-	**1,574**
Total comprehensive income for the period		-	-	-	**225,474**	-	**11,656,163**	**11,881,637**
Dividend	15.5	-	-	-	-	-	(8,405,989)	**(8,405,989)**
Employee stock option plan:								
Value of services provided		-	-	972,371	-	-	-	**972,371**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period		-	-	(1,429,214)	-	-	1,429,214	-
Purchase of treasury shares	15.4	-	-	-	-	(22,343,827)	-	**(22,343,827)**
Sale of treasury shares	15.4	-	274,170	-	-	2,121,959	-	**2,396,129**
Remittance of treasury shares	15.4	-	(4,134,264)	-	-	26,446,764	-	**22,312,500**
Balance at 31 December 2013		**2,927,674**	**35,636,056**	**2,546,508**	**1,814,847**	**(2,959,769)**	**207,975,745**	**247,941,061**

The notes on pages 16 to 110 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2013
Consolidated Statement of Changes in Equity (continued)

	Notes	Share capital	Share premium	Share option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2012 (restated)*		**2,927,674**	**39,418,265**	**2,785,238**	**(1,574,167)**	**(9,444,191)**	**195,502,558**	**229,615,377**
Net profit of the period		-	-	-	-	-	22,004,317	**22,004,317**
Available-for-sale financial assets	5	-	-	-	4,883,629	-	-	**4,883,629**
Hedge reserve		-	-	-	6,670	-	-	**6,670**
Defined benefit obligation	14	-	-		(908,000)	-	-	**(908,000)**
Income tax relating to components of other comprehensive income		-	-	-	(780,715)	-	-	**(780,715)**
Currency translation differences		-	-	-	(83,643)	-	-	**(83,643)**
Total comprehensive income for the period		-	-	-	**3,117,941**	-	**22,004,317**	**25,122,258**
Dividend / Pay out	15.5	-	-	-	-	-	(15,045,034)	**(15,045,034)**
Currency translation differences		-	-	-	45,599	-	-	**45,599**
Employee stock option plan:								
Value of services provided		-	-	1,052,629	-	-	-	**1,052,629**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period		-	-	(834,516)	-	-	834,516	-
Purchase of treasury shares	15.4	-	-	-	-	(264,839)	-	**(264,839)**
Sale of treasury shares	15.4	-	77,885	-	-	524,365	-	**602,250**
Balance at 31 December 2012 (restated)*		**2,927,674**	**39,496,150**	**3,003,351**	**1,589,373**	**(9,184,665)**	**203,296,357**	**241,128,240**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

The notes on pages 16 to 110 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2013
Consolidated Statement of Cash Flow

	Notes	2013	2012
Cash flow from / (used in) operating activities:			
Fees and commission received		67,043,536	58,508,596
Fees and commission paid		(7,284,522)	(6,838,656)
Interest received		33,394,728	34,237,406
Interest paid		(4,669,198)	(5,257,829)
Net trading income		51,572,947	42,054,312
Income tax paid		(4,402,664)	(4,580,046)
Payments to employees		(44,145,198)	(38,741,660)
Payments to suppliers		(27,060,579)	(27,955,292)
Cash flow from operating profit before changes in operating assets and liabilities		**64,449,050**	**51,426,831**
Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities:			
Loans and advances to customers		(28,536,046)	8,887,572
Derivative financial instrument assets		(13,074,558)	13,963,725
Trading assets		(596,189)	(1,512,215)
Derivative financial instruments liabilities		7,900,672	(2,017,425)
Due to customers		217,308,889	223,664,343
Other liabilities		(800,936)	(3,251,789)
Net cash from operating activities		**246,650,882**	**291,161,042**
Cash flow from / (used in) investing activities:			
Purchase of Property, plant and equipment and Information technology systems	7/8	(30,609,286)	(23,097,003)
Proceeds from sale and reimbursement of investment securities	5	351,768,607	455,750,702
Purchase of investment securities	5	(327,123,303)	(438,641,699)
Purchase of subsidiary, net of cash acquired	6	90,189,290	-
Net cash from investing activities		**84,225,308**	**(5,988,000)**
Cash flow from / (used in) financing activities:			
Purchase of treasury shares		(22,343,827)	(264,839)
Sale of treasury shares		2,396,129	602,250
Dividend and payments out of reserves		(8,405,989)	(15,045,034)
Net cash used in financing activities		**(28,353,687)**	**(14,707,623)**
Increase in cash and cash equivalents		**302,522,503**	**270,465,419**
Movements in cash and cash equivalents:			
Balance at beginning of year		1,843,410,825	1,572,945,406
Increase		302,522,503	270,465,419
Balance at 31 December	1	**2,145,933,328**	**1,843,410,825**

The notes on pages 16 to 110 are integral part of these financial statements

All amounts in Swiss Francs 15

Financial Report 2013
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 mainly consist of the services provided by Swissquote Bank Ltd ("the Bank") through its financial web portal www.swissquote.ch. The Group foreign subsidiaries which are based in United Arab Emirates (Dubai), United Kingdom (London), Malta (Swatar) and Republic of China (Hong Kong) are responsible for the sales of the Group services in respective markets through dedicated web portals.

The Group's headquarters are located in Gland (Canton de Vaud) in Switzerland. The operations are globally located in Switzerland (Gland, Bern and Zürich), in the United Arab Emirates (Dubai), in the United Kingdom (London), in Malta (Swatar) and in Republic of China (Hong Kong). The Group employed 507 employees (full time equivalent) at the end of December 2013 (31 December 2012: 368).

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 2013 consists of 14,638,370 ordinary shares of CHF 0.20 nominal value each (2012: 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 15.1.

The main shareholders (in the sense of art. 20 Stock Exchange Act - SESTA) at 31 December are:

	2013	2012
Mr. Marc Bürki	13.11%	13.11%
Mr. Paolo Buzzi	13.10%	13.10%
Mr. Mario Fontana	5.16%	5.16%
Windel Investments Ltd (indirect holder: Mr. George Butros Mansour) *	5.12%	<3%
Basellandschaftliche Kantonalbank	4.99%	4.99%
Treasury Shares:		
Swissquote Group Holding Ltd	0.54%	1.20%

* Subject to a lock-up period until 25 September 2014.

Except the above-mentioned shareholders, no other shareholder registered in the Share Register owns 3% or more of the issued share capital at 31 December 2013. 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 2013 is 63.51% (2012: 68.63%). Further information is provided in note 23 of section VII.

The Group also operates equity-settled, shares-based compensation plans (see note 15.2).

The Consolidated Financial Statements were approved for issue by the Board of Directors on 21 February 2014.

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

The current scope of the operations is the result of a historic development of 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 website 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;
- 2001: grant of a banking license by the FINMA and operation of a bank with focus on online brokerage services;
- 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. Disposal of web design operations;
- 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;
- 2010: acquisition and subsequent merger into Swissquote Bank Ltd of ACM Advanced Currency Markets Ltd, an online Forex broker and of Tradejet Ltd, an introducing broker, launch of ePrivate Banking, which consist in automated quantitative equity portfolio management systems for private individuals;
- 2011: distribution of online mortgages funded by Basellandschaftliche Kantonalbank (eMortgage);
- June 2012: set up of a new subsidiary, Swissquote Bank MEA Ltd, based in Dubai (UAE) and grant of a Category 4 license by the Dubai Financial Services Authority;
- July 2012: addition of access to the trading of contracts-for-differences (CFDs) in the online trading platforms;
- October 2012: set up of a new subsidiary, Swissquote Europe Ltd, based in Malta and grant of Category 3 license by the Malta Financial Services Authority allowing to market forex services in all European Union member states through its website www.swissquotefx.eu;
- September 2013: acquisition of 100 percent holding in MIG Bank Ltd which employs an overall workforce of 133 staff members at its headquarters in Lausanne and offices in Zurich, London and Hong Kong.

As of 31 December 2013, 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 securities brokerage services, custody services and eForex 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;
    - Third party financial institutions under white label agreements;
- Providing quantitative asset management services (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, direct mortgages lending, 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 (trading assets) and investment debt securities.

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 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. 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. In 2010, the Group gained a critical mass in eForex and has concluded that the eForex segment should be reported separately, as it is now closely monitored and is expected to materially contribute to Group revenues in the future.

With due care to the above explanations, the Group has defined three reportable segments and one cost center:

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

Technology, Operations, Marketing and G&A do not qualify as reportable segments and thus have been aggregated in the cost center Platform and Infrastructure Operations.

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

Based thereon, the analysis of reportable segments and cost centers for 2013 and 2012 are as follows:

In CHFm	2013	2012 (restated) *
Net Revenues - Private Clients	67.3	64.5
Direct Operating Costs - Private Clients	(7.5)	(7.0)
Direct Marketing Costs - Private Clients	(2.7)	(4.1)
Direct Contribution margin - Private Clients	*57.1*	*53.4*
Net Revenues - B2B Clients	18.9	16.3
Direct Operating Costs - B2B Clients	(3.7)	(2.6)
Direct Marketing Costs - B2B Clients	(1.2)	(0.8)
Direct Contribution margin - B2B Clients	*14.0*	*12.9*
Direct Contribution margin - Securities	71.1	66.3
Net Revenues - eForex (including MIG)	38.1	29.8
Direct Operating Costs - eForex (including MIG)	(16.0)	(10.7)
Direct Marketing Costs - eForex (including MIG)	(4.2)	(3.9)
Direct Contribution margin - eForex (including MIG)	17.9	15.2
Operating Cost - Technology	(21.7)	(18.9)
Operating Cost - Operations	(21.0)	(19.0)
Operating Cost - Marketing	(4.4)	(3.8)
Operating Cost - G&A	(13.0)	(12.1)
Platform and Infrastructure Operations (cost center)	(60.1)	(53.8)
Others - Net revenues from financial instruments held at fair value	0.6	0.9
Others - Provisions	(0.4)	(1.0)
Others - Restatement in connection with adoption of IAS 19R	-	(0.8)
Others - Restructuring, Acquisition and Special tax related	(15.8)	-
Operating profit	**13.3**	**26.8**
Income tax expense	(1.6)	(4.8)
Net profit	**11.7**	**22.0**

At 31 December 2013:

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

*Restatement related to adoption of IAS 19 revised (see Note 14i)

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

Breakdown of assets and liabilities is as follows:

In CHFm	2013	2012 (restated)*
Assets - Securities / Private Clients	2,341.4	2,170.5
Assets - Securities / B2B Clients	385.0	396.7
Assets - eForex (including MIG)	416.0	178.9
Assets - Platform and Infrastructure	92.3	73.4
Assets – Restatement in connection with adoption of IAS 19R	-	0.3
Total assets	3,234.7	2,819.8
Liabilities - Securities / Private Clients	(2,305.2)	(2,116.5)
Liabilities - Securities / B2B Clients	(305.3)	(308.3)
Liabilities - eForex (including MIG)	(345.7)	(135.8)
Liabilities - Platform and Infrastructure	(30.6)	(16.4)
Liabilities – Restatement in connection with adoption of IAS 19R	-	(1.7)
Total liabilities	(2,986.8)	(2,578.7)
Total equity	**247.9**	**241.1**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

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

The Consolidated Financial Statements for the year 2013 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 2013

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2013 and had an impact on the Group:

Standards / Interpretation	Content	Applicable for financial years beginning on / after
IAS 19 (revised)	Employee benefits	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 7 (amended)	Financial instruments: Disclosures	1 January 2013

- **IAS 19 (revised), "Employee benefits"**

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

The related amendments have been applied retroactively in accordance with IAS 8. Consequently the 2012 comparative figures (referring to balance at 1 January 2012 and 31 December 2012) have been restated as if IAS 19R had always been applied with an impact on the following content of the annual financial information:

- Consolidated Statement of Financial Positions;
- Consolidated Income Statement;
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Changes in Equity;
- Reportable Segments (section II);
- Financial Risk Management (section VI);
- Notes 11, 12, 14, 15.3, 19 and 20.

The reconciliation between reported comparative figures and restated figures is disclosed in note 14i.

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

All actuarial gains and losses are recognised immediately through «Other comprehensive income» in order for the net pension asset or liability recognised in the consolidated statement of financial positions to reflect the full value of the plan deficit or surplus. There is no subsequent recycling of amounts recognised in «Other comprehensive income» into «Retained earnings» under the revised standard. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under IAS 19R, which is calculated by applying the discount rate to the net defined benefit liability or asset.

IAS 19R also introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures at year end (see Note 14i).

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

- **IFRS 13, "Fair value measurement"**

The Group has adopted IFRS 13 Fair value measurement with date of initial application of 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and single source of fair value measurement and disclosure requirements for use across IFRS. The most significant change results in additional disclosures in financial information related to fair value hierarchy regardless of whether or not there were significant changes. The new disclosures will help users to understand the valuation techniques and inputs used to develop fair value measurements.

- **IFRS 10, "Consolidated financial statements"**

The standard builds on existing principles by identifying the concept of control as the determining factor whether an entity should be included within the consolidated financial statements of the parent company. The Group has assessed IFRS 10 full impact and did not identify any material impact.

- **IFRS 7, "Disclosures"**

This amendment includes new disclosures to enable users of financial statements to evaluate the potential effect of netting arrangement, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the Group's financial position. The Group has incorporated the appropriate disclosures into the financial statements (see note F9).

(b) Standards, amendments and interpretations issued but not impacting the Group

The following standards, amendments and interpretations have been issued but have not impacted the Group's accounting period:

Standards / Interpretation	Content	Applicable for financial years beginning on / after
IFRS 11	Joint arrangement	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IAS 28	Associates and joint ventures	1 January 2013

(c) 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 2013 or later periods and are expected to be relevant to the Group:

Standards / Interpretation	Content	Applicable for financial years beginning on / after
IAS 32 (amended)	Financial instruments: Presentation	1 January 2014
IFRS 9	Financial instruments	Not specified

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

- **IAS 32 (amended) and IFRS 7 (amended) , "Financial instruments"**

  The amendments clarify the requirements for offsetting financial instruments and implement new disclosures to facilitate the comparison between IFRS and US GAAP. The Group assessed the impact of amendments and did not identify any material impact.

- **IFRS 9, "Financial instruments"**

  This standard is in the process to replace IAS 39 and addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The new requirements align as well hedge accounting more closely with risk management by establishing a more principle-based approach to hedge accounting. The standard will require the Group to implement appropriate business models for its investment securities portfolio and to adapt measurement categories. The Group is ready to implement IFRS 9, but has not yet resolved on the date of adoption.

(d) Early adoption of standards

The Group did not early adopt new or amended standards in 2013.

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 ("IFRS"). The Consolidated Financial Statements are prepared under the historical cost convention as modified by the revaluation of land and buildings, available-for-sale investment securities, financial assets and financial liabilities at fair value through profit or loss, share based payments and all derivative financial instruments.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in section V.

B. Consolidation

(B1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has the control. The Group controls an entity when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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.

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 transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(B2) Acquisition

The acquisition method is used to account for the business combinations by the Group. The cost of an acquisition is measured at the fair value of the given assets, 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 non-controlling 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.

(B3) List of consolidated subsidiaries

			Interest at 31 December	
Subsidiaries	**Headquarters / Country**	**Status**	**2013**	**2012**
Swissquote Bank Ltd	Gland / Switzerland	Active	100.0%	100.0%
Swissquote Trade Ltd	Gland / Switzerland	Dormant	100.0%	100.0%
ACM ME DMCC LLC	Dubai / UAE	Dormant	100.0%	100.0%
Swissquote Bank MEA Ltd	Dubai / UAE	Active	100.0%	100.0%
Swissquote Europe Ltd	Swatar / Malta	Active	100.0%	100.0%
MIG Capital (Europe) Ltd	London / UK	Active	100.0%	-
MIG Capital (Asia) Ltd	Hong Kong / China	Active	100.0%	-

Swissquote Bank Ltd acquired 100% of the share capital of MIG Bank Ltd on 25 September 2013. The merger of MIG Bank Ltd into Swissquote Bank Ltd took place before the end of the year 2013. MIG Capital (Europe) Ltd and MIG Capital (Asia) Ltd, former subsidiaries of MIG Bank Ltd, have integrated the scope of consolidation since 25 September 2013.

Swissquote Institutional Ltd has been liquidated in 2013.

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 ("functional currency"). The consolidated financial statements are presented in CHF, which is the functional and presentation currency of Swissquote Group Holding Ltd (parent company), Swissquote Bank Ltd and Swissquote Trade Ltd. Functional and presentation currency of foreign subsidiaries are AED, GBP, HKD and EUR.

	2013		2012	
Foreign currency translation	Closing rates	Average rates	Closing rates	Average rates
EUR	1.2272	1.2290	1.2073	1.2040
USD	0.8921	0.9244	0.9151	0.9334
GBP	1.4774	1.4478	1.4882	1.4858
HKD	0.1150	0.1192	0.1181	0.1203
JPY	0.0085	0.0095	0.0106	0.0117
CAD	0.8398	0.8938	0.9194	0.9342
NOK	0.1471	0.1565	0.1645	0.1614
SEK	0.1387	0.1419	0.1406	0.1388
DKK	0.1645	0.1648	0.1618	0.1617
AUD	0.7966	0.8853	0.9509	0.9682
AED	0.2430	0.2520	0.2487	0.2540

Average rates that are disclosed in the table are indicative and do not reflect the effective average rates of transactions.

(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.

(C3) Group companies

The results and financial positions of all group entities (none of which has the currency in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses of each income statement are translated at average exchange rates;
- All resulting foreign exchange differences are recognised in comprehensive income.

D. Segment reporting

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 three Reportable segments and one cost center:

- Securities - Private Clients;
- Securities - Business to Business Clients;
- eForex (including MIG);
- Platform and Infrastructure Operations (cost center).

SECTION IV: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Offsetting financial instruments

The Group presents separately recognised financial assets and recognised financial liabilities at their gross amounts. The Group does not offset assets and liabilities unless required by IFRS. Measuring assets and liabilities net of valuation allowances is not considered as offsetting.

F. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and advances, 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

The Group designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed.

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. Derivative financial instruments are also categorised as financial assets at fair value through profit or loss (unless designated as hedge accounting).

(F2) Loans and advances

Loans and advances 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.

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.

SECTION IV: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated cash flows, such as changes in economic conditions that correlate defaults.

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.

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.

SECTION IV: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Impairment of financial assets (continued)

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.

(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.

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 to or above minimum ratings (defined by risk policy) at the time the investment is made.

SECTION IV: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Derivative financial instruments and hedging activities

Derivative financial instruments include those held for trading purposes and those used for risk management purposes. Derivatives held for trading arise from proprietary trading activity and from customer-based activity. 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. Effective changes in fair value of currency futures are reflected in Net trading income. 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 comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement (Net trading income).

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.

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 relationships. Expected life is determined on a case by case basis on date of acquisition.

J. Information technology systems

Costs associated with maintaining computer software programs are recognised as an expense as incurred. However, expenditure that enhances or extends the benefits of computer software programs 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 ten 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 highest of the asset's fair value less costs to sell and value in use.

The cost of acquisition and accumulated depreciation of an item is derecognised when no future economic benefits are expected from its use or disposal.

Assets	Depreciation method	
Software Third Party Licences	Straightline	3 to 10 years
Proprietary Software	Straightline	3 to 5 years
Hardware & Telecom Systems	Straightline	Maximum 5 years

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 are incurred.

The cost of acquisition and accumulated depreciation of an item is derecognised when no future economic benefits are expected from its use or disposal.

Increases in the carrying amount arising on revaluation of land and building are credited to other comprehensive income and shown as 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
Equipments	Straightline	5 to 10 years
Leasehold improvements	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 disposals are determined by comparing the proceeds with the carrying amount and are recognised 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 a 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 revalued 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 that 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 highest 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 substantively 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 remeasurement 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

On 31 December 2013, the Group operates various post-employement schemes, including defined benefit and defined contribution pension plans.

Switzerland (defined benefit plan)

With regards to operations located in Switzerland, the pension plan has been set-up in accordance with the Swiss defined contribution plans. However, it does not fulfil all of the conditions of a defined contribution pension plan according to IAS 19 and is therefore disclosed as defined benefit pension plans.

The Group insures its staff with a collective foundation, which provides benefits on retirement or in the event of death and disability. The benefits provided by the plan are above the legal minimum (which is set out in Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans). These additional benefits can be reduced prospectively for active employees. 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). As the supreme body, the Board of Trustees is responsible for the general administration, for the drawing up of the rules and the regulations, for asset-management supervision and for the relation with authorities. The administrative, accounting and actuarial management is entrusted to third-party services providers. Swiss pension plans must ensure that they can meet their obligations in all times. Measures to eliminate any potential shortfall must be based on a regulatory principle.

Pension obligations and expenses are determined according to the projected unit credit method when qualifying as defined benefit plans. The corresponding calculations are made by actuaries on a periodical basis. The pension expenses booked in the income statement correspond to the actuarially determined expense less employee contributions. The potential liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The present value of the defined benefit obligation is determined by discounting the estimated future outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Former employees of MIG Bank Ltd were affiliated to a defined contribution plan with AXA Foundation LPP, which comprised a full coverage of all pension risks through a collective insurance contract with AXA Vie SA (involving that financial risks from pension plan investments were fully covered for the minimal legal requirement due to the beneficiaries and for the additional supplementary portion of the pension plan). At 31 December 2013, 95 employees remain affiliated to MIG former pension scheme and should be transferred to the Group pension plan during the year 2014.

Foreign locations (defined contribution plan)

The foreign entities of the Group operate defined contribution pension schemes. The assets of the scheme are held separately from those of the entities in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

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 the reimbursement will be received and the amount of the receivable can be measured reliably.

SECTION IV: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Share capital / Share Issue costs

Ordinary shares are classified as equity.

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. Employee Stock Option Plan (ESOP)

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

When the Group purchases its own shares, 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 online foreign exchange transactions done by clients and also on foreign currency translation of monetary assets and liabilities denominated in other currencies than CHF. Revenue rebates payable to introducing brokers, who are not themselves trading counterparties, are charged to the income statement when the associated revenue is recognised and are disclosed as a deduction from Net trading income.

SECTION IV: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

X. Fiduciary activity

The Group commonly acts as trustee 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 at year end including: cash and balances with the Swiss National Bank, amounts due from other banks and other short term highly liquid investments.

Z. Comparatives

When required comparative figures have been adjusted to conform to changes in presentation in the current year.

The Group adopted IAS 19R with mandatory date of initial application of 1 January 2013. The related amendment have been applied retroactively in accordance with IAS 8. Consequently, 2012 comparative figures have been restated when required (see Note 14i).

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 2013, there are no such circumstances and related judgments to be reported (31 December 2012: none).

B. Critical accounting estimates and assumptions

Goodwill

Under IFRS standards, goodwill is not amortized, but is reviewed for potential impairment on an annual basis. The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Circumstances that could trigger an impairment test include (but are not limited to): a significant adverse change in business climate or legal factor, an adverse action or assessment by a regulator, additional regulatory or legislative changes, unanticipated competition and loss of key personnel.

Restructuring provision

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 and contracts cancellations.

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:

Pension Fund

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (or income) for pension include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated cash outflows expected to be required to settle the pension obligations. In determining appropriate discount rate, the Group considers the interest rates of high-quality maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions such as expected return on plan assets. Estimating future returns on plan assets is particularly subjective, as the estimate requires an assessment of possible future market returns based on the plan asset mix.

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SECTION VI: FINANCIAL RISK MANAGEMENT

SECTION VI: FINANCIAL RISK MANAGEMENT

A. Introduction

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. Risks arise from all Group business activities and cannot be completely eliminated. Therefore prudent risk taking is in line with the strategic priorities and is fundamental to the Group business as provider of online and trading services.

Risk management plays an important role in the Group business planning process and is highly supported by Executive Management and the Board of Directors.

A1. Financial risk factors

The Group activities expose it to a variety of financial risks:

- Credit risk;
- Liquidity risk;
- Market risks (of which foreign exchange risk and interest rate risk).

A variety of methodologies and measures are applied to quantify the risks of the Group and risk concentrations.

A2. Risk governance and Risk organisation

The Group risk management policies are designed to identify, to 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. Overall risk limits are set by the Board of Directors. Executive Management is responsible for supervising and directing the risk profile and recommending risk limits to the Board of Directors.

The objectives of risk management are to protect the Group financial strength and reputation, while ensuring that capital is well deployed to support business activities.

The Group risk management organisation reflects the specific nature of the various risks in order to ensure that risks are managed within limits set in a transparent and timely manner. The Board of Directors is responsible for the strategic direction, supervision and control of the Group activities as well as the definition of the overall tolerance for risk. The Audit & Risk Committee is responsible for assisting the Board in its responsibilities by monitoring Group’s approach with respect to financial reporting, internal controls, accounting, compliance and internal audit.

SECTION VI: FINANCIAL RISK MANAGEMENT

A2. Risk governance and Risk organisation (continued)

The Risk Committee is responsible for providing guidance regarding risk procedures and the development of the risk profile. The Risk Committee is further supported by ALM Committee which is responsible for the management of the balance sheet, capital management and liquidity. Those Committees are implemented at Executive Management level. Risk management is mainly carried out by three departments: the Trading Department, the ALM & Treasury Department and the Forex Department. Risk management is managed under policies approved by the Board 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 following main risk areas:

- Asset and Liability management and treasury policies (covering inter alia currency and maturity mismatching risks);
- Credit risks (including margining of collateral risks);
- Market risks comprising the scope of assets considered for investment and provisions on market, interest rate and liquidity risks;
- Capital management policies.

Furthermore, 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 of Directors with its own risk assessments and its recommendations with respect to the enhancement of the risk assessment process and to internal control.

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SECTION VI: FINANCIAL RISK MANAGEMENT

B. Financial assets and liabilities categorisation

IFRS 7 requires presenting all the financial assets of the Group by category and by class of instruments.

	Amortised cost		Fair value			
Classes of financial assets	**Loans and advances**	**Held-to-maturity**	**Fair value through profit & loss**	**Available-for-sale**	**Total**	**Fair value**
Cash and balances with central bank	1,843,810,396	-	-	-	1,843,810,396	1,843,810,396
Loans and advances to banks	303,651,723	-	-	-	303,651,723	303,651,723
Derivative financial instruments	-	-	102,003,040	-	102,003,040	102,003,040
Trading assets	-	-	6,394,761	-	6,394,761	6,394,761
Loans and advances to customers	124,184,586	-	-	-	124,184,586	124,184,586
Investment securities	-	272,664,322	3,127,411	418,522,553	694,314,286	706,972,772
Other assets	25,384,973	-	-	-	25,384,973	25,384,973
Total financial assets	**2,297,031,678**	**272,664,322**	**111,525,212**	**418,522,553**	**3,099,743,765**	**3,112,402,251**
Deferred income tax assets					3,765,795	
Intangible assets					40,997,575	
Information technology systems					24,036,680	
Property, plant and equipment					66,134,735	
Total non financial assets					**134,934,785**	
Total assets at 31 December 2013					**3,234,678,550**	

Classes of financial liabilities	**Fair value through profit & loss**	**Other liabilities**	**Total**	**Fair value**
Deposits from banks	-	1,528,791	1,528,791	1,528,791
Derivative financial instruments	35,312,224	-	35,312,224	35,312,224
Due to customers	-	2,891,520,464	2,891,520,464	2,891,520,464
Other liabilities	-	35,045,518	35,045,518	35,045,518
Current income tax liabilities	-	336,368	336,368	336,368
Total financial liabilities	**35,312,224**	**2,928,431,141**	**2,963,743,365**	**2,963,743,365**
Deferred tax liabilities			1,501,045	
Provisions			21,493,079	
Total non financial liabilities			**22,994,124**	
Total liabilities at 31 December 2013			**2,986,737,489**	
Net balance			***247,941,061***	

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

B. Financial assets and liabilities categorisation (continued)

	Amortised cost		Fair value			
Classes of financial assets	**Loans and advances**	**Held-to-maturity**	**Fair value through profit & loss**	**Available-for-sale**	**Total**	**Fair value**
Cash and balances with central bank	1,612,190,388	-	-	-	1,612,190,388	1,612,190,388
Treasury bills and other eligible bills	-	4,825,733	-	-	4,825,733	4,825,733
Loans and advances to banks	236,956,542	-	-	-	236,956,542	236,956,542
Derivative financial instruments	-	-	29,087,367	-	29,087,367	29,087,367
Trading assets	-	-	5,358,622	-	5,358,622	5,358,622
Loans and advances to customers	91,728,176	-	-	-	91,728,176	91,728,176
Investment securities	-	330,126,930	7,470,900	381,317,084	718,914,914	740,569,032
Other assets	30,635,888	-	-	-	30,635,888	30,635,888
Total financial assets	**1,971,510,994**	**334,952,663**	**41,916,889**	**381,317,084**	**2,729,697,630**	**2,751,351,748**
Deferred income tax assets					366,520	
Intangible assets					22,215,204	
Information technology systems					21,743,823	
Property, plant and equipment					45,792,263	
Total non financial assets					**90,117,810**	
Total assets at 31 December 2012 (restated)*					**2,819,815,440**	

Classes of financial liabilities	**Fair value through profit & loss**	**Other liabilities**	**Total**	**Fair value**
Deposits from banks	-	10,561,838	10,561,838	10,561,838
Derivative financial instruments	7,904,195	-	7,904,195	7,904,195
Due to customers	-	2,533,756,648	2,533,756,648	2,533,756,648
Other liabilities	-	18,548,992	18,548,992	18,548,992
Current income tax liabilities	-	3,122,276	3,122,276	3,122,276
Total financial liabilities	**7,904,195**	**2,565,989,754**	**2,573,893,949**	**2,573,893,949**
Deferred tax liabilities			894,235	
Provisions			3,899,016	
Total non financial liabilities			**4,793,251**	
Total liabilities at 31 December 2012 (restated)*			**2,578,687,200**	
Net balance			*241,128,240*	

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs 42

SECTION VI: FINANCIAL RISK MANAGEMENT

C. 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 hierarchy

The levels of the fair value hierarchy are defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed debt instruments and trading assets on stock and other exchanges (i.e. SIX Swiss Exchange, London Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange) and exchanges traded derivatives like futures (i.e. Nasdaq, S&P 500). This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). These inputs include: (1) quoted prices for similar assets or liabilities in active markets, (2) quotes prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available, inputs other than quoted prices that are observable for the asset or the liability or (3) inputs that are derived principally from or corroborated by observable market data by correlation or other means. This level includes the majority of the OTC derivative contracts and investment securities. 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). These inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances. 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

C. Fair value of financial assets and liabilities (continued)

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

At 31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
- Investment securities	1,800,400	1,327,011	-	3,127,411
- Derivatives held for trading	87,171,894	14,822,900	-	101,994,794
- Trading assets	6,394,761	-	-	6,394,761
Derivatives used for hedging	-	8,246	-	8,246
Financial assets designated available-for-sale				
- Investment securities	139,999,753	278,522,800	-	418,522,553
Financial assets measured at fair value	**235,366,808**	**294,680,957**	-	**530,047,765**
Cash and balances with central bank				1,843,810,396
Financial assets designated held-to-maturity				272,664,322
Loans and advances to banks and customers				427,836,309
Other assets				25,384,973
Total financial assets at 31 December 2013				**3,099,743,765**
Financial liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives held for trading	30,648,073	4,647,267	-	35,295,340
Derivatives used for hedging	-	16,884	-	16,884
Financial liabilities measured at fair value	**30,648,073**	**4,664,151**	-	**35,312,224**
Due to customers				2,891,520,464
Others (deposits from banks, other liabilities, ...)				36,910,677
Total financial liabilities at 31 December 2013				**2,963,743,365**

At 31 December 2013, no financial assets and liabilities have resulted in a level 3 fair value.

All amounts in Swiss Francs 44

SECTION VI: FINANCIAL RISK MANAGEMENT

C. Fair value of financial assets and liabilities (continued)

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

At 31 December 2012 (restated)*	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
- Investment securities	2,323,471	5,147,429	-	7,470,900
- Derivatives held for trading	26,047,982	3,032,561	-	29,080,543
- Trading assets	5,358,622	-	-	5,358,622
Derivatives used for hedging	6,824	-	-	6,824
Financial assets designated available-for-sale				
- Investment securities	179,943,519	201,373,565	-	381,317,084
Financial assets measured at fair value	**213,680,418**	**209,553,555**	-	**423,233,973**
Cash and balances with central bank				1,612,190,388
Treasury bills and other eligible bills				4,825,733
Financial assets designated held-to-maturity				330,126,930
Loans and advances to banks and customers				328,684,718
Other assets				30,635,888
Total financial assets at 31 December 2012 (restated)*				**2,729,697,630**
Financial liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives held for trading	7,903,838	-	-	7,903,838
Derivatives used for hedging	-	357	-	357
Financial liabilities measured at fair value	**7,903,838**	**357**	-	**7,904,195**
Due to customers				2,533,756,648
Others (deposits from banks, other liabilities, ...)				32,233,106
Total financial liabilities at 31 December 2012 (restated)*				**2,573,893,949**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

C. Fair value of financial assets and liabilities (continued)

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 a stock exchange, a dealer, a broker, an industry group, a pricing service or a 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 (i.e. over-the-counter derivatives and investment securities) 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 of 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;
- The fair value of currency forwards, precious metals forwards and CFD derivatives are based on the market price of comparable instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

D. Capital management

D1. Capital management framework

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

SECTION VI: FINANCIAL RISK MANAGEMENT

D1. Capital management framework (continued)

The Group and Swissquote Bank Ltd are both subject to regulation by the Swiss Financial Market Supervisory Authority (FINMA). The capital levels of the Group are subject to qualitative judgments by FINMA, about the components of capital, risk weightings and other factors.

At 1 January 2013, the Basel III framework was implemented in Switzerland along with the Swiss “Too Big to Fail” regulation. Together with the related implementating ordinances, the legislation includes capital, liquidity (see note G5), leverage and large exposure requirements. The framework is designed to strengthen the resistance of the banking sector.

Within this framework, Swiss Banks are classified in five supervisory categories according to their size and risk impact. The higher the category to which the bank belongs, the greater are its additional capital requirements.

At 31 December 2013, Swissquote Group is classified in the supervisory category 4 (category 1 being the one with the highest requirements). Banks included in supervisory category 4 are obliged to hold 8.0% of total capital ratio and an additional 2.5% equity requirement, known as “capital conservation buffer” (total: 10.5%), as well as a variable “anti-cyclical buffer” (up to 2.5%). This “anti-cyclical buffer” can be activated during periods of excess credit growth and subsequently desactivated by the Swiss Federal Council upon request of SNB after consultation with FINMA.

The capital ratio of 10.5% is being defined by FINMA as a ratio below which immediate and extensive actions would be taken under supervisory law. FINMA provisions have determined the applicable capital adequacy target to 11.2%. The new capital standards will be phased from 1 January 2013 through 1 January 2019.

Under Basel III, the Swissquote Group and Swissquote Bank Ltd apply:

Credit risk	International Standard Approach - AS-BRI *Existing Swiss Standard Approach has been replaced by International Standard Approach as at 1 January 2013*
Market risk	De Minimis Approach
Operational risk	Basic Indicator Approach

The revision of the rules on risk diversification and large exposures also entered into force at 1 January 2013. New rules also contain regulation to limit large exposures as far as positions vis-à-vis systemic banks are concerned.

SECTION VI: FINANCIAL RISK MANAGEMENT

D2. Risk-weighted assets

The balance sheet positions and off-balance sheet exposures are translated into risk-weighted assets ("RWA") that are categorised as market, credit, operational and non-counterparty risk.

Market risk reflects the capital requirements of potential changes in the fair values of financial instruments in response to market movement inherent in both the balance sheet and the off-balance sheet items.

Credit risk reflects the capital requirements for the possibility of a loss incurred as the result of a counterparty failing to meet its obligations.

Operational risk reflects the capital requirements for the risk of loss resulting from inadequate internal processes, people and systems or from external events.

Non-counterparty risk reflects the capital requirements for premises and equipment.

D3. Eligible capital and capital ratios

Eligible capital	31 december 2013 Basel III	31 december 2012 Basel II (restated)*
Ordinary shares	2,927,674	2,927,674
Share premium	35,636,056	39,496,150
Share option reserve	2,546,508	3,003,351
Other reserve	1,814,847	1,589,373
Treasury shares	(2,959,769)	(9,184,665)
Retained earnings	207,975,745	203,296,357
Sub-total	247,941,061	241,128,240
General adjustments		
General adjustments (mainly intangible assets)	(47,755,717)	(22,215,204)
Total Common Equity Tier 1 capital	**200,185,344**	**218,913,036**
Total Tier 2 capital	-	-
Total eligible capital	**200,185,344**	**218,913,036**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

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D3. Eligible capital and capital ratios (continued)

	31 december 2013 Basel III	31 december 2012 Basel II (restated)*
Total eligible capital	**200,185,344**	**218,913,036**

At 31 December 2013, no large exposure has to be reported as per Capital Adequacy Ordinance. Such a large exposure would have been deducted from total eligible capital.

Risk-weighted assets (unaudited)	31 december 2013 Basel III	31 december 2012 Basel II (restated)
Credit risk	500,276,659	449,790,302
Non-counterparty risk	90,171,415	258,817,787
Market risk	85,014,440	6,821,325
Operational risk	296,154,688	236,677,477
Total risk weighted assets	**971,617,202**	**952,106,891**
Capital ratios	**20.6%**	**23.0%**

The Group as well as the Bank comply with the minimum capital requirements at 31 December 2013 (11.2%) and has done so at all times during 2012 (Basel II framework) and 2011 (Basel II framework).

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

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

E. Compliance with depositor protection rules

The Swiss Federal Banking Act states that in the event of a bank collapsing, deposits above CHF 100,000 per depositor will be treated as "preferential debt", thus taking priority over the claims of other creditors. This preferential status means that these "privileged deposits" will be paid out of the insolvent bank's assets and will therefore take priority over claims by other (non-preferential) creditors. In December 2008 immediate measures have been implemented to secure these privileged deposits with bank assets (Art. 37B para. 5 of Banking Act).

As a consequence, Banks are required to hold 125% of total privileged deposits with adequate eligible assets. The Group met those requirement during the year ended 2013 (coverage of 158%).

F. Credit risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations. In the event of a default, the Group could incur a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company.

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.

Credit risk management is a structured process to assess, quantify, price, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure and standardised approach to recognizing credit impairments.

SECTION VI: FINANCIAL RISK MANAGEMENT

F1. Credit risk measurement

(I) Loans and advances to customers

Loans and advances to customers are principally in the form:
- lombard loans (covered loans); and
- eForex credit lines.

These credit limits are principally used by clients for leveraging their securities trading or their eForex operations.

Lombard loans: the maximum amount of margin (and hence of credit to a client) is based on the aggregate margin determined on each item of the customer's portfolio. The margin rate for securities is based on the type of security (mainly listed shares and bonds), and various other features such as liquidity, volatility and external rating. The amount of maximum margin is remeasured at each transaction of the customer, and in case of inactivity of the client at several times per business day. Margin loans are monitored using a real time system comparing the fair value of the collateral with the actual credit granted to each customer.

eForex credit lines: open positions of eForex clients are authorised to a maximum leverage of their equity (margin deposit). To ensure the financial losses dot not exceed eForex credit line, the Group has set up a 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.

II) Loans and advances to banks

Loans and advances to banks are made in order to gain an interest margin on the assets deposited by clients at the Group in the form of current account or term deposits. Further a minor part of the loans and advances to banks 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 eligible capital (equity) in accordance with Swiss banking regulation (Capital Adequacy Ordinance in particular) - 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.

(III) Investment securities

Investment securities comprise debt securities. Internal regulation defines the procedures for the approval, management and review of the Group exposures by the ALM Committee.

(IV) Derivative financial instruments

Derivatives contracts are entered into the normal course of business (clientele activity), as well as for own risk management need, including mitigation of interest rate and foreign exchange and credit risk. Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The replacement values correspond to the fair values. Positive replacement values constitute a receivable, while negative replacement values a payable.

SECTION VI: FINANCIAL RISK MANAGEMENT

F2. Risk limit control and mitigation policies

The Group 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.

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.

F3. 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;
- 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

F4. Maximum exposure to credit risk (excluding collateral held or credit enhancement)

	Maximum exposure	
	2013	2012 (restated)*
Credit risk exposure relating to on balance sheet assets are as follows:		
Cash and balances with central bank	1,843,810,396	1,612,190,388
Treasury bills and other eligible bills	-	4,825,733
Loans and advances to banks	303,651,723	236,956,542
Derivative financial instruments	102,003,040	29,087,367
Loans and advances to customers	124,184,586	91,728,176
Investment securities	694,314,286	718,914,914
Others (Trading assets and Other assets)	31,779,734	35,994,510
Total credit exposure on financial assets (A)	**3,099,743,765**	**2,729,697,630**
Non financial assets (no counterparty exposure)	134,934,785	90,117,810
Total assets at 31 December	3,234,678,550	2,819,815,440
Credit risk exposure relating to off balance sheet assets are as follows:		
Financial guarantees	26,484,984	18,990,292
Loan commitments (depositor protection contribution - Art. 37H BA)	22,294,000	24,384,000
Total credit exposure on off balance sheet (B)	**48,778,984**	**43,374,292**
Total credit exposure (A) + (B)	**3,148,522,749**	**2,773,071,922**

At 31 December 2013, 58.6% of total credit exposure is related to Swiss National Bank (2012: 58.1%).

	2013	2012
Collateral at fair value to support Loans and advances to customers	460,468,377	242,852,046
Cash deposits to support Derivative financial instruments	232,575,208	123,398,864

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

F5. Loans and advances

	31 December 2013		31 December 2012	
	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	124,184,586	303,651,723	91,728,176	236,956,542
Past due but not impaired	-	-	-	-
Impaired	489,904	-	376,615	-
Gross	**124,674,490**	**303,651,723**	**92,104,791**	**236,956,542**
Less: allowance for impairment	(489,904)	-	(376,615)	-
Balance at year end	**124,184,586**	**303,651,723**	**91,728,176**	**236,956,542**

Loans and advances to customers are spread over 18,690 (2012: 17,478) distinct customers, 87% of them are domiciled in Switzerland (2012: 87%). The largest balance at 31 December 2013 is CHF 11,488,321 (2012: CHF 7,731,976).

Loans and advances to banks are spread over 31 (2012: 24) distinct counterparties. The largest balance at 31 December 2013 is CHF 70,150,546 (2012: CHF 50,241,722).

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F5. Loans and advances (continued)

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-	114,003,245	-	-	114,003,245
	from A+ to A-	136,445,778	-	-	136,445,778
	from BBB+ to BBB-	26,714,685	-	-	26,714,685
Speculative Grade	from BB+ to BB-	-	-	-	-
	from B+ to B-	188,238	-	-	188,238
	from CCC+ to CCC-	-	-	-	-
	from CC+ to C-	-	-	-	-
Other	Unrated	26,299,777	-	-	26,299,777
Total at 31 December 2013		**303,651,723**	-	-	**303,651,723**

Unrated counterparties mainly relate to banks domiciled in Europe (CHF 13.7m), Switzerland (CHF 10.8) and Middle East (CHF 1.5m).

	External Rating	Sight	0-3 months	3-12 months	Gross amount
Investment Grade	from AAA to AA-	105,218,278	-	-	105,218,278
	from A+ to A-	119,719,151	5,886,140	-	125,605,291
	from BBB+ to BBB-	3,922,535	-	-	3,922,535
Speculative Grade	from BB+ to BB-	2,210,438	-	-	2,210,438
	from B+ to B-	-	-	-	-
	from CCC+ to CCC-	-	-	-	-
	from CC+ to C-	-	-	-	-
Other	Unrated	-	-	-	-
Total at 31 December 2012		**231,070,402**	**5,886,140**	-	**236,956,542**

No credit limits were exceeded during the reporting period.

At year-end, Loans and advances to banks are pledged up to CHF 179.9m (2012: CHF 159.0m) in favour of third parties mainly in order to secure the settlement of client transactions.

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F6. Investment securities, treasury bills and other eligible bills

Investment securities (CHF 694.3m), treasury bills and other eligible bills (nil balance at 31 December 2013) 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-	32,084,831	50,308,754	35,639,927	59,137,758	177,171,270
	from A+ to A-	107,006,845	67,199,305	31,414,829	7,954,524	213,575,503
	from BBB+ to BBB-	122,690,966	50,183,738	77,902,293	1,598,178	252,375,175
Speculative Grade	from BB+ to BB-	804,075	1,906,093	2,194,713	197,933	5,102,814
	from B+ to B-	-	-	-	-	-
	from CCC+ to CCC-	-	-	-	-	-
	from CC+ to C-	-	-	-	-	-
Other	Unrated	39,364,329	972,443	5,752,752	-	46,089,524
Total at 31 December 2013		**301,951,046**	**170,570,333**	**152,904,514**	**68,888,393**	**694,314,286**

Cash and balances with central bank	1,843,810,396
Other assets than investment securities and treasury bills	696,553,868
Total assets at 31 December 2013	**3,234,678,550**

At 31 December 2013, the balance of CHF 5.1m identified as speculative grade mainly consist of bonds issued by Republic of Indonesia (CHF 1.9m), European corporates (CHF 1.4m) and European banks (CHF 0.9m). The balance of CHF 46.1m identified as unrated mainly consist of Swiss corporates (CHF 27.1m), European corporates (CHF 17.3m) and Swiss banks (CHF 1.6m).

None of the above receivables are past due or impaired.

	S&P	Less than 1 year	1-2 years	2-5 years	Over 5 years	Gross amount
Investment Grade	from AAA to AA-	75,413,860	24,311,447	62,184,955	64,312,750	226,223,012
	from A+ to A-	108,432,633	82,670,151	88,946,834	9,801,487	289,851,105
	from BBB+ to BBB-	70,805,394	54,534,408	65,219,270	5,122,163	195,681,235
Speculative Grade	from BB+ to BB-	3,498,680	719,120	7,767,495	-	11,985,295
	from B+ to B-	-	-	-	-	-
	from CCC+ to CCC-	-	-	-	-	-
	from CC+ to C-	-	-	-	-	-
Other	Unrated	-	-	-	-	-
Total at 31 December 2012		**258,150,567**	**162,235,126**	**224,118,554**	**79,236,400**	**723,740,647**

Cash and balances with central bank	1,612,190,388
Other assets than investment securities and treasury bills	483,884,405
Total assets at 31 December 2012 (restated)*	**2,819,815,440**

None of the above receivables are past due or impaired.

*Restatement related to adoption of IAS 19 revised (see Note 14i)

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F7. Geographical concentration of financial assets

The Group has credit exposures outside Switzerland:
- Through its deposits with financial institutions domiciled outside Switzerland (Loans and advances to banks);
- Through debt instruments issued by foreign corporations, financial institutions and governments (Investment securities);
- To a lesser extent with clients domiciled outside of Switzerland to whom the Group has granted credit limits (Loans and advances to customers as well as Derivative financial instruments).

The geographical distribution based on the domicile of the counterparties is analysed below:

	Switzerland	Europe	North America	Middle East & Asia	Others	Total
Cash and balances with central bank	1,843,810,396	-	-	-	-	1,843,810,396
Loans and advances to banks	104,798,175	136,095,823	60,388,156	2,369,569	-	303,651,723
Derivative financial instruments	25,163,640	26,053,542	3,456,940	45,440,767	1,888,151	102,003,040
Trading assets	6,394,761	-	-	-	-	6,394,761
Loans and advances to customers	122,289,876	512,286	6,351	1,353,791	22,282	124,184,586
Investment securities	143,986,322	308,429,652	104,897,387	60,213,333	76,787,592	694,314,286
Other assets	25,384,973	-	-	-	-	25,384,973
Total at 31 December 2013	**2,271,828,143**	**471,091,303**	**168,748,834**	**109,377,460**	**78,698,025**	**3,099,743,765**

	Switzerland	Europe	North America	Middle East & Asia	Others	Total
Cash and balances with central bank	1,612,190,388	-	-	-	-	1,612,190,388
Treasury bills and other eligible bills	-	4,825,733	-	-	-	4,825,733
Loans and advances to banks	73,070,139	118,591,916	41,498,185	3,796,302	-	236,956,542
Derivative financial instruments	14,786,858	6,367,746	3,616,501	-	4,316,262	29,087,367
Trading assets	5,358,622	-	-	-	-	5,358,622
Loans and advances to customers	72,687,480	3,459,738	11,987,187	3,184,006	409,765	91,728,176
Investment securities	154,991,210	297,059,601	111,157,736	143,046,942	12,659,425	718,914,914
Other assets	30,635,888	-	-	-	-	30,635,888
Total at 31 December 2012	**1,963,720,585**	**430,304,734**	**168,259,609**	**150,027,250**	**17,385,452**	**2,729,697,630**

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SECTION VI: FINANCIAL RISK MANAGEMENT

F8. Industry sector concentration of assets

The industry sector concentration is analysed below:

	Cash and Treasury bills	Derivative financial instruments	Loans and advances to banks and customers	Investment securities	Total at 31 December 2013	Total at 31 December 2012
Banks	-	1,102,054	303,651,723	163,716,344	468,470,121	485,062,814
Central Banks	1,843,810,396	-	-	-	1,843,810,396	1,612,190,388
Sovereign	-	-	-	205,732,158	205,732,158	198,948,231
Sub-total	**1,843,810,396**	**1,102,054**	**303,651,723**	**369,448,502**	**2,518,012,675**	**2,296,201,433**
Automobiles & Parts	-	-	-	17,343,654	17,343,654	14,629,982
Basic Resources	-	-	-	4,175,312	4,175,312	2,216,327
Chemicals	-	-	-	12,380,888	12,380,888	10,648,567
Constructions & Materials	-	-	-	7,703,203	7,703,203	9,780,951
Financial Services	-	-	-	-	-	242,029
Food & Beverages	-	-	-	35,759,185	35,759,185	22,019,839
Health Care	-	-	-	12,409,716	12,409,716	15,978,219
Individuals	-	100,900,986	124,184,586	-	225,085,572	120,493,489
Industrials Goods & Serv.	-	-	-	53,024,663	53,024,663	33,920,515
Insurance	-	-	-	18,051,647	18,051,647	19,022,030
Real Estate	-	-	-	1,093,815	1,093,815	-
Oil & Gas	-	-	-	45,209,887	45,209,887	45,077,424
Personal & Household Goods	-	-	-	9,293,479	9,293,479	7,246,228
Retail	-	-	-	20,047,615	20,047,615	14,315,285
Supranational	-	-	-	12,197,982	12,197,982	15,809,977
Telecommunications	-	-	-	16,028,358	16,028,358	15,460,778
Technology	-	-	-	7,601,797	7,601,797	-
Travel & Leisure	-	-	-	1,407,844	1,407,844	627,653
Utilities	-	-	-	51,136,738	51,136,738	50,012,394
Sub-total	**1,843,810,396**	**102,003,040**	**427,836,309**	**694,314,285**	**3,067,964,030**	**2,693,703,120**
Other assets with no industry sector concentration					166,714,520	126,112,320
Total assets					**3,234,678,550**	**2,819,815,440**

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F9. Offsetting

Offsetting and related rights to set-off are risk management tools that the Group use among others to reduce counterparty credit risk.

The following table presents the recognised financial instruments that are subject to enforceable matter netting arrangements or other similar agreements but not offset.

Derivative financial instruments (assets)

	Gross amounts of recognised financial assets	Presented in statement of financial positions	Related amounts not set off in balance sheet Due to customers	Net credit exposure
Currency swaps	1,085,619	1,085,619	-	1,085,619
Currency options	8,189	8,189	-	8,189
Interest rate futures	8,246	8,246	-	8,246
Currency forwards, precious metals forwards and CFD derivatives	100,900,986	100,900,986	232,575,208	-
Balance at 31 December 2013	**102,003,040**	**102,003,040**	**232,575,208**	**1,102,054**
- Currency swaps, options and interest rate futures	*322,054*	*322,054*	*-*	*322,054*
- Currency forwards, precious metals and CFD derivatives	*28,765,313*	*28,765,313*	*123,398,864*	*-*
Balance at 31 December 2012	*29,087,367*	*29,087,367*	*123,398,864*	*322,054*

Derivative financial instruments (liabilities)

	Gross amounts of recognised financial liabilities	Presented in statement of financial positions
Currency swaps	1,094,913	1,094,913
Currency options	8,189	8,189
Interest rate futures	16,884	16,884
Currency forwards, precious metals forwards and CFD derivatives	34,192,238	34,192,238
Balance at 31 December 2013	**35,312,224**	**35,312,224**
- Currency swaps, options and interest rate futures	*4,702,444*	*4,702,444*
- Currency forwards, precious metals and CFD derivatives	*3,201,751*	*3,201,751*
Balance at 31 December 2012	*7,904,195*	*7,904,195*

Currency forwards, precious metals forwards and CFD derivatives recognised as derivative financial instruments correspond to open positions of eForex clients that are authorised to trade with a maximum leverage of their equity (margin deposit being recognised in Due to Customers).

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

G. Liquidity risk

Liquidity is the ability of the Group to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. The fundamental role of banks in the maturity transformation of short term deposits into medium and long-term loans makes banks inherently vulnerable to liquidity risk.

G1. Liquidity risk management process

Liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to the Group. The objective of the Group's liquidity risk management is achieved through a conservative asset and liability management strategy, which comprises of:

- The maturity analysis of current investments in order to ensure the regular stream of expiries;
- The measurement of known and unknown cash flows;
- Measures ensuring ability to borrow funds through various instruments.

G2. Non-derivative cash flows

The table below presents the balances 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 2013	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	1,528,791	-	-	-	-	1,528,791
Due to customers	2,891,520,464	-	-	-	-	2,891,520,464
Other liabilities	35,045,518	-	-	-	-	35,045,518
Current income tax liabilities	336,368	-	-	-	-	336,368
Total non-derivative financial liabilities (contractual maturity dates) - (A)	**2,928,431,141**	-	-	-	-	**2,928,431,141**
Derivative financial instruments						35,312,224
Non financial liabilities						22,994,124
Total liabilities						**2,986,737,489**
Commitments (B)	-	-	26,405,874	14,032,870	8,340,240	48,778,984
Total maturity grouping (A) + (B)	**2,928,431,141**	-	**26,405,874**	**14,032,870**	**8,340,240**	**2,977,210,125**
Total non-derivative financial assets (expected maturity dates)	(2,319,858,051)	(14,700,349)	(47,279,652)	(134,119,784)	(63,898,720)	(2,579,856,556)
Net balance	**608,573,090**	**(14,700,349)**	**(20,873,778)**	**(120,086,914)**	**(55,558,480)**	**397,353,569**

All amounts in Swiss Francs 60

SECTION VI: FINANCIAL RISK MANAGEMENT

G2. Non-derivative cash flows (continued)

At 31 December 2012 (restated)*	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	10,561,838	-	-	-	-	10,561,838
Due to customers	2,533,756,648	-	-	-	-	2,533,756,648
Other liabilities	18,548,992	-	-	-	-	18,548,992
Current income tax liabilities	3,122,276	-	-	-	-	3,122,276
Total non-derivative financial liabilities (contractual maturity dates) - (A)	**2,565,989,754**	-	-	-	-	**2,565,989,754**
Derivative financial instruments						7,904,195
Non financial liabilities						4,793,251
Total liabilities (restated)						**2,578,687,200**
Commitments (B)	-	-	40,375,925	2,998,367	-	43,374,292
Total maturity grouping (A) + (B)	**2,565,989,754**	-	**40,375,925**	**2,998,367**	-	**2,609,364,046**
Total non-derivative financial assets (expected maturity dates)	(2,004,503,037)	(64,454,135)	(166,219,811)	(386,353,680)	(79,236,400)	(2,700,767,063)
Net balance	**561,486,717**	**(64,454,135)**	**(125,843,886)**	**(383,355,313)**	**(79,236,400)**	**(91,403,017)**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

G3. Derivative cash flows

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

At 31 December 2013	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						
- Currency swaps	234,573	746,042	105,004	-	-	1,085,619
- Currency options	-	4,344	3,845	-	-	8,189
- Currency forwards	87,183,550	628,812	773,574	-	-	88,585,936
- Precious metals forwards	10,197,180	-	-	-	-	10,197,180
- CFD derivatives	2,117,870	-	-	-	-	2,117,870
Derivatives held for hedging						
- Interest rate futures	-	6,579	-	424	1,243	8,246
- Currency options	-	-	-	-	-	-
- Currency forwards	-	-	-	-	-	-
Total	**99,733,173**	**1,385,777**	**882,423**	**424**	**1,243**	**102,003,040**
Liabilities						
Derivatives held for trading						
- Currency swaps	404,670	656,339	33,904	-	-	1,094,913
- Currency options	-	4,344	3,845	-	-	8,189
- Currency forwards	30,731,269	709,675	792,424	-	-	32,233,368
- Precious metals forwards	1,723,912	-	-	-	-	1,723,912
- CFD derivatives	234,958	-	-	-	-	234,958
Derivatives held for hedging						
- Interest rate futures	-	16,884	-	-	-	16,884
- Currency forwards	-	-	-	-	-	-
- Currency forwards	-	-	-	-	-	-
Total	**33,094,809**	**1,387,242**	**830,173**	**-**	**-**	**35,312,224**

Currency forwards, Precious metals forwards and CFD derivatives (indices and commodities) are mainly related to open transactions of eForex clientele at 31 December 2013. Those transactions have to be classified in category “up to 1 month”.

All amounts in Swiss Francs 62

SECTION VI: FINANCIAL RISK MANAGEMENT

G3. Derivative cash flows (continued)

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

At 31 December 2012	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						
- Currency swaps	106,023	125,692	61,317	-	-	293,032
- Currency options	-	13,429	8,769	-	-	22,198
- Currency forwards	26,517,480	1,022,681	1,225,152	-	-	28,765,313
Derivatives held for hedging						
- Interest rate futures	-	-	-	181	6,643	6,824
- Currency swaps	-	-	-	-	-	-
Total	**26,623,503**	**1,161,802**	**1,295,238**	**181**	**6,643**	**29,087,367**
Liabilities						
Derivatives held for trading						
- Currency swaps	1,110,878	1,504,523	2,064,488	-	-	4,679,889
- Currency options	-	13,429	8,769	-	-	22,198
- Currency forwards	1,084,941	549,304	1,567,506	-	-	3,201,751
Derivatives held for hedging						
- Interest rate futures	-	-	-	357	-	357
- Currency swaps	-	-	-	-	-	-
Total	**2,195,819**	**2,067,256**	**3,640,763**	**357**	**-**	**7,904,195**

Currency forwards are mainly related to open transactions of eForex clientele at 31 December 2012.

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

G4. Off balance sheet items

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

At 31 December 2013	No later than 1 year	1 to 5 years	Over 5 years	Total
Loan commitments	22,294,000	-	-	22,294,000
Operating lease commitments	4,111,874	14,032,870	8,340,240	26,484,984
Capital commitments	-	-	-	-
Total	**26,405,874**	**14,032,870**	**8,340,240**	**48,778,984**

At 31 December 2012	No later than 1 year	1 to 5 years	Over 5 years	Total
Loan commitments	24,384,000	-	-	24,384,000
Operating lease commitments	1,658,840	2,998,367	-	4,657,207
Capital commitments	14,333,085	-	-	14,333,085
Total	**40,375,925**	**2,998,367**	-	**43,374,292**

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

G5. Basel III liquidity framework

Basel III international framework comprises of provisions for liquidity risk measurement, standards and monitoring. The framework included a Liquidity Coverage Ratio (LCR) and a Net Stable Funding Ratio (NSFR).

The Liquidity Ordinance, which implements Basel III requirements into Swiss law, entered into force on 1 January 2013. This Ordinance requires appropriate management and monitoring of liquidity risks. The requirements apply to all banks, but are tiered according to the type, complexity and degree of bank's activities. It is expected the Liquidity Ordinance will be amended in 2014 to include final Basel III LCR rules and any related FINMA-specific requirements.

The LCR is expected to be introduced on 1 January 2015 (minimum ratio: 100%) following an observation period which began in 2011 in which the Group was proactively involved. The LCR addresses a liquidity risk over a 30-day period and comprises of two components: (1) the value of the stock of high quality liquid assets in stressed conditions and (2) the total net cash outflows calculated according to specified scenario parameters. The Group estimates that its LCR ratio is in excess of 100% as of the end of 2013.

The NSFR is expected to be introduced on 1 January 2018 (minimum ratio: 100%). The NSFR is structured to ensure that illiquid assets are funding with an appropriate amount of stable long-term funds.

All amounts in Swiss Francs 64

SECTION VI: FINANCIAL RISK MANAGEMENT

H. Market risk

Market risk is the risk that fair values or future cash flows of financial instruments will fluctuate because of changes in market conditions. The Group does not enter into proprietary trading positions based on expectations of future market improvements.

Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements as well as changes in the level of volatility of market rates or prices such as:

- Foreign exchange risk;
- Interest rate risk;
- Equity market risk;
- Issuer credit risk;
- Market liquidity risk.

Single transactions may also be exposed to a number of different market risks.

The Group devotes significant resources to ensure that market risks are comprehensively captured, accurately modelled and reported and effectively managed. Trading and non-trading portfolios are managed at various organisational levels. The Group uses market risk measurement and management methods designed to meet or exceed industry standards.

H1. Foreign exchange risk

The Group is exposed to two main sources of foreign exchange risk.

Transactional foreign exchange risk

Foreign exchange risk represents exposures to changes in the value of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk include for example foreign investments, foreign currency denominated loans and future cash flows in foreign currencies. The Board sets limits on the level of exposure by currency and in aggregate for both weekdays and weekends, which are monitored daily.

eForex business

Foreign exchange risk arises from eForex activities and clients trading foreign currencies.

As a consequence of the recent acquisition of MIG, the Group has begun to operate a principal model in addition to the existing agency model. In an agency model, when a customer executes a trade, the Group acts as an riskless intermediary, simultaneously entering into trades with the customer and the FX market maker. In a principal model, the Group may maintain the trading position and not offset the trade with another party. As a result, price changes in currencies and lack of liquidity in currencies may incur trading gains or losses using principal model execution.

Clients positions are monitored at a Group level so all open positions held by clients are combined to calculate the total net client exposure to ensure optimal hedging decisions are made. All transactions used to hedge client positions are margin-traded so the profit or loss arising on the position is settled on a daily basis. The Group benefits from a number of factors (such as diversification and liquidity of its product range as well as diversification of the client base) that also reduce the volatility of its revenue and protect from market movements.

The Board sets limits on the level of exposure by currency and in aggregate for both weekdays and weekends, which are monitored daily.

SECTION VI: FINANCIAL RISK MANAGEMENT

H1. Foreign exchange risk (continued)

The table below 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.

At 31 December 2013	CHF	USD	EUR	Others	Total
Assets					
Cash and balances with central bank	1,843,726,239	19,287	58,408	6,462	1,843,810,396
Loans and advances to banks	198,501,750	42,478,124	19,008,233	43,663,616	303,651,723
Derivative financial instruments	10,122,059	52,687,694	2,433,556	36,759,731	102,003,040
Trading assets	546,504	-	5,848,257	-	6,394,761
Loans and advances to customers	63,413,728	29,018,279	28,831,106	2,921,473	124,184,586
Investment securities	284,173,302	122,850,413	283,225,025	4,065,546	694,314,286
Other assets	14,919,635	1,034,323	7,229,702	2,201,313	25,384,973
Total financial assets	**2,415,403,217**	**248,088,120**	**346,634,287**	**89,618,141**	**3,099,743,765**
Liabilities					
Deposits from banks	536	1,001,068	387,110	140,077	1,528,791
Derivative financial instruments	6,042,774	13,304,137	344,345	15,620,968	35,312,224
Due to customers	1,736,534,238	467,208,077	614,271,348	73,506,801	2,891,520,464
Other liabilities	33,928,435	69,755	448,693	598,635	35,045,518
Current income tax liabilities	336,368	-	-	-	336,368
Total financial liabilities	**1,776,842,351**	**481,583,037**	**615,451,496**	**89,866,481**	**2,963,743,365**
Net on balance sheet financial position	**638,560,866**	**(233,494,917)**	**(268,817,209)**	**(248,340)**	**136,000,400**
Off balance sheet notional position	(554,911,240)	266,481,031	264,525,998	23,904,211	-
Credit commitments	-	-	-	-	-
Net exposure	**83,649,626**	**32,986,114**	**(4,291,211)**	**23,655,871**	**136,000,400**

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

H1. Foreign exchange risk (continued)

The table below 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.

At 31 December 2012 (restated)*	CHF	USD	EUR	Others	Total
Assets					
Cash and balances with central bank	1,612,045,462	33,532	101,478	9,916	1,612,190,388
Treasury bills and other eligible bills	-	-	4,825,733	-	4,825,733
Loans and advances to banks	167,661,887	12,070,192	42,301,892	14,922,571	236,956,542
Derivative financial instruments	3,736,075	21,743,917	404,428	3,202,947	29,087,367
Trading assets	438,260	21,228	4,899,134	-	5,358,622
Loans and advances to customers	34,481,467	28,010,582	26,878,092	2,358,035	91,728,176
Investment securities	329,039,812	99,939,503	288,059,120	1,876,479	718,914,914
Other assets	20,094,692	1,527,048	8,540,446	473,702	30,635,888
Total financial assets	**2,167,497,655**	**163,346,002**	**376,010,323**	**22,843,650**	**2,729,697,630**
Liabilities					
Deposits from banks	638,070	9,887,815	19,524	16,429	10,561,838
Derivative financial instruments	7,210,165	343,385	5,281	345,364	7,904,195
Due to customers	1,672,643,715	315,802,975	475,198,627	70,111,331	2,533,756,648
Other liabilities	18,399,991	69,527	76,049	3,425	18,548,992
Current income tax liabilities	3,122,276	-	-	-	3,122,276
Total financial liabilities	**1,702,014,217**	**326,103,702**	**475,299,481**	**70,476,549**	**2,573,893,949**
Net on balance sheet financial position	**465,483,438**	**(162,757,700)**	**(99,289,158)**	**(47,632,899)**	**155,803,681**
Off balance sheet notional position	(308,944,805)	161,129,257	99,877,112	47,938,436	-
Credit commitments	-	-	-	-	-
Net exposure	**156,538,633**	**(1,628,443)**	**587,954**	**305,537**	**155,803,681**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

H2. 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 table below 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.

At 31 December 2013	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	1,843,810,396	-	-	-	-	1,843,810,396
Treasury bills and other eligible bills	-	-	-	-	-	-
Loans and advances to banks	303,651,723	-	-	-	-	303,651,723
Derivative financial instrument	101,118,950	882,423	424	1,243	-	102,003,040
Trading assets	6,394,761	-	-	-	-	6,394,761
Loans and advances to customers	124,184,586	-	-	-	-	124,184,586
Investment securities	111,148,245	216,910,523	297,367,125	68,888,393	-	694,314,286
Other assets	18,980,708	6,404,265	-	-	-	25,384,973
Total financial assets	**2,509,289,369**	**224,197,211**	**297,367,549**	**68,889,636**	**-**	**3,099,743,765**
Liabilities						
Deposits from banks	1,528,791	-	-	-	-	1,528,791
Derivative financial instruments	34,482,051	830,173	-	-	-	35,312,224
Due to customers	2,891,520,464	-	-	-	-	2,891,520,464
Other liabilities	35,045,518	-	-	-	-	35,045,518
Current income tax liabilities	336,368	-	-	-	-	336,368
Total financial liabilities	**2,962,913,192**	**830,173**	**-**	**-**	**-**	**2,963,743,365**
Net on balance sheet	**(453,623,823)**	**223,367,038**	**297,367,549**	**68,889,636**	**-**	**136,000,400**
Off balance sheet	-	-	-	-	-	-
Total interest sensitivity gap	**(453,623,823)**	**223,367,038**	**297,367,549**	**68,889,636**	**-**	**136,000,400**

All amounts in Swiss Francs 68

SECTION VI: FINANCIAL RISK MANAGEMENT

H2. Interest rate risk (continued)

The table below 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.

At 31 December 2012 (restated)*	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	1,612,190,388	-	-	-	-	1,612,190,388
Treasury bills and other eligible bills	4,825,733	-	-	-	-	4,825,733
Loans and advances to banks	236,956,542	-	-	-	-	236,956,542
Derivative financial instruments	27,785,305	1,295,238	181	6,643	-	29,087,367
Trading assets	5,358,622	-	-	-	-	5,358,622
Loans and advances to customers	91,728,176	-	-	-	-	91,728,176
Investment securities	132,589,405	151,272,183	355,816,926	79,236,400	-	718,914,914
Other assets	30,635,888	-	-	-	-	30,635,888
Total financial assets	**2,142,070,059**	**152,567,421**	**355,817,107**	**79,243,043**	**-**	**2,729,697,630**
Liabilities						
Deposits from banks	10,561,838	-	-	-	-	10,561,838
Derivative financial instruments	4,263,075	3,640,763	357	-	-	7,904,195
Due to customers	2,533,756,648	-	-	-	-	2,533,756,648
Other liabilities	18,548,992	-	-	-	-	18,548,992
Current income tax liabilities	3,122,276	-	-	-	-	3,122,276
Total financial liabilities	**2,570,252,829**	**3,640,763**	**357**	**-**	**-**	**2,573,893,949**
Net on balance sheet	**(428,182,770)**	**148,926,658**	**355,816,750**	**79,243,043**	**-**	**155,803,681**
Off balance sheet	-	-	-	-	-	-
Total interest sensitivity gap	**(428,182,770)**	**148,926,658**	**355,816,750**	**79,243,043**	**-**	**155,803,681**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VI: FINANCIAL RISK MANAGEMENT

H3. Sensitivity analysis on Foreign exchange rate risk and interest rate risk

a) Analysis of sensitivity to foreign exchange risk

		Sensitivity analysis			
		+ 5% EUR + 5% USD		- 5% EUR - 5% USD	
At 31 December 2013	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	1,843,810	4	-	(4)	-
Treasury bills and other eligible bills	-	-	-	-	-
Loans and advances to banks	303,652	3,074	-	(3,074)	-
Loans and advances to customers	124,185	2,892	-	(2,892)	-
Investment securities	694,314	20,304	-	(20,304)	-
Others (Derivatives, Trading assets and Other assets)	133,783	3,461	-	(3,461)	-
Total impact on financial assets		**29,735**	-	**(29,735)**	-
Financial liabilities					
Deposits from banks	1,529	(69)	-	69	-
Due to customers	2,891,520	(54,074)	-	54,074	-
Others (Derivatives and Other payables)	70,358	(708)	-	708	-
Total impact on financial liabilities		**(54,851)**	-	**54,851**	-
Total impact on balance sheet positions		**(25,116)**	-	**25,116**	-
Impact on off balance sheet positions		25,455	-	(25,455)	-
Net impact before income tax expense		**339**	-	**(339)**	-
Income tax expense		(63)	-	63	-
Net impact after income tax expense		**276**	-	**(276)**	-
Sensitivity analysis at 31 December 2012		*(42)*	-	*42*	-

SECTION VI: FINANCIAL RISK MANAGEMENT

H3. Sensitivity analysis on Foreign exchange rate risk and interest rate risk (continued)

b) Analysis of sensitivity to interest rate risk

		Sensitivity analysis			
		+100 bp		-100 bp	
At 31 December 2013	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	1,843,810	8,785	-	-	-
Treasury bills and other eligible bills	-	-	-	-	-
Loans and advances to banks	303,652	5,641	-	(1,837)	-
Loans and advances to customers	124,185	1,132	-	(126)	-
Investment securities	694,314	848	(4,443)	(2,076)	4,166
Total impact on financial assets		**16,406**	**(4,443)**	**(4,039)**	**4,166**
Financial liabilities					
Deposits from banks	1,529	(269)	-	-	-
Due to customers	2,891,520	(9,832)	-	2,192	-
Total impact on financial liabilities		**(10,101)**	**-**	**2,192**	**-**
Net impact before income tax expense		**6,305**	**(4,443)**	**(1,847)**	**4,166**
Income tax expense		(1,179)	-	345	-
Net impact after income tax expense		**5,126**	**(4,443)**	**(1,502)**	**4,166**
Sensitivity analysis at 31 December 2012		*2,460*	*(4,648)*	*(2,056)*	*3,910*

SECTION VI: FINANCIAL RISK MANAGEMENT

H4. Equity market risk

Trading assets

Equity market risk represents exposures to securities that represent equity indices related instruments.

As at 31 December 2013, instruments that would lead to this exposure are limited to Trading assets of CHF 6.4m (2012: CHF 5.4m). Trading assets are related to investment funds that are invested in stock included in major stock exchange indices (Swiss Performance Index and DJ Euro Stoxx).

eForex business

Equity market risk arise from eForex activities from clients trading contract-for-differences (CFDs), which are based on underlying stock indices on world stock markets (see Note 2).

H5. Issuer credit risk

Issuer credit risk represents exposure to changes in the creditworthiness of individual issuers or groups of issuers. The Group investment securities portfolio is exposed to issuer credit risk where the value of an asset may be adversely impacted by changes in the levels of credit spreads.

H6. Market liquidity risk

Market liquidity risk represents the risk that the level of expected market activity changes dramatically and, in certain cases, may even cease to exist. This exposes the Group to the risk that it will not be able to transact business and execute trades in an orderly manner which may impact the results. This impact could be exacerbated if expected hedging or pricing correlations are compromised by the disproportionate demand or lack of demand for certain instruments.

I. 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 7.3 bn (2012: CHF 6.1 bn).

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and cash equivalents

	2013	2012
Cash and balances with central bank	1,843,810,396	1,612,190,388
Treasury bills and other eligible bills	-	4,825,733
Loans and advances to banks	303,651,723	236,956,542
Deposits from banks	(1,528,791)	(10,561,838)
Total net	**2,145,933,328**	**1,843,410,825**
Less: Due from other banks above 3 months	-	-
Cash and cash equivalents	**2,145,933,328**	**1,843,410,825**

Loans and advances to banks are pledged (2013: CHF 179.9m - 2012: CHF 159.0m) in favour of third parties mainly in order to secure the settlement of client transactions.

Deposits from banks are related to collateral deposits required by the Group to banking counterparties.

All amounts in Swiss Francs 74

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Derivative financial instruments

	31 December 2013		
	Fair value		Contract
	Assets	Liabilities	Notional amount
Derivatives held for trading			
- Currency swaps	1,085,619	(1,094,913)	567,568,454
- Currency options	8,189	(8,189)	2,063,724
- Currency forwards	88,585,936	(32,233,368)	8,632,803,140
- Precious metals forwards	10,197,180	(1,723,912)	328,050,065
- CFD derivatives (indices and commodities)	2,117,870	(234,958)	68,673,397
Total derivatives held for trading	**101,994,794**	**(35,295,340)**	**9,599,158,780**
Derivatives held for hedging			
Derivatives designated as fair value hedge:			
- Interest rate futures	8,246	(16,884)	296,957,521
- Currency swaps	-	-	-
Total derivatives held for hedging	**8,246**	**(16,884)**	**296,957,521**
Total derivatives financial instruments	**102,003,040**	**(35,312,224)**	**9,896,116,301**
Current	99,733,173	(33,094,809)	
Non-current	2,269,867	(2,217,415)	

Derivatives held for trading are linked to clients' transactions. Derivatives held for hedging are related to the Group's own transactions.

	31 December 2012		
	Fair value		Contract
	Assets	Liabilities	Notional amount
Derivatives held for trading			
- Currency swaps	293,032	(4,679,889)	304,038,196
- Currency options	22,198	(22,198)	1,956,419
- Currency forwards	28,765,313	(3,201,751)	845,147,722
Total derivatives held for trading	**29,080,543**	**(7,903,838)**	**1,151,142,337**
Derivatives held for hedging			
Derivatives designated as fair value hedge:			
- Interest rate futures	6,824	(357)	43,211,965
- Currency swaps	-	-	-
Total derivatives held for hedging	**6,824**	**(357)**	**43,211,965**
Total derivatives financial instruments	**29,087,367**	**(7,904,195)**	**1,194,354,302**
Current	26,623,503	(2,195,819)	
Non-current	2,463,864	(5,708,376)	

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Trading assets

Trading assets comprise of investment funds principally invested in stocks and included in major stock indices, respectively DJ Euro Stoxx and Swiss Performance Index.

	2013	2012
European equities	6,034,188	5,073,908
Swiss equities	360,573	217,472
US equities	-	67,242
Total	**6,394,761**	**5,358,622**

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Loans and advances to customers

Loans and advances to customers mainly consist of advances covered by the pledging of the customers portfolio consisting of cash and securities (lombard loans), which are held with Swissquote Bank Ltd.

	2013	2012
Loans and advances		
Covered loans	124,184,586	91,728,176
Overdrafts	489,904	376,615
Total	**124,674,490**	**92,104,791**
Impairment allowance	(489,904)	(376,615)
Balance at 31 December	**124,184,586**	**91,728,176**
Collateral to support Loans and advances to customers	*460,468,377*	*242,852,046*

	2013	2012
Impairment allowance		
Balance at 1 January	376,615	260,000
Increase	-	200,000
Increase - acquisition of subsidiary	175,000	-
Bad debts written-off	(61,711)	(83,385)
Balance at 31 December	**489,904**	**376,615**

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Investment securities

Investment securities consist of listed bonds and OTC exchange traded bonds.

	Fair value through P&L	Available for-sale	Held-to-maturity	Total
At 1 January 2013	**7,470,900**	**381,317,084**	**330,126,930**	**718,914,914**
Exchange difference on monetary assets	73,776	(846,260)	1,810,039	1,037,555
Additions	1,076,217	323,752,640	17,143,384	341,972,241
Premium / (discount)	(260)	(12,254,665)	(2,353,154)	(14,608,079)
Disposals (sale and redemption)	(5,238,033)	(272,473,712)	(74,056,862)	(351,768,607)
Gains / (losses) from changes in fair value	(255,189)	(972,534)	(6,015)	(1,233,738)
At 31 December 2013	**3,127,411**	**418,522,553**	**272,664,322**	**694,314,286**

	Fair value through P&L	Available for-sale	Held-to-maturity	Total
At 1 January 2012	**16,883,337**	**361,683,696**	**369,810,289**	**748,377,322**
Exchange difference on monetary assets	(217,256)	(2,446,115)	(2,511,173)	(5,174,544)
Additions	4,423,786	416,520,494	17,697,419	438,641,699
Premium / (discount)	(259)	(9,125,917)	(3,142,539)	(12,268,715)
Disposals (sale and redemption)	(13,824,933)	(390,198,703)	(51,727,066)	(455,750,702)
Gains / (losses) from changes in fair value	206,225	4,883,629	-	5,089,854
At 31 December 2012	**7,470,900**	**381,317,084**	**330,126,930**	**718,914,914**

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Investment securities (continued)

	31 December 2013			Recognition as per IAS 39		
	Carrying value	Fair value	Unrealised gains/ (losses)	Comprehensive income	Income Statement	Not recognised
Fair value through profit & loss	3,127,411	3,127,411	(2,330,348)	-	*(2,330,348)*	-
Available-for-sale	418,522,553	418,522,553	1,954,723	*1,954,723*	-	-
Held-to-maturity	272,664,322	285,322,808	12,658,486	-	-	*12,658,486*
	694,314,286	**706,972,772**	**12,282,861**	**1,954,723**	***(2,330,348)***	***12,658,486***

In 2013, CHF 1,000,890 of unrealised gains arised from changes in fair value of available-for-sale assets have been recognised in the statement of comprehensive income (2012: unrealised loss of CHF 4,883,629). The cumulated balance recorded in comprehensive income represents CHF 1,954,723 (2012: CHF 2,955,613), gross of deferred tax impact.

	31 December 2012			Recognition as per IAS 39		
	Carrying value	Fair value	Unrealised gains/ (losses)	Comprehensive income	Income Statement	Not recognised
Fair value through profit & loss	7,470,900	7,470,900	(2,081,286)	-	*(2,081,286)*	-
Available-for-sale	381,317,084	381,317,084	2,955,613	*2,955,613*	-	-
Held-to-maturity	330,126,930	351,781,048	21,654,118	-	-	*21,654,118*
	718,914,914	**740,569,032**	**22,528,445**	***2,955,613***	***(2,081,286)***	***21,654,118***

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Investment securities (continued)

Unrealised gains/(losses) incurred in investment securities are analysed as follows:

2013

	Unrealised gains/ (losses) at 31.12.2013	Change versus 2012
Fair value through profit & loss	(2,330,348)	(249,062)
Available-for-sale	1,954,723	(1,000,890)
Held-to-maturity	12,658,486	(8,995,632)
	12,282,861	**(10,245,584)**

2012

	Unrealised gains/ (losses) at 31.12.2012	Change versus 2011
Fair value through profit & loss	(2,081,286)	206,225
Available-for-sale	2,955,613	4,883,629
Held-to-maturity	21,654,118	5,009,846
	22,528,445	**10,099,700**

All amounts in Swiss Francs 80

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Intangible assets

	Customer relationships	Goodwill	Total
Gross value			
At 1 January 2012	3,300,000	20,029,472	23,329,472
Addition	-	-	-
At 31 December 2012	3,300,000	20,029,472	23,329,472
Addition	-	18,959,594	18,959,594
At 31 December 2013	**3,300,000**	**38,989,066**	**42,289,066**
Accumulated depreciation			
At 1 January 2012	(345,554)	-	(345,554)
Depreciation	(198,714)	-	(198,714)
Impairment	(570,000)	-	(570,000)
At 31 December 2012	(1,114,268)	-	(1,114,268)
Depreciation	(177,223)	-	(177,223)
Impairment	-	-	-
At 31 December 2013	**(1,291,491)**	**-**	**(1,291,491)**
Net Book Value at 31 December 2013	**2,008,509**	**38,989,066**	**40,997,575**
Net Book Value at 31 December 2012	2,185,732	20,029,472	22,215,204

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Intangible assets (continued)

On 25 September 2013, the Group acquired 100% of the share capital of MIG Bank Ltd (Switzerland), a major foreign exchange broker with subsidiaries in the United Kingdom and the Republic of China. This acquisition was realised with the perspective to expand foreign exchange operations and secures to the Group a place among the world's largest foreign exchange service providers. MIG Bank Ltd has been legally merged into Swissquote Bank Ltd on 9 December 2013.

The result of the acquisition is detailed as follows:

	IFRS Fair value
Cash and cash equivalents with central bank	50,871,075
Loans and advances to banks	80,292,660
Derivative financial instruments (assets)	59,841,115
Trading assets	439,950
Loans and advances to customers	3,920,364
Investment securities	14,848,938
Deferred income tax assets	3,416,105
Information technology systems	2,168,935
Property, plant and equipment	417,897
Other assets	2,297,769
Deposits from banks	(384,445)
Derivative financial instruments (liabilities)	(19,507,357)
Due to customers	(138,520,675)
Other liabilities	(8,085,383)
Deferred tax liabilities	(418,132)
Provisions (including pension plan)	(6,872,610)
Net assets acquired	44,726,206
Goodwill (intangible assets)	**18,959,594**
Total consideration	63,685,800
Consideration satisfied by :	
Cash	40,590,000
Shares and stock options	23,095,800
Total consideration	63,685,800
Purchase consideration settled in cash	40,590,000
Cash and cash equivalents in subsidiary acquired	130,779,290
Cash inflow on acquisitions	90,189,290
Acquisition related-costs (included in operating expenses)	(1,031,324)

All amounts in Swiss Francs 82

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Intangible assets (continued)

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

The total identifiable consolidated net assets of MIG have been measured at CHF 44,726,206.

MIG pension plan qualified as fully reinsured pension plan under the contract signed with a third party insurance company. Based on a third party advice, the Group identified a total provision of CHF 1,617,000 with regards IAS 19R requirements (see Note 14c). MIG did not recognize a deferred income tax asset in respect to past tax losses. As the result of the acquisition, the Group determined at date of acquisition that it will have sufficient taxable profits in the future to realize the tax benefits through transfer of those carry forward losses of MIG to offset projected pre-tax profits of Swissquote Bank Ltd. As a result an aggregated CHF 2,600,000 of deferred income tax assets have been recognized (see Note 12a).

The goodwill has been valued at CHF 18,959,594 and is attributable to the critical mass gained in the FX market. None of the goodwill recognized is expected to be deductible for income tax purposes.

Part of the total consideration paid included 210,000 stock options with a strike price of CHF 47.50 (spot price at grant: CHF 29.75 / volatility: 36.66%). Options are exercisable over a 3 year period starting 26 September 2014. Another part was paid on the form of 750,000 shares for which there is a lock-up until 25 September 2014.

Swissquote Bank Ltd and the Seller have agreed the total consideration shall be adjusted in addition or deduction in case the consolidated equity of MIG as of closing date is below a certain target level. Related adjustment is expected to take place in 2014.

Since 25 September 2013, and excluding pre-tax post acquisition restructuring charge, the ordinary operations of MIG and its subsidiaries provided the Group with additional revenues of CHF 7.8 million and additional net profit of CHF 0.7 million.

Had MIG and its subsidiaries been consolidated from 1 January 2013 and assuming that MIG would have been carried out its operations mainly in an agency model, would have completed its restructuring process as well as converted its financial results into an IFRS framework, the Company would have contributed to additional revenues of CHF 29.0 million and be break-even on a stand alone basis.

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Intangible assets (continued)

The Group performed impairment tests of goodwill at the end of the financial year 2013. For the purpose of impairment testing, goodwill has been allocated to cash generating units which are expected to benefit from the synergies of the corresponding business combination.

For the goodwill allocated to cash generating units, the impairment tests are based on calculations of value in use. Cash flow projections are based on actual operating results and next year's business plans. Cash beyond the considered period are extrapolated using estimated long-term growth rates (if applicable). Future cash flows are discounted based on the weighted average cost of capital (WACC), taking into account risk that are specific to the cash generating unit tested for impairment. As at 31 December 2013, the discount rates used were based on observable market long-term Swiss government bonds plus a risk premium.

Key elements used for value in use calculations of intangible assets are:

Business acquired	Tradejet Ltd	MIG Bank Ltd	ACM Advanced Currency Markets Ltd
Year of acquisition	2010	2013	2010
Carrying amount of intangible asset	CHF 2,185,732	CHF 18,959,594	CHF 20,029,472
Depreciation method	15 years	Indefinite useful life	Indefinite useful life
Reportable segment	Securities	eForex	eForex
Basis for recoverable amount	Value in use	Value in use	Value in use
Type	Customer relationships	Goodwill	Goodwill
Cash flow projections	15 years	5 years + terminal value	5 years + terminal value
Main assumptions	Assets under Custody	eForex volume + Net margin	eForex volume + Net margin

Sensitivity analysis: At 31 December 2013, the annual testing for impairment demonstrated that either an increase of +1.0% in the discount rate used for the calculation of value in use or a decrease of - 5.0% in main revenue driver would not result in the recognition of an impairment loss.

All amounts in Swiss Francs 84

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
Gross value				
At 1 January 2012	9,083,255	24,286,964	6,823,698	40,193,917
Addition	1,373,822	6,307,079	679,077	8,359,978
Addition through acquisition	-	-	-	-
Disposals	-	-	-	-
At 31 December 2012	10,457,077	30,594,043	7,502,775	48,553,895
Addition	789,946	8,157,164	1,341,167	10,288,277
Addition through acquisition	-	687,946	1,480,989	2,168,935
Other changes	(1,288,292)	(1,380,582)	(2,314,238)	(4,983,112)
At 31 December 2013	**9,958,731**	**38,058,571**	**8,010,693**	**56,027,995**
Accumulated depreciation				
At 1 January 2012	(3,303,095)	(10,967,736)	(4,394,039)	(18,664,870)
Amortisation / depreciation	(1,872,196)	(5,020,459)	(1,252,547)	(8,145,202)
Impairment	-	-	-	-
Disposals	-	-	-	-
At 31 December 2012	(5,175,291)	(15,988,195)	(5,646,586)	(26,810,072)
Amortisation / depreciation	(1,811,698)	(5,966,984)	(1,202,919)	(8,981,601)
Impairment	-	(608,844)	(573,910)	(1,182,754)
Other changes	1,288,292	1,380,582	2,314,238	4,983,112
At 31 December 2013	**(5,698,697)**	**(21,183,441)**	**(5,109,177)**	**(31,991,315)**
Net Book Value at 31 December 2013	**4,260,034**	**16,875,130**	**2,901,516**	**24,036,680**
Net Book Value at 31 December 2012	5,281,786	14,605,848	1,856,189	21,743,823

Additions to Information technology systems include an amount of CHF 5.2m (2012: CHF 5.8m) representing own costs capitalised in connection with the development of the systems of the bank and in particular with the development of eForex trading platforms, mobile technology and ePrivate Banking.

Impairment of CHF 1.2m is related to restructuring measures subsequent to MIG acquisition.

Other changes of CHF 5.0m are related to items derecognised because no future economic benefits are expected from their use.

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
Gross value				
At 1 January 2012	31,854,907	3,228,977	3,250,547	38,334,431
Addition/revaluation	14,645,499	30,510	61,016	14,737,025
Addition through acquisition	-	-	-	-
Disposals	-	-	-	-
At 31 December 2012	46,500,406	3,259,487	3,311,563	53,071,456
Addition	19,821,203	262,765	237,041	20,321,009
Revaluation	1,276,290	-	-	1,276,290
Addition through acquisition	-	41,365	376,532	417,897
Other changes	-	(1,295,431)	(56,479)	(1,351,910)
At 31 December 2013	**67,597,899**	**2,268,186**	**3,868,657**	**73,734,742**
Accumulated depreciation				
At 1 January 2012	(2,399,165)	(1,373,420)	(1,414,570)	(5,187,155)
Amortisation / depreciation	(559,174)	(921,305)	(611,559)	(2,092,038)
Impairment	-	-	-	-
Disposals	-	-	-	-
At 31 December 2012	(2,958,339)	(2,294,725)	(2,026,129)	(7,279,193)
Amortisation / depreciation	(828,417)	(321,341)	(105,069)	(1,254,827)
Impairment	-	(41,365)	(376,532)	(417,897)
Other changes	-	1,295,431	56,479	1,351,910
At 31 December 2013	**(3,786,756)**	**(1,362,000)**	**(2,451,251)**	**(7,600,007)**
Net Book Value at 31 December 2013	**63,811,143**	**906,186**	**1,417,406**	**66,134,735**
Net Book Value at 31 December 2012	43,542,067	964,762	1,285,434	45,792,263

Additions to Property, plant and equipment include an amount of CHF 0.32m (2012: CHF 0.29m) representing own costs capitalised in connection with development of property. Impairment of CHF 0.4m is related to restructuring measures subsequent to MIG acquisition. Other changes of CHF 1.4m are related to items derecognised because no future economic benefits are expected from their use.

Land & Building are stated at their revalued amount, being the fair value at date of revaluation, less any subsequent depreciation. The fair value measurement at 31 December 2013 was performed by an independent valuer. The fair value was determined based on comparable market prices, vacancy rates and discount rate, which resulted in a level 2 fair value. There has been no changes in valuation technique. The revaluation surplus of CHF 1,276,290 gross of applicable deferred income taxes was credited in other comprehensive income and is shown in “Other reserves” in shareholders’ equity.

All amounts in Swiss Francs 86

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Other assets

	2013	2012
Accrued income and other receivables	19,861,104	27,364,789
Prepaid expenses	1,935,894	1,418,513
Withholding tax to be recovered and other taxes	3,587,975	1,852,586
Total	**25,384,973**	**30,635,888**

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Due to customers

	2013	2012
Due to customers - saving accounts	432,093,343	442,044,659
Due to customers - others	2,459,427,121	2,091,711,989
Total	**2,891,520,464**	**2,533,756,648**

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

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Other liabilities

	2013	2012 (restated)*
Accrued expenses	11,577,185	7,130,035
Account payables	14,421,556	2,548,816
Social security and other taxes	2,734,404	2,913,046
Withholding tax to be paid and others taxes	5,494,631	4,948,844
Deferred revenues	817,742	1,008,251
Total	**35,045,518**	**18,548,992**

12. Taxation

a) Deferred income tax assets

	Sources of deferred taxes			
	Tax losses carried forward	Pension plan related Provisions	Other Provisions	Total deferred income tax assets
Balance at 1 January 2013	-	**366,520**	-	**366,520**
		-	-	
In connection with acquisition of subsidiaries	2,600,000	302,379	513,726	3,416,105
In connection with change in tax rate	-	(16,830)	-	(16,830)
Balance at 31 December 2013	**2,600,000**	**652,069**	**513,726**	**3,765,795**
Balance at 1 January 2012 (restated)*	-	-	**199,752**	**199,752**
In connection with acquisition of subsidiaries	-	-	(11,200)	(11,200)
In connection with IAS 19R adoption (note 14i)	-	-	177,968	177,968
Balance at 31 December 2012 (restated)*	-	-	**366,520**	**366,520**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Taxation (continued)

b) Deferred tax liabilities

	Revaluation Reserve	Temporary differences	Total deferred tax liabilities
Balance at 1 January 2013	-	**894,235**	**894,235**
Reversal of fair valued liabilities at date of acquisition of subsidiaries	-	418,132	418,132
Revaluation of land building	238,666	-	238,666
Change in applicable tax rate at date of acquisition of subsidiaries	-	(22,656)	(22,656)
Depreciation of fair valued assets at date of acquisition of subsidiaries	-	(84,433)	(84,433)
Differences in the capitalisation and depreciation policies in the books of Swissquote Bank Ltd	-	68,774	68,774
Other movements	-	(11,673)	(11,673)
Balance at 31 December 2013	**238,666**	**1,262,379**	**1,501,045**
Balance at 1 January 2012 (restated)*		**1,105,896**	**1,105,896**
Change in applicable tax rate at date of acquisition of subsidiaries	-	(63,700)	(63,700)
Depreciation of fair valued assets at date of acquisition of subsidiaries	-	(201,961)	(201,961)
Differences in the capitalisation and depreciation policies in the books of Swissquote Bank Ltd	-	54,000	54,000
Balance at 31 December 2012 (restated)*	-	**894,235**	**894,235**

	2013	2012 (restated)*
Difference in valuation of treasury shares and gain on treasury shares sold	-	11,673
Revaluation of land and building	238,666	-
Acquisition of subsidiaries	861,185	550,142
Different capitalisation and depreciation method in accounting policies	401,194	332,420
Total	**1,501,045**	**894,235**

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).

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs 90

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Taxation (continued)

c) Current income tax liabilities

	2013	2012 (restated)*
Related to parent company	336,368	360,589
Related to subsidiaries	-	2,761,687
Total	**336,368**	**3,122,276**

d) Income tax expense

	2013	2012 (restated)*
Current year income tax expense	1,699,647	4,965,640
Change in deferred income tax assets	(16,830)	(11,200)
Change in deferred tax liabilities	(49,988)	(211,661)
Total	**1,632,829**	**4,742,779**

In 2013, changes in deferred income tax assets and deferred tax liabilities that have not impacted income tax expense amounted respectively CHF 3,416,105 and CHF 418,132.

Reconciliation of taxes	**2013**	**2012 (restated)***
Operating profit	13,288,992	26,747,096
Income tax expense computed at statutory rate (18.70%)	2,485,042	5,242,431
Increase / (decrease) in income taxes resulting from:		
Lower taxed income	(729,429)	(715,091)
Non-deductible expenses and others	200,828	158,753
Unrecognised deferred tax impacts and others	(510,373)	-
Effect of different tax rates of foreign subsidiaries	186,761	56,686
Income tax expense	**1,632,829**	**4,742,779**

In 2013, the Group met specific conditions that make Swissquote Bank Ltd eligible to a preferred tax rate at Swiss cantonal level for a period of maximum 10 years (reduction of 25% on ordinary tax rate until 2019). These conditions have to be met during the full period. In 2013, the applied tax rate is 18.70% (2012: 19.60%).

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Provisions

	2013	2012
Balance at 1 January	**3,899,016**	**4,689,497**
Increase:		
- Restructuring costs	12,043,242	-
- Special tax related costs	1,230,700	-
- Acquisition of subsidiaries	6,872,610	-
- Others	1,000,000	800,000
Used:	(3,521,054)	(1,548,832)
Exchange differences	(31,435)	(41,649)
Balance at 31 December	**21,493,079**	**3,899,016**

Restructuring costs consist of payroll and related costs, operating expenses and impairment charges. Special tax related costs consist of accrued audit and consultancy fees incurred in connection with an agreement with Switzerland and United Kingdom.

	2013	2012
Restructuring costs	10,066,348	-
Acquisition of subsidiaries	6,674,799	2,024,897
Pension plan related	1,617,000	-
Special tax related costs	1,000,000	-
Others	2,134,932	1,874,119
Total	**21,493,079**	**3,899,016**

All amounts in Swiss Francs 92

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Pension

a) Pension plan

The Group operates a defined benefit plan in Switzerland and defined contribution plans in foreign locations. All plan assets are held in trusts that are governed by local regulations and practice in each country. At 31 December 2013, the level of benefits provided to staff located in foreign locations is not relevant at the level of the Group.

In Switzerland, the Group manages a tailored pension scheme through a collective foundation, which is organised under Swiss Law. The main features are the following:

- This pension plan is defined benefit plans under IAS 19R;
- 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 pension's 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 2013, the rate was 2.0% per annum (2012: 2.0% per annum) as the minimal interest rate set by the Government was 1.5% in 2013.

Subsequent to the acquisition and subsequent merge of MIG Bank Ltd into Swissquote Bank Ltd, former MIG employees are at 31 December 2013 still insured within existing MIG pension scheme (fully reinsured set up) and will be transferred within existing collective foundation of Swissquote Bank Ltd in 2014.

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

	2013	2012
Discount Rate	2.35%	1.90%
Rate of future increase in compensations	1.00%	1.00%
Interest rate credited on savings accounts	2.00%	2.00%
Pension indexation	0.50%	0.50%
Inflation rate	1.00%	1.00%
Mortality tables	BVG 2010G	BVG 2010G
Retirement age	65 (male) / 64 (female)	65 (male) / 64 (female)
Turnover	20% on average	20% on average

b) Funded status of the pension plans

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 figures	
(all amounts in thousands CHF)	2013	2012 (restated)*
Present value of obligation	(35,426)	(21,781)
Fair value of plan assets	31,864	19,897
Net asset/(liability) recognised	**(3,562)**	**(1,884)**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Pension (continued)

c) Defined benefit obligation

(all amounts in thousands CHF)	Actuarial 2013	Actuarial 2012 (restated)*
Defined benefit obligation at beginning of the year	(21,781)	(17,711)
Service cost and employees' contributions	(3,664)	(3,237)
Interest cost	(467)	(427)
Actuarial gains / (losses)	1,447	(1,099)
Liabilities assumed in a business combination (see Note 6)	(10,223)	-
Plan amendments	-	(555)
Benefit payments	(738)	1,248
Defined benefit obligation at end of the year	**(35,426)**	**(21,781)**

d) Plan assets

(all amounts in thousands CHF)	Actuarial 2013	Actuarial 2012 (restated)*
Fair value of plan assets at beginning of the year	19,897	17,281
Return on plan assets and interest income	(556)	648
Employees' contributions	1,484	1,553
Group contribution	1,832	1,774
Assets assumed in a business combination (see Note 6)	8,606	-
Benefit payments	601	(1,359)
Fair value of plan assets at end of the year	**31,864**	**19,897**

The development of the market value of the plan assets showed a negative return in 2013. This negative return is related to one disability case that was reactivated during 2013 which impacted the plan assets of CHF 1.0m (value of the qualified insurance policy) and the defined benefit obligation.

e) Components of total pension costs

(all amounts in thousands CHF)	Actuarial 2013	Actuarial 2012 (restated)*
Service cost	(2,180)	(2,239)
Actuarial (gain) / loss	1,447	(908)
Return on plan assets (excluding interest income)	(1,007)	-
Net interest	(16)	30
Administrative expense	(137)	(111)
Company's pension cost	**(1,893)**	**(3,228)**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Pension (continued)

f) Company contribution

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

(all amounts in thousands CHF)	2013	2012 (restated)*
Beginning of year	(1,884)	(430)
Defined benefit cost	(1,893)	(3,228)
Group contribution	1,832	1,774
Business combination	(1,617)	-
Net asset / (liability)	**(3,562)**	**(1,884)**

g) Components defined benefit obligation

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

(all amounts in thousands CHF)	2013	2012 (restated)*
Defined benefit obligation for active employees	(34,513)	(20,182)
Defined benefit obligation for pensioners	(913)	(1,599)
End of year	**(35,426)**	**(21,781)**

h) Categories of plan assets

	2013 proportion in %	2012 proportion in %
Cash	32.7%	26.7%
Bonds (listed)	55.0%	56.4%
Equities (listed)	11.9%	16.1%
Real estate	0.2%	0.3%
Other	0.2%	0.5%
Total	**100.0%**	**100.0%**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Pension (continued)

i) IAS 19 (revised) transition

The 2013 consolidated financial statements are the first financial statements in which the Group has adopted IAS 19R. In accordance with IAS 8, the related amendments have been applied retroactively. The adjustments performed in the figures for 2012 are summarized as follows:

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

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

	Deferred Income tax assets	Other liabilities	Current Income tax liabilities	Other reserves (OCI)	Retained earnings	Operating expenses
Balance as reported at 31 December 2012	156,800	16,658,992	3,282,996	2,319,405	204,085,885	83,924,433
Effect of application of IAS 19R:						
Change in opening balance	31,752	162,000	-	-	(130,248)	-
Prior service costs (plan change)	-	436,000	(85,456)	-	(350,544)	436,000
Abolition of corridor rule	215,404	1,099,000	-	(883,596)	-	-
Other effects	(37,436)	193,000	(75,264)	153,564	(308,736)	384,000
Restated balance at 31 December 2012	**366,520**	**18,548,992**	**3,122,276**	**1,589,373**	**203,296,357**	**84,744,433**

The amendments related to IAS 19R result in a restatement of pension plan liability to CHF 1,884k (instead of a prior pension plan asset of CHF 6k), of which CHF 820k as additional payroll & related expenses and CHF 908k as remeasurement of defined benefit obligation through statement of comprehensive income (gross of tax). Items reported as other effects are related to the technical changes in IAS 19R, among others the change of expected return on plan assets and interest income to the net interest cost method.

j) Other disclosures (risks, sensitivity analysis and duration)

Through its defined benefit plan, the Group is exposed to a number of risks. As an example, the defined benefit obligation is calculated using a discount rate set with reference to market yields. A decrease in market yield will increase plan liabilities, although this will be partially be offset by an increase in the fair value of the plan assets. At 31 December 2013, the discount rate is based on an average duration of 17 years, which corresponds to the modified duration calculated based on the future expected benefit payments.

In the meantime, the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any change in these assumptions will impact the carrying amount of defined benefit obligation.

At 31 December 2013, the actuarial analysis demonstrated that an increase of a decrease of 0.25% in discount rate would lead to a change of CHF 1.2m in the defined benefit obligation.

All amounts in Swiss Francs 96

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Equity

15.1 Share capital

a) Number of Shares in 2013

	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	750,000	-	**750,000**
Nominal value per share (CHF)	0.20	-	**0.20**
Total nominal value (CHF)	150,000	-	**150,000**
Authorised capital			
Number of authorised shares	3,500,000	-	**3,500,000**
Nominal value per share (CHF)	0.20	-	**0.20**
Amount authorised (CHF)	700,000	-	**700,000**

b) Number of Shares in 2012

	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	750,000	-	**750,000**
Nominal value per share (CHF)	0.20	-	**0.20**
Total nominal value (CHF)	150,000	-	**150,000**
Authorised capital			
Number of authorised shares	3,500,000	-	**3,500,000**
Nominal value per share (CHF)	0.20	-	**0.20**
Amount authorised (CHF)	700,000	-	**700,000**

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Equity (continued)

15.2 Share options reserve (employee stock options plan)

a) Components of share options reserve

	31 December 2013	31 December 2012
Value of services to be reclassified to accumulated profits when outstanding options will lapse, expire or be exercised	3,562,652	3,839,990
Value of services to be amortised through income statement over the residual vesting periods of options	(1,016,144)	(836,639)
Share options reserve	**2,546,508**	**3,003,351**

b) Employee stock option plan - historical allocations

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 fifteenth allocation schemes have been offered. Optionees whose work contract is terminated loose their rights to options outstanding unless the Board resolves otherwise.

The terms and maturities of the non-lapsed allocations at 31 December 2013 are summarised below.

Allocation	Tranche	Strike Price	Number Options	Exercise Period Start	Exercise Period End	Analysis of status: In the money	In exercise period	In the money & exercise period
11	3/3	63.24	24,528	August-12	July-14	-	24,528	-
12	2/3	47.50	39,815	September-12	August-14	-	39,815	-
	3/3		39,815	September-13	August-15	-	39,815	-
13	1/3	34.27	44,447	September-12	August-14	44,447	44,447	44,447
	2/3		55,169	September-13	August-15	55,169	55,169	55,169
	3/3		72,009	September-14	August-16	72,009	-	-
14	1/3	32.20	41,368	September-13	August-15	41,368	41,368	41,368
	2/3		64,590	September-14	August-16	64,590	-	-
	3/3		64,590	September-15	August-17	64,590	-	-
15	1/3	33.24	91,375	August-14	July-16	91,375	-	-
	2/3		91,494	August-15	July-17	91,494	-	-
	3/3		91,651	August-16	July-18	91,651	-	
Total			**720,851**			**616,693**	**245,142**	**140,984**

All amounts in Swiss Francs 98

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Equity (continued)

c) Fifteenth allocation

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 0.1% and 1.0% for the 2013 allocation). One option grants the right to acquire one share.

Date of Grant	31.07.2013
Strike price [CHF]	33.24
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 (*)	288,100
Of which granted to Board of Directors	23,000
Of which granted to Executive Management	24,000
Of which granted to Others employees	241,100
Spot price at grant [CHF]	28.90
Volatility	36.78%
Fair value per option (average of all tranches and including assumption of lapse rate) [CHF]	4.00
Of which:	
Tranche 1	*3.81*
Tranche 2	*4.04*
Tranche 3	*4.15*

(*) 25% 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

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Equity (continued)

d) Movement in stock options granted

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

	Allocation							Conditional Shares available
	10th	11th	12th	13th	14th	15th	Total	for exercise
Strike price	47.00	63.24	47.50	34.27	32.20	33.24		
Share price at 31.12.2013	39.15	39.15	39.15	39.15	39.15	39.15		
Balance at 1 January 2012	**68,139**	**77,616**	**126,195**	**237,237**	**-**	**-**	**509,187**	**750,000**
Grants	-	-	-	-	201,480	-	201,480	
Exercised								
Covered by:								
the issue of new shares	-	-	-	-	-	-	-	
treasury shares	-	-	-	-	-	-	-	
Lapsed	(27,586)	(26,992)	(3,120)	(9,828)	(450)	-	(67,976)	
Balance at 31 December 2012	**40,553**	**50,624**	**123,075**	**227,409**	**201,030**	**-**	**642,691**	**750,000**
Balance at 1 January 2013	**40,553**	**50,624**	**123,075**	**227,409**	**201,030**	**-**	**642,691**	**750,000**
Grants	-	-	-	-	-	288,100	288,100	
Exercised								
Covered by:								
the issue of new shares	-	-	-	-	-	-	-	
treasury shares	-	-	-	(46,446)	(24,052)	-	(70,498)	
Lapsed	(40,553)	(26,096)	(43,445)	(9,338)	(6,430)	(13,580)	(139,442)	
Balance at 31 December 2013	**-**	**24,528**	**79,630**	**171,625**	**170,548**	**274,520**	**720,851**	**750,000**

Conditional shares available for exercise	750,000
Less options outstanding	(720,851)
Intermediary balance (including conditional shares)	29,149
Number of treasury shares available at 31 December 2013	79,192
Balance shares available for future grants	108,341

All amounts in Swiss Francs 100

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Equity (continued)

e) Movement (fair value) in stock options

	Allocation						
	10th	11th	12th	13th	14th	15th	Total
Balance at 1 January 2012	**517,742**	**975,820**	**1,087,925**	**1,217,184**	**-**	**-**	**3,798,671**
Grants	-	-	-	-	636,813	-	636,813
Exercise: new shares	-	-	-	-	-	-	-
Exercise: treasury shares	-	-	-	-	-	-	-
Lapsed	(198,225)	(318,526)	(26,897)	(50,424)	(1,422)	-	(595,494)
Balance at 31 December 2012	**319,517**	**657,294**	**1,061,028**	**1,166,760**	**635,391**	**-**	**3,839,990**
Balance at 1 January 2013	**319,517**	**657,294**	**1,061,028**	**1,166,760**	**635,391**	**-**	**3,839,990**
Grants	-	-	-	-	-	1,151,877	1,151’877
Exercise: new shares	-	-	-	-	-	-	-
Exercise: treasury shares	-	-	-	(233,090)	(72,024)	-	(305,114)
Lapsed	(319,517)	(331,751)	(349,992)	(48,080)	(20,462)	(54,298)	(1,124,100)
Balance at 31 December 2013	**-**	**325,543**	**711,036**	**885,590**	**542,905**	**1,097,579**	**3,562,653**

f) Strike value of stock options outstanding and movements

	Allocation						
	10th	11th	12th	13th	14th	15th	Total
Balance at 1 January 2012	**3,202,533**	**4,908,436**	**5,994,263**	**8,130,112**	**-**	**-**	**22,235,344**
Grants	-	-	-	-	6,487,656	-	6,487,656
Exercise: new shares	-	-	-	-	-	-	-
Exercise: treasury shares	-	-	-	-	-	-	-
Lapsed	(1,296,542)	(1,706,974)	(148,200)	(336,806)	(14,490)	-	(3,503,012)
Balance at 31 December 2012	**1,905,991**	**3,201,462**	**5,846,063**	**7,793,306**	**6,473,166**	**-**	**25,219,988**
Balance at 1 January 2013	**1,905,991**	**3,201,462**	**5,846,063**	**7,793,306**	**6,473,166**	**-**	**25,219,988**
Grants	-	-	-	-	-	9,576,444	9,576,444
Exercise: new shares	-	-	-	-	-	-	-
Exercise: treasury shares	-	-	-	(1,591,704)	(774,474)	-	(2,366,178)
Lapsed	(1,905,991)	(1,650,311)	(2,063,637)	(320,013)	(207,046)	(451,399)	(6,598,397)
Balance at 31 December 2013	**-**	**1,551,151**	**3,782,426**	**5,881,589**	**5,491,647**	**9,125,045**	**25,831,857**

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Equity (continued)

15.3 Other reserve

	Available-for-sale financial assets	Hedge reserve	Remeasurement of defined benefit obligation	Revaluation reserve	Currency translation differences	Total
Balance at 1 January 2013	**2,403,048**	**-**	**(730,032)**	**-**	**(83,643)**	**1,589,373**
Revaluation of AFS - gross	(1,000,890)	-	-	-	-	(1,000,890)
Revaluation of AFS - tax	187,166	-	-	-	-	187,166
Cash flow hedge fair value gains/(losses)	-	-	-	-	-	-
Cash flow hedge - tax	-	-	-	-	-	-
Revaluation of land and building - gross	-	-	-	1,276,290	-	1,276,290
Revaluation of land and building - tax	-	-	-	(238,666)	-	(238,666)
Foreign currency translation differences	-	-	-	-	1,574	1,574
Balance at 31 December 2013	**1,589,324**	**-**	**(730,032)**	**1,037,624**	**(82,069)**	**1,814,847**
Balance at 1 January 2012 (restated)*	**(1,523,390)**	**(5,178)**	**-**	**-**	**(45,599)**	**(1,574,167)**
Revaluation of AFS - gross	4,883,629	-	-	-	-	4,883,629
Revaluation of AFS - tax	(957,191)	-	-	-	-	(957,191)
Cash flow hedge fair value gains/(losses)	-	6,670	-	-	-	6,670
Cash flow hedge - tax	-	(1,492)	-	-	-	(1,492)
Remasurement of defined benefit obligation - gross	-	-	(908,000)	-	-	(908,000)
Remasurement of defined benefit obligation - tax	-	-	177,968	-	-	177,968
Foreign currency translation differences	-	-	-	-	(38,044)	(38,044)
Balance at 31 December 2012 (restated)*	**2,403,048**	**-**	**(730,032)**	**-**	**(83,643)**	**1,589,373**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15.4 Treasury shares

	2013	2012
Beginning of the year (shares)	**175,133**	**183,621**
Acquisition - shares	**725,557**	**8,012**
unit price ranging from CHF	27.92 to 39.85	24.92 to 42.40
Disposal - shares	**(751,000)**	**(16,500)**
unit price ranging from CHF	29.75 to 34.45	36.50
Remittance to optionees - shares	**(70,498)**	**-**
unit price ranging from CHF	32.20 to 34.27	-
End of the period - 31 December (shares)	**79,192**	**175,133**
Total cost (in CHF)	**2,959,769**	**9,184,665**
% of the issued shares	0.54%	1.20%

On 25 September 2013, 750,000 shares have been transfered as part of the consideration for the acquisition of MIG Bank Ltd (see Note 6). Remaining balance of 79,192 is primarily acquired for the purpose of covering employees stock option plans.

15.5 Retained earnings (dividend)

Under Swiss Law, dividends can only be paid out of the distributable reserves that are determined on a non-consolidated basis. Final dividends are not accounted for until they have been ratified at the Annual General Meeting.

	2013	2012	2011	2010	2009
Dividend per share	0.60*	0.60	-	0.60	0.60
Other pay out per share	-	-	1.04	-	-

* Proposal of the Board of Directors

16. Net fee and commission income

	2013	2012
Brokerage and related	50,532,700	44,152,660
Custody and others	13,237,628	11,256,608
Advertising and subscription fees	2,692,466	3,307,151
Total fee and commission income	**66,462,794**	**58,716,419**
Fee and commission expenses	(7,158,782)	(6,994,382)
Total net fee and commission income	**59,304,012**	**51,722,037**

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Net interest income

	2013	2012
Interest income		
Cash and short-term funds	401,579	578,209
Investment securities	14,873,187	16,392,251
Currency derivatives revaluation	1,344,704	2,270,941
Loans to customers	3,012,008	3,031,089
	19,631,478	**22,272,490**
Interest expense		
Banks	(8,442)	(31,188)
Customers - trading accounts	(2,466,218)	(2,685,688)
Customers - saving accounts	(2,031,916)	(2,456,684)
	(4,506,576)	**(5,173,560)**
Total net interest income	**15,124,902**	**17,098,930**

Net interest income may differ from interest received and paid as disclosed in the consolidated statement of cash flow in relation with the use of effective interest method.

18. Net trading income

	2013	2012
Foreign exchange revenues		
- eForex	38,083,606	29,805,821
- Others foreign exchange income	11,405,664	10,402,943
	49,489,270	**40,208,764**
Unrealised fair value gains/(losses)		
- From Investment securities	(258,719)	206,225
- From Trading assets	896,697	567,306
	637,978	**773,531**
Realised gains / (losses)		
- From financial assets	314,580	1,072,017
Others		
- Other income	-	616,250
Total net trading income	**50,441,828**	**42,670,562**

All amounts in Swiss Francs 104

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Operating expenses

	2013	2012 (restated)*
Payroll & related expenses	47,312,503	38,527,809
Other operating expenses	36,190,797	21,616,414
Marketing expenses	14,336,854	12,594,256
Depreciation and amortisation	12,100,353	10,435,954
Impairment on intangible assets	-	570,000
Provisions	1,641,243	1,000,000
Total	**111,581,750**	**84,744,433**

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

Payroll and related expenses consist of:

	2013	2012 (restated)*
Wages and salaries	46,780,446	38,278,211
Social security costs	3,666,541	3,789,834
Pension costs	2,067,667	2,583,363
	52,514,654	**44,651,408**
Less: capitalised costs	(5,202,151)	(6,123,599)
Total	**47,312,503**	**38,527,809**
Average headcount	420	366

With the development of international activities of the Group, Wages and salaries comprise of a balance of CHF 2.1m which is not subject to Swiss social security (2012: CHF 1.4m). Pensions costs for the year ended 2012 have been restated in relation with the adoption of IAS 19 revised. The restatement has incurred an additional pension costs of CHF 820,000 in 2012 (see Note 14i).

The costs were capitalised in connection with the inhouse development of the Group's IT systems and the realisation of the building under construction in Gland (Switzerland).

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Earning per share

Basic

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

	2013	2012 (restated)*
Weighted average number of ordinary shares in issue	14,239,826	14,462,730
Net Profit	11,656,163	22,004,317
Earning per share	**0.82**	**1.52**

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 Group'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.

	2013	2012 (restated)*
Weighted average number of ordinary shares	14,239,826	14,462,730
Adjustments for share options	-	-
Weighted average number of ordinary shares for diluted earnings per share options	14,239,826	14,462,730
Net Profit	11,656,163	22,004,317
Diluted earning per share	**0.82**	**1.52**

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs 106

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. 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%.

	2013	2012
Key Management compensation		
Short term employee benefits	2,277,800	1,815,750
Post-employment benefits	214,216	229,271
Total	**2,492,016**	**2,045,21**
Of which:		
Share based payment	140,000	82,950
Loans and advances to customers	2,529,727	772,074
Due to customers	9,922,961	13,566,797
Interest income	29,769	5,040
Interest expenses	12,566	13,704

Related party transactions are made on an arm's lengths basis.

22. Commitments

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

Payable	2013	2012
Not later than 1 year *	4,111,874	15,991,925
Later than 1 year and not later than 5 years	14,032,870	2,998,367
Later than 5 years	8,340,240	-
Total	**26,484,984**	**18,990,292**

* Including Capital Expenditures Committed.

Loan commitments:

Loan commitments of CHF 22,294,000 (2012: CHF 24,384,000) are related to the Group contribution to the Swiss depositor protection scheme (Art. 37H Banking Act). The depositor scheme is responsible for ensuring that clients' deposits at Swiss banks are protected. In the event of a bank going bankrupt, all Swiss banks have to transfer within five days the amounts required. As per FINMA guidelines, the payment obligation has to be recognised for as an irrevocable commitment under the off-balance sheet transactions.

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. 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 2013

All amounts in CHF	Base compensation		Variable compensation		Other Compensation (*2)	Total	Number of share options granted (*1)
	Cash	Shares (fair value)	Cash bonus	Share option (fair value) (*1)			
Board of Directors							
Mario Fontana, Chairman	120,000	-	-	12,000	2,000	134,000	3,000
Paul E. Otth, member	80,000	-	-	8,000	2,000	90,000	2,000
Markus Dennler, member	80,000	-	-	8,000	2,000	90,000	2,000
Martin Naville, member	80,000	-	-	8,000	2,000	90,000	2,000
Adrian Bult, member	80,000	-	-	8,000	2,000	90,000	2,000
Total Board of Directors	**440,000**	**-**	**-**	**44,000**	**10,000**	**494,000**	**11,000**
Executive Management							
Marc Bürki, CEO	439,000	-	100,000	32,000	26,400	597,400	8,000
Paolo Buzzi, CTO	439,000	-	100,000	32,000	26,400	597,400	8,000
Michael Ploog, CFO	439,000	-	100,000	32,000	18,000	589,000	8,000
Total Executive Management	**1,317,000**	**-**	**300,000**	**96,000**	**70,800**	**1,783,800**	**24,000**

The performance-related component (variable compensation) of Executive Management represented 30.1% of their total base compensation (2012: 4.6%).

Total compensation is reported based on the base compensation paid in 2013, the value of the options granted in 2013 (value at grant date) and the accrual in 2013 of the bonus payable in 2014, based on the 2013 results.

(*1) The fair value of the options has been determined based on the valuation method and the parameters used for the 15th allocation (see Note 15.2). The number of options granted in 2013 is stated in the last column of the above table. The amounts stated correspond to the total value of options granted.

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

All amounts in Swiss Francs 108

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Disclosure of compensation of the Board of Directors and Executive Management (continued)

b) Compensations 2012

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							
Mario Fontana, Chairman	120,000	-	-	7,110	2,000	129,110	2,250
Paul E. Otth, member	80,000	-	-	4,740	2,000	86,740	1,500
Markus Dennler, member	80,000	-	-	4,740	2,000	86,740	1,500
Martin Naville, member	80,000	-	-	4,740	2,000	86,740	1,500
Adrian Bult, member	80,000	-	-	4,740	2,000	86,740	1,500
Total Board of Directors	**440,000**	**-**	**-**	**26,070**	**10,000**	**476,070**	**8,250**
Executive Management							
Marc Bürki, CEO	410,000	-	-	18,960	18,000	446,960	6,000
Paolo Buzzi, CTO	410,000	-	-	18,960	18,000	446,960	6,000
Michael Ploog, CFO	410,000	-	-	18,960	16,800	445,760	6,000
Total Executive Management	**1,230,000**	**-**	**-**	**56,880**	**52,800**	**1,339,680**	**18,000**

The performance-related component (variable compensation) of Executive Management represented 4.6% of their total base compensation (2011: 29.5%).

Total compensation is reported based on the base compensation paid in 2012, the value of the options granted in 2012 (value at grant date) and the accrual in 2012 of the bonus payable in 2013, based on the 2012 results.

(*1) The fair value of the options has been determined based on the valuation method and the parameters used for the 14th allocation. The number of options granted in 2012 is stated in the last column of the above table. The amounts stated correspond to the total value of options granted.

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

All amounts in Swiss Francs

SECTION VII: OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Disclosure of compensation of the Board of Directors and Executive Management (continued)

c) Loans and credits

As per 31 December 2013, 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	2013	2012
Mario Fontana, Chairman of the Board	-	-
Paul E. Otth, member	699,578	772,074
Markus Dennler, member	-	-
Martin Naville, member	-	-
Adrian Bult, member	-	-
Marc Bürki, CEO	1,830,149	-
Paolo Buzzi, CTO	-	-
Michael Ploog, CFO	-	-
Closely related persons	-	-
Former members	-	-
Total	**2,529,727**	**772,074**

d) Participations

	Number of shares 2013	Number of shares 2012	Number of share options expiring				
			2014	2015	2016	2017	2018
Mario Fontana, Chairman of the Board	592,500	592,500	2,400	2,550	2,800	1,750	1,000
Mario Fontana, closely related persons (*1)	164,011	164,011	-	-	-	-	-
Paul E. Otth, member	73,700	73,700	1,600	1,700	1,866	1,167	667
Markus Dennler, member	26,666	26,666	1,600	1,700	1,866	1,167	667
Martin Naville, member	6,122	6,122	1,600	1,700	1,866	1,167	667
Adrian Bult, member	-	-	1,600	1,700	1,866	1,167	667
Marc Bürki, CEO	1,918,670	1,916,670	6,400	6,800	7,466	4,667	2,667
Paolo Buzzi, CTO	1,916,975	1,912,475	6,400	6,800	7,466	4,667	2,667
Michael Ploog, CFO	67,650	67,650	6,400	6,800	7,466	4,667	2,667
Closely related persons (*2)	161,750	164,961	-	35	151	117	67
Total	**4,928,044**	**4,931,255**	**28,000**	**29,785**	**21,000**	**20,536**	**11,736**

(*1) Mario Fontana, Chairman of the Board, retains full control of the social rights attached to the shares.

(*2) 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. At 31 December 2013 and 31 December 2012, closely related persons are mainly related to Paolo Buzzi (CTO), Marc Bürki (CEO) and Michael Ploog (CFO).

All amounts in Swiss Francs 110

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 16 to 110), for the year ended 31 December 2013.

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.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 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.

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

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 Audit expert Auditor in charge	Daniel Salama Audit expert

Geneva, 21 February 2014

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

Financial Report 2013
Statistical Financial Statements

STATUTORY FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012 OF SWISSQUOTE GROUP HOLDING LTD

Financial Report 2013
Statutory Balance Sheet

	Notes	2013	2012
ASSETS			
Current assets			
Cash and banks		603,752	77,115
Receivables and prepayments		117,636	120,755
Securities (treasury shares)	3	2,549,982	5,026,317
Total current assets		**3,271,370**	**5,224,187**
Non-current assets			
Investments in subsidiaries	4	99,612,780	77,112,780
Receivable from subsidiaries - current account	5	27,628,839	31,146,678
Receivable from subsidiaries - subordinated loan	5	15,000,000	22,500,000
Total non-current assets		**142,241,619**	**130,759,458**
Total assets		**145,512,989**	**135,983,645**
LIABILITIES AND EQUITY			
Current liabilities			
Creditors and accrued liabilities		898,788	115,473
Income tax payable		478,502	427,804
Total current liabilities		**1,377,290**	**543,277**
Equity			
Share capital	6	2,927,674	2,927,674
General reserve (share premium)	7	11,093,151	4,868,256
Capital contribution reserve	7	247,402	247,402
Reserve for own shares	3/7	2,959,770	9,184,665
Retained earnings	7	126,907,702	118,212,371
Total equity		**144,135,699**	**135,440,368**
Total liabilities and equity		**145,512,989**	**135,983,645**

The notes on pages 116 to 120 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2013
Statutory Statement of Operations

	2013	2012
Income		
Revenues from investments	1,151,877	493,001
Realised gain on treasury shares	-	77,885
Fair value adjustment of treasury shares	3,748,560	-
Interest income	758,142	1,034,385
Royalties	6,173,716	5,573,219
Dividend received from subsidiaries	11,500,000	10,000,000
Total	**23,332,295**	**17,178,490**
Expenses		
Realised loss on treasury shares	3,860,094	-
Fair value adjustement of treasury shares	-	690,501
Operating expenses	1,373,252	1,025,063
Depreciation	431,162	-
Tax expense	566,467	560,247
Total	**6,230,975**	**2,275,811**
Net profit of the year	**17,101,320**	**14,902,679**

The notes on pages 116 to 120 are integral part of these financial statements

All amounts in Swiss Francs

Financial Report 2013
Notes to the Statutory Financial Statements

1. Introduction

Swissquote Group Holding Ltd ("The Company") was formed on 12 August 1999 and is registered in the Canton de Vaud, Switzerland, with headquarters in Gland. Swissquote Group Holding Ltd is the parent company of a financial group that is active in online financial services (main operating subsidiary being Swissquote Bank Ltd).

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 (in the sense of art. 20 Stock Exchange Act - SESTA) are:

	2013	2012
Mr. Marc Bürki	13.11%	13.11%
Mr. Paolo Buzzi	13.10%	13.10%
Mr. Mario Fontana	5.16%	5.16%
Windel Investments Ltd (indirect holder: Mr. George Butros Mansour) *	5.12%	<3%
Basellandschaftliche Kantonalbank	4.99%	4.99%
Treasury Shares:		
Swissquote Group Holding Ltd	0.54%	1.20%

* Subject to a lock-up period until 25 September 2014.

The Statutory Financial Statements were approved for issue by the Board of Directors of the Company on 21 February 2014.

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 2013 Annual Report of Swissquote Group Holding Ltd and subsidiaries. The Board of Directors is composed of MM Mario Fontana (Chairman of the Board and member of the Nomination and Remuneration Committee), Paul E. Otth (Chairman of the Audit & Risk Committee), Markus Dennler (Chairman of the Nomination & Remuneration Committee), Martin Naville (member of the Audit & Risk Committee), and Adrian Bult (member of the Audit & Risk Committee). Executive Management is composed of MM Marc Bürki (CEO), Paolo Buzzi (CTO) and Michael Ploog (CFO).

The Board met nine times in 2013, out of which three meetings were held via telephone conference and six were physical meetings. One meeting was the Annual Conference on Risks dedicated to an in-depth review of risks and of risk management processes and 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.

The compensation of the Board of Directors and of Executive Management (Art. 663b^{bis} and 663c CO) is disclosed in Note 23 (Section VII) of the 2013 Consolidated Financial Statements of Swissquote Group Holding Ltd and subsidiaries.

3. Securities (Treasury shares)

	2013	2012
Beginning of the year (shares)	**175,133**	**183,621**
Acquisition - shares	**725,557**	**8,012**
Unit price ranging	27.92 to 39.85	24.92 to 42.40
Disposal - shares	**(751,000)**	**(16,500)**
Unit price ranging	29.75 to 34.45	36.50
Remittance to optionees - shares	**(70,498)**	-
Unit price ranging	32.20 to 34.27	-
End of the period - 31 December (shares)	**79,192**	**175,133**
% of the issued shares	0.54%	1.20%

	2013	2012
Total cost (Reserve for own shares)	**2,959,770**	**9,184,665**
Share price at year end	39.15	28.70
Strike prices (non lapsed allocations)	32.20 to 63.24	32.20 to 75.00
Total Securities (Treasury shares)	**2,549,982**	**5,026,317**

The Treasury shares are primarily acquired for the purpose of covering the employee stock option plan. The voting rights on the Treasury shares and the rights associated therewith are suspended. As per Swiss law (art. 659a Swiss Obligation Code), the Company must set aside an amount equivalent to the cost of acquiring its owns shares as a separate reserve (reserve for own shares).

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.

All amounts in Swiss Francs

4. Investments in subsidiaries

Investments in subsidiaries consist of:

	2013		2012	
Swissquote Bank Ltd	100.0%	97,560,002	100.0%	75,060,002
Swissquote Trade Ltd	100.0%	238,950	100.0%	238,950
Swissquote Europe Ltd	99.9%	1,813,828	99.9%	1,813,828
Total		**99,612,780**		**77,112,780**

The Company increased the investment in Swissquote Bank Ltd of CHF 22,500,000 by converting the existing subordinated loan as well as the investment in Swissquote Europe Ltd of CHF 431,162 (with subsequent depreciation for the same amount).

5. Receivables from subsidiaries

The current account of CHF 27,628,839 (2012: CHF 31,146,678) is related to cash deposited by Swissquote Group Holding Ltd into a bank account opened with Swissquote Bank Ltd.

The subordinated loan of CHF 15,000,000 (2012 : CHF 22,500,000) is due by Swissquote Bank Ltd. The terms of the subordinated loan comply with the provisions of Swiss Federal Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (CAO). The subordinated loan agreement is renewed annually as long as no party terminates it as 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. None of the parties notified the termination of the subordinated loan at 31 December 2013.

6. Share capital

	2013	2012
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	150,000	150,000
Authorised share capital	700,000	700,000

Authorised Share capital

The provision ruling the utilisation of the Authorised share capital provides that the Board of Directors is authorised until 7 May 2015 to increase the share capital of the Company by a maximum of CHF 700,000 by issuing no more than 3,500,000 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 118

7. General reserve (share premium), Reserve for own shares, Capital contribution reserve and Retained earnings

	2013	2012
General reserve (share premium):		
At beginning of year	4,868,256	4,608,730
Allocation from Reserve for own shares	6,224,895	259,526
Allocation to Capital contribution reserve	-	-
At end of year	**11,093,151**	**4,868,256**
Capital contribution reserve:		
At beginning of year	247,402	15,292,436
Allocation from General reserve (share premium)	-	-
Payments out of reserve	-	(15,045,034)
At end of year	**247,402**	**247,402**
Reserve for own shares:		
At beginning of year	9,184,665	9,444,191
Allocation from Retained earnings	-	-
Allocation to General reserve (share premium)	(6,224,895)	(259,526)
At end of year	**2,959,770**	**9,184,665**
Retained earnings:		
At beginning of year	118,212,371	103,309,692
Dividend paid	(8,405,989)	-
Allocation for own shares	-	-
Net profit of the year	17,101,320	14,902,679
Available Retained earnings, end of year	**126,907,702**	**118,212,371**

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

See Note 23 of the 2013 Consolidated Financial Statements in section VII “Notes to the Consolidated Financial Statements”.

All amounts in Swiss Francs

Financial Report 2013
Proposed Appropriation of Retained Earnings

PROPOSAL OF THE BOARD OF DIRECTORS FOR APPROPRIATION OF RETAINED EARNINGS AT 31 DECEMBER 2013

Allocation of available retained earnings

The Board of Directors proposes to the Annual General Meeting to utilise retained earnings available for appropriation as follows:

In CHF	**2013**
Available retained earnings at 31 December 2013	126,907,702
Proposed dividend (CHF 0.60 per share)	(8,783,022)
Retained earnings to be carried forward at 1 January 2014	**118,124,680**

Amount of proposed dividend is based on the number of shares issued at 31 December 2013.

All amounts in Swiss Francs

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 financial statements of Swissquote Group Holding Ltd, which comprise the balance sheet, income statement and notes (pages 116 to 120), for the year ended 31 December 2013.

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 2013 comply with Swiss law and the company's articles of incorporation.

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

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 financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings comply 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 Audit expert Auditor in charge	Daniel Salama Audit expert

Geneva, 21 February 2014

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, CH-1211 Genève 2
Téléphone: +41 58 792 91 00, Téléfax: +41 58 792 91 10, www.pwc.ch

Section 3: Corporate Governance Report
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Corporate Governance Report

Introduction

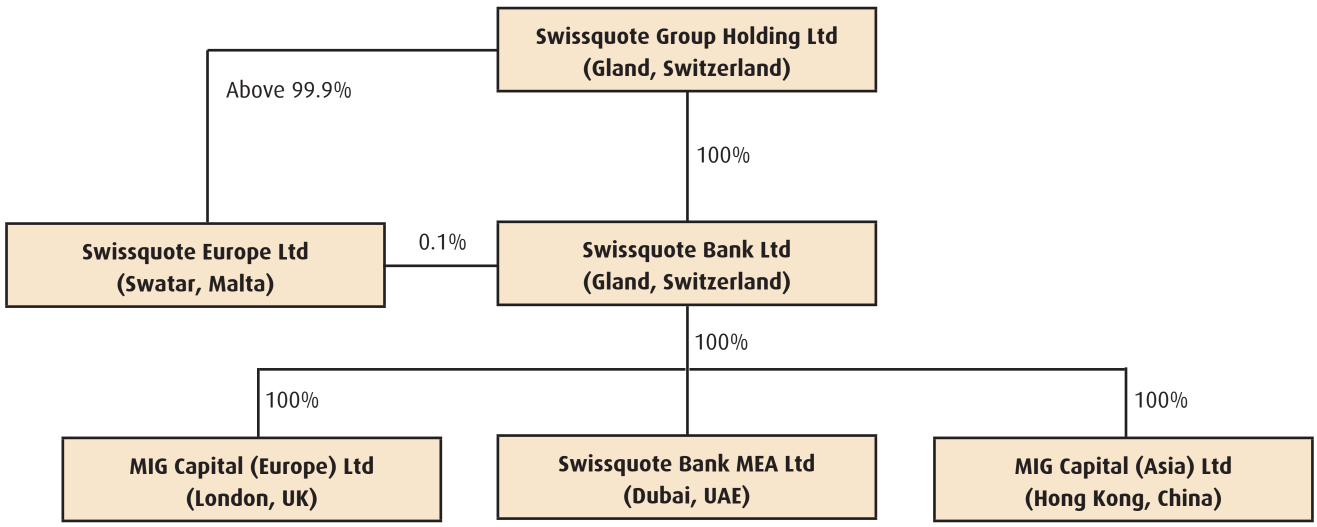
The Swissquote Group ("the Group") is fully committed to meeting the highest standards of corporate governance and acts in compliance with the standards established by the "SIX Swiss Exchange Directive on Information Relating to Corporate Governance". As a matter of information, the SIX Swiss Exchange Directive on Information Relating to Corporate Governance is likely to be amended some time in 2014 as a result of the adoption of the Ordinance Against Excessive Compensation in Listed Corporations, which entered into force on 1 January 2014 and is to be implemented gradually until 2015. As required by SIX regulations, this Corporate Governance Report strictly relies on the requirements of the above-mentioned SIX Directive applicable as of 31 December 2013, hence it does not take into account any changes required by the Ordinance Against Excessive Compensation in Listed Corporations.

1. Group structure and shareholders

1.1 Group structure

The structure of the Group, which comprises Swissquote Group Holding Ltd and its subsidiaries, is designed to support the Group's operations within an efficient regulatory and tax framework.

Swissquote Group comprises the following active companies as at 31 December 2013:



Corporate Governance Report

Swissquote Group Holding Ltd ("the Company") is the listed vehicle of the Group. It was incorporated on 12 August 1999. Its shares have been listed on SIX Swiss Exchange since 29 May 2000 with the symbol SQN, the security number 1,067,586 and the ISIN number CH0010675863. As at 31 December 2013, the market capitalisation for the Company amounted to CHF 573,092,186. The Group headquarters are located in Gland, Canton de Vaud, Switzerland. Details on the capital are provided in section 2.

Swissquote Bank Ltd ("the Bank"), was incorported on 24 November 2000 and is a bank under the supervision of the Swiss Financial Market Supervisory Authority FINMA ("FINMA"). The main office of Swissquote Bank Ltd is also located in Gland, Canton de Vaud, Switzerland, with a branch in Zürich and representative offices in Dubai and Hongkong. The share capital of Swissquote Bank Ltd amounts to CHF 34,500,000 (5,750,000 registered shares with par value of CHF 6).

Swissquote Europe Ltd has been a limited liability company incorporated in Malta since 19 October 2012. Swissquote Europe Ltd is an investment services company under the supervision of the Malta Financial Services Authority (MFSA), from which it was granted a Category 3 licence. The share capital of Swissquote Europe Ltd amounts to EUR 1,000,000, divided into 999,999 Ordinary Class A shares with par value of EUR 1 (held by "the Company") and 1 Ordinary Class B share with par value of EUR 1 (held by "the Bank").

MIG Capital (Europe) Ltd has been a limited liability company incorporated in London since 19 July 2011. MIG Capital (Europe) Ltd is an investment company under the supervision of the Financial Conduct Authority (FCA). The share capital of MIG Capital (Europe) Ltd amounts to GBP 3,260,100 (3,260,100 ordinary shares with a nominal value of GBP 1). MIG Capital (Europe) Ltd was renamed Swissquote Ltd on 12 February 2014.

Swissquote Bank MEA Ltd has been a limited liability company incorporated in the Dubai International Financial Center (DIFC) since 14 June 2012. Swissquote Bank MEA Ltd was granted a Category 4 license and is under the supervision of the Dubai Financial Services Authority (DFSA). The share capital of Swissquote Bank MEA Ltd amounts to USD 500,000 (500 registered shares with no par value).

MIG Capital (Asia) Ltd has been a limited liability company incorporated in Hong Kong since 16 January 2012. MIG Capital (Asia) Ltd is a licensed corporation under the supervision of the Securities and Futures Commission (SFC), from which it was granted a Type 3 licence (Leverage Foreign Exchange Trading). The share capital of MIG Capital (Asia) Ltd amounts to HKD 5,500,000 (5,500,000 registered shares with a nominal value of HKD 1).

Additional information is provided in Swissquote Group's Annual Report, in 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 Act (SESTA) any person 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% in the sense of art. 20 SESTA as at 31 December 2013 were:

	2013	2012
Mr. Marc Bürki	13.11%	13.11%
Mr. Paolo Buzzi	13.10%	13.10%
Mr. Mario Fontana	5.16%	5.16%
Windel Investments Ltd (indirect holder: Mr. George Butros Mansour) *	5.12%	<3%
Basellandschafliche Kantonalbank	4.99%	4.99%
Treasury shares:		
Swissquote Group Holding Ltd	0.54%	1.20%

* Subject to a lock-up period until 25 September 2014

The following table reports the main information pertaining to the disclosures of shareholdings made in accordance with art. 20 SESTA in 2013:

Date	Shareholder / Group	Indirect holder	Action	New total amount of shares held	New percentage of voting rights
23.04.2013	Swissquote Group Holding Ltd	-	Acquisition	573,761	3.92%
28.06.2013	Swissquote Group Holding Ltd	-	Acquisition	819,361	5.60%
25.09.2013	Swissquote Group Holding Ltd	-	Sale	69,924	0.48%
25.09.2013	Windel Investments Ltd	Mr. George Butros Mansour	Acquisition	750,000	5.12%

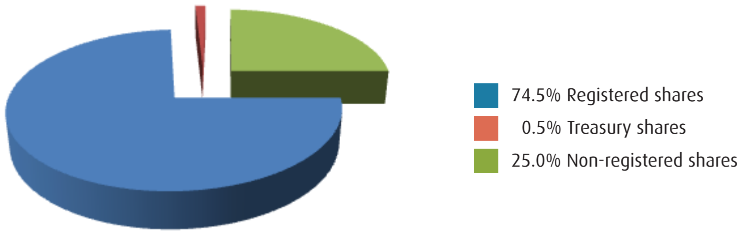
A full list of past disclosures of shareholdings made in accordance with art. 20 SESTA (including all details) is available on the website of SIX Swiss Exchange using the following link:

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

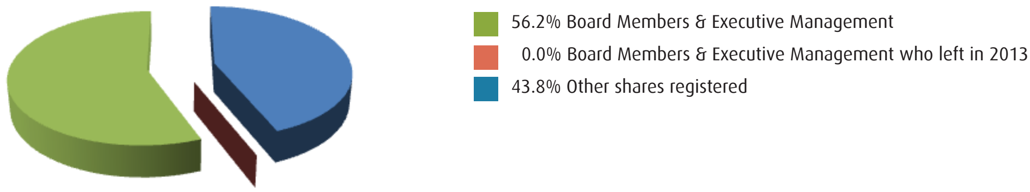
The Company is not aware of any relevant shareholder's agreements.

Corporate Governance Report

As at 31 December 2013, the issued share capital consisted of 14,638,370 ordinary registered shares of CHF 0.20 nominal value each. The registered shareholders held 10,893,008 shares and the Company owned 79’192 treasury shares. The distribution of the shareholdings in the Company as of 31 December 2013 is reflected below:



Further the registered shareholders at 31 December 2013 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.

As at 31 December 2013, the share capital of the Company amounted to CHF 2,927,674 (14,638,370 shares with par value of CHF 0.20). The Company itself owned 79,192 treasury shares. Further a conditional share capital amounting to CHF 150,000 and consisting of 750,000 ordinary conditional shares of CHF 0.20 nominal value and an authorised capital of CHF 700,000 consisting of 3,500,000 authorised shares of CHF 0.20 nominal value each remained outstanding as at 31 December 2013.

SIX Swiss Exchange Regulations however provide that individual shareholdings exceeding 5% (save inter alia for certain investment funds) are deemed to be a permanent investment and are therefore to be excluded from the free float. In accordance with SIX Swiss Exchange Regulations, the free float as at 31 December 2013 was 63.51% (2012: 68.63%).

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 150,000 by issuing no more than 750,000 new registered shares with a nominal value of CHF 0.20 each.

Art. 4ter of the Articles of Association governing the utilisation of the authorised capital provides that the Board of Directors is authorised until 7 May 2015 to increase the share capital of the Company by a maximum of CHF 700,000 by issuing no more than 3,500,000 new registered shares with a nominal value of CHF 0.20 each. The amount of the issue, the point in time at which the shares confer a dividend entitlement, the method of payment in full for contributions and the subscription procedure is 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 must 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, 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 must 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 in the share register. The Board of Directors may require the subscription in trust by a third party and may 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
As at 1 January 2011	**14,638,370**	**211,060**	**4,000,000**	**18,849,430**
Exercise of employees' Stock Options	-	-	-	-
Increase/(decrease) in capital	-	538,940	(500,000)	38,940
As at 31 December 2011	**14,638,370**	**750,000**	**3,500,000**	**18,888,370**
As at 1 January 2012	**14,638,370**	**750,000**	**3,500,000**	**18,888,370**
Exercise of employees' Stock Options	-	-	-	-
Increase/(decrease) in capital	-	-	-	-
As at 31 December 2012	**14,638,370**	**750,000**	**3,500,000**	**18,888,370**
As at 1 January 2013	**14,638,370**	**750,000**	**3,500,000**	**18,888,370**
Exercise of employees' Stock Options	-	-	-	-
Increase/(decrease) in capital	-	-	-	-
As at 31 December 2013	**14,638,370**	**750,000**	**3,500,000**	**18,888,370**

All amounts in Swiss Francs 130

2.3 Changes in capital (continued)

	Share capital	Share premium	Share option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance as at 1 January 2011	**2,927,674**	**40,011,434**	**2,455,677**	**(604,855)**	**(17,808,463)**	**172,029,134**	**199,010,601**
Net profit	-	-	-	-	-	31,406,989	31,406,989
Pay-out							
Dividend	-	-	-	-	-	(8,607,208)	(8,607,208)
Currency translation differences	-	-	-	(45,599)	-	-	(45,599)
Other movements (*1)	-	(593,169)	329,561	(923,713)	8,364,272	673,643	7,850,594
Balance as at 31 December 2011	**2,927,674**	**39,418,265**	**2,785,238**	**(1,574,167)**	**(9,444,191)**	**195,502,558**	**229,615,377**
Balance as at 1 January 2012	**2,927,674**	**39,418,265**	**2,785,238**	**(1,574,167)**	**(9,444,191)**	**195,502,558**	**229,615,377**
Net profit	-	-	-	-	-	22,004,317	22,004,317
Pay-out							
Dividend	-	-	-	-	-	(15,045,034)	(15,045,034)
Currency translation differences	-	-	-	45,599	-	-	45,599
Other movements (*1)	-	77,885	218,113	3,117,941	259,526	834,516	4,507,981
Balance as at 31 December 2012 (restated)*	**2,927,674**	**39,496,150**	**3,003,351**	**1,589,373**	**(9,184,665)**	**203,296,357**	**241,128,240**
Balance as at 1 January 2013	**2,927,674**	**39,496,150**	**3,003,351**	**1,589,373**	**(9,184,665)**	**203,296,357**	**241,128,240**
Net profit	-	-	-	-	-	11,656,163	11,656,163
Pay-out							
Dividend	-	-	-	-	-	(8,405,989)	(8,405,989)
Currency translation differences	-	-	-	1,574	-	-	1,574
Other movements (*1)	-	(3,860,094)	(456,843)	223,900	6,224,896	1,429,214	3,561,073
Balance as at 31 December 2013	**2,927,674**	**35,636,056**	**2,546,508**	**1,814,847**	**(2,959,769)**	**207,975,745**	**247,941,061**

(*1) See Consolidated Statement of Changes in Shareholders' Equity for the years ended 2013, 2012 and 2011 for further details.

*Restatement related to adoption of IAS 19 revised (see Note 14i)

All amounts in Swiss Francs

2.4 Shares and participation certificates

As at 31 December 2013 the share capital consisted of 14,638,370 registered shares. Each of the Company's registered shares (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 registred in the share register as owner and beneficiary.

The share capital of the Company is fully paid up and the 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 the 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 right.

Decisions related to the restriction of the transferability of registered shares can only be taken at the General Meeting of Shareholders and require a qualified majority vote (two-thirds of the votes attributed to the shares 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 Group's stock option plans is provided in section 5.5.

3. Board of Directors

The Board of Directors is the most senior body of the Company 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 must be composed of a minimum of three members. As at 31 December 2013, the Board of Directors consisted of five members, all non-executive, details of which are presented here-below.

3.1 Members of the Board of Directors

At the Annual General Meeting of Shareholders on 7 May 2013, 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
Member 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
2005 – 2013	Dufry, Member of the Board
2006 – 2008	X-Rite, USA, Member of the Board
2006 – 2013	Hexagon, Sweden, Member of the Board

Current Board Mandates

Since 2001	Swissquote, Chairman
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 2013. 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 & Risk 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 - 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
2000 - 2012	Inficon, Vice-Chairman

Current Board Mandates

Since 1999	EAO, 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 2013. 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
Chairman 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

Previous Board Mandates

2005 - 2006	Batigroup, Chairman
2005 - 2007	Converium, Chairman
2007 - 2010	Jelmoli, Member of the Board
2006 - 2013	Petroplus, Member of the Board

Current Board Mandates

Since 2003	British Swiss Chamber of Commerce, Councillor
Since 2005	Swissquote, Member of the Board
Since October 2011	Implenia, Chairman (2006 - September 2011: Vice-Chairman)
Since December 2012	Allianz Suisse, Chairman (2006 - November 2012: Vice-Chairman)

Markus Dennler has not held official functions or political posts in 2013. 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 & Risk 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 2004	Zoo Zürich Inc., Chairman (2002 - 2004: Member of the Board)
Since 2006	Lombard International Assurances, Luxemburg, Member of the Board
Since 2007	Swissquote, Member of the Board
Since 2012	Friends Provident International, Isle of Man, Member of the Board

Martin Naville has not held official functions or political posts in 2013. 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 & Risk 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
2007 – 2012	COO Avaloq Evolution AG, Zürich, Member of the management team, shareholder

Current Board Mandates

Since 2008	Swissquote, Switzerland, Member of the Board
Since 2010	Regent Lighting, Member of the Board
Since 2012	Swissgrid AG, Switzerland, Chairman of the Board (2007 - November 2012: Member of the Board)
Since 2012	Alfred Müller AG, Switzerland, Member of the Board
Since 2012	AdNovum AG, Switzerland, Member of the Board
Since 2013	SWICA, Member of the Board

Other Mandates

Since 2006	Swiss Marketing Association, Member of the Board

Adrian Bult has not held official functions or political posts in 2013. 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 in section 3.1.

3.3 Elections and terms of office

The Board of Directors must have a minimum of three members elected at 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 in section 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 FINMA;
- The General Meeting of Shareholders;
- Both the Board and 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 must report to the Board on a regular basis, at least once a year. In 2013, there were two such Committees at the level of the Group: the Audit & Risk Committee and the Nomination & Remuneration Committee. Further certain functions of the Board are delegated to the Chairman.

New Board members are introduced to their new function through a specific program including presentations of the firm-wide considerations by the Executive Management and presentations 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 schedule that covers all matters requiring the Board's attention and thus ensures that the Board's activity is compliant with applicable laws and regulations.

In 2013 the Board met nine times, out of which one meeting was a two-day strategy session and another one, the so-called Annual Conference on Risks (see section 3.6). In average an ordinary meeting lasts four to five hours. At various occasions, decisions were taken by means 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 members of the Executive Management, for the approval of the overall organisation of the Group as well as its risk principles and risk capacities. Board members may not act alone on behalf of the Company and may not give instructions on their own, except where 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 or pursuant to the Articles of Association or the Internal Regulation. Furthermore, it is the Board's responsibility to perform 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 cessation of business activities;
- Establish the overall organisation;
- Based on the proposal of the Nomination & Remuneration Committee, decide on the Board's and the Executive Management's compensation as well as 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 & Risk Committee, approve the financial planning and financial controls, 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 & Risk 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, the Articles of Association, the internal directives and instructions;
- Prepare the Annual Report and the General Meeting of Shareholders (invitations included) as well as execute its decisions;
- Pass resolutions in connection with a capital increase pursuant to Art. 651a, 652g, 653g CO and make decisions pursuant to Art. 634a para. I CO (contributions on shares not fully paid up) and 651 para. 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; and
- Notify the judge pursuant to Art. 725 CO in case of over-indebtedness.

The Board's approval is also 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 performs 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; and
- 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 must 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 & Risk Committee

Board members on the Committee: Paul E. Otth (Chairman), Martin Naville, Adrian Bult.

The principal duty of the Audit & Risk Committee is to supervise the regular financial reporting, the risk management and the audit functions of the Group. In particular, the Audit & Risk Committee performs the following functions and reports thereon to the Board:
- 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 Auditors' 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; and
- Assess the qualification of Auditors and the quality of their audit work.

The Audit & Risk Committee meets at least twice a year and in 2013 it met five times. The average length of the meetings was 2.5 hours. At each meeting held in 2013, Executive Management, Internal Audit and the Auditors were present. The other Board members attended the meetings as well. No external counsels attended the meetings.

The Audit & Risk 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: Markus Dennler (Chairman), Mario Fontana.

The Nomination & Remuneration Committee performs the following functions and reports thereon to the Board:
- 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 succession planning 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; and
- Provide guidance in relation to overall management development.

The Committee meets at least twice a year and in 2013 it met four times. The average length of the meetings was 1.5 hours. At each meeting held in 2013 the Executive Management was present, except where there was a review of the personal situation of the members of Executive Management. The 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 bears 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 the business strategies approved by the Board 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 as 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 the responsibility to perform 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 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; and
- Determine the commissions, interest rates and other business conditions applicable to the Bank's clients.

The delegation process to General Management (i.e. the "directeurs" and "vice-directeurs") is documented in the Internal Regulation ("Règlement interne") approved by FINMA and the Board has an overview of the delegation process through the summary provided in the Regulation on Competences.

The following business functions report to:

- Marc Bürki: eForex Institutional Sales, Dealing & Market Research / eForex Private Clients & Partners / Sales eTrading Private Clients & Partners / Sales White Label Partners
- Paolo Buzzi: Back Office & Banking Applications / Development / Information Technology & Security / Project Management / Quantitative Asset Management
- Michael Ploog: ALM & Treasury / Customer Care / Facilities / Reporting & Controlling / Legal & Compliance / Trading
- Executive Management: Human Resources / all foreign entities

The Executive Management is further assisted by committees consisting of members of the General Management that carry out 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:

- Half-yearly reporting includes a full set of Interim Condensed Consolidated Financial Statements and Interim Statutory 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. Furthermore the Board receives summary reports on key human resources and compensation issues as well as an update on important projects, statistics on revenue developments and comments on the operations and the business environment; and
- Yearly reporting includes the review of the audited Consolidated and Statutory Financial Statements.

Once a year the Board organises a conference dedicated to an in-depth review of risk and of the risk management processes ("the Annual Conference on Risks"). The Executive Management and the respective heads of Legal & Compliance, Reporting & Controlling, Information Technology & Security and ALM & Treasury 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 must immediately report to the Board material matters outside the ordinary course of business.

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

The function of Internal Auditor, reporting directly and independently to the Board of Swissquote Bank Ltd, is outsourced to BDO SA, Geneva, which is a member of the Institute of Internal Auditing Switzerland. The duties of the Internal Auditor are governed by the Federal Law on Banks and Saving Banks and the applicable internal regulations. The Internal Auditor analyses the compliance of business activities with legal and regulatory requirements and applicable internal regulations. 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 reviews inter alia the progress made by the Company in implementing the recommendations made in earlier reports and includes all relevant information with respect to the execution of the audit plan. The Internal Auditor participates in the Annual Conference on Risks and provides the Board with its own assessment of the risks and risk management processes. The Board formally takes note of the reports of the Internal Auditor and reviews the conclusions and comments made by the Audit & Risk Committee, which examines the reports in detail.

In terms of risk management, the Company complies with the requirements of FINMA Circular 2008/24 on supervision and internal control. In particular the Company operates an integrated risk management system called the "Core Manual", which deals with the risks related to a banking activity (credit risk, settlement risk, reputation risk, operational risk, technical risk, interest risk, market risk, legal risk, etc.). This system continues to evolve based on the experiences encountered by the Group. The Core Manual addresses inter alia 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; and
- 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 major shareholders as at 31 December 2013. All three members have been in their current positions at this level of the Group since its formation in 1999. They have assumed the same functions at 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 (co-CEO, shared responsibility)
Since 2002	Swissquote Bank Ltd., Chief Executive Officer

Current Board Mandates

Since 2011	ACM ME DMCC, Dubai, UAE, Chairman of the Board
Since 2012	Swissquote Bank MEA Ltd, Dubai, UAE, Chairman of the Board
Since 2012	Swissquote Europe Ltd, Malta, Chairman of the Board

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 SA, Co-Managing Director
2000 – 2002	Swissquote Info, Chief Executive Officer
Since 1999	Swissquote Group Holding Ltd, Chief Executive Officer (co-CEO, shared responsibility)
Since 2002	Swissquote Bank Ltd, Chief Technology Officer

Current Board Mandates

Since 2002	Swissquote Trade Ltd, Chairman of the Board
Since 2011	ACM ME DMCC, Dubai, UAE, Member of the Board
Since 2012	Swissquote Bank MEA Ltd, Dubai, UAE, Member of the Board
Since 2012	Swissquote Europe Ltd, Malta, Vice-Chairman of the Board

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 Public Accountant, Lausanne, Swiss Certified Public Accountant

Professional Experience

1983 – 1985	University of Lausanne, Chair of Financial and Cost Accounting, Graduate Teaching Assistant
1986 – 1998	Deloitte & Touche, Senior Manager since 1995
	1986 – 1994 Geneva, Audit
	1994 – 1996 London, Corporate Finance
	1996 – 1998 Lausanne, Management Advisory Services
1998 – 1999	PricewaterhouseCoopers, Lausanne, Senior manager Transaction Services Group & Corporate Finances
Since 1999	Swissquote Group Holding Ltd and Swissquote Bank, Chief Financial Officer

Current Board Mandates

Since 1999	Swissquote Trade Ltd, Member of the Board
Since 2011	ACM ME DMCC, Dubai, UAE, Vice-Chairman of the Board
Since 2012	Swissquote Bank MEA Ltd, Dubai, UAE, Vice-Chairman of the Board
Since 2012	Swissquote Europe Ltd, Malta, Member of the Board

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 Executive Management has other activities and vested interests as defined in the corresponding 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 members of the Board. As at 31 December 2013 these were Markus Dennler (Chairman) and Mario Fontana.

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 with respect to the structuring of compensation and share-ownership program.

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 attract and retain employees, and to reward merit as well as 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

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

The base salary depends on the level of seniority and the area in which an employee exercises his / her function. Pension benefits depend on level of management, age, and base salary.

Variable compensation
The variable compensation is structured as follows:
- Annual Executive Management's variable compensation (see 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 the concerned eligible employee, which is set at the discretion of 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 the other for the Board. The difference between the two plans mainly lies 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 solely responsible for deciding at its own discretion on the terms of the options and the number of options offered, also for the options allocated to the Board members and the members of the Executive Management). 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 fifteen allocation schemes have been made. The terms of the options 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 (lock-up periods). The exercise period is 2 years. The exercice of one stock option allows acquiring one share of Swissquote Group Holding Ltd (ratio 1:1). Further details on stock options valuation are provided in Note 15.2 to the Consolidated Financial Statements (Section VII).

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 2.4% in 2013 (1.7% in 2012, 2.9% in 2011). In ordinary business circumstances, 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 the number of options offered to individual employees, individual members of the Executive Management and individual Board members.

Data on the stock option 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. 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 salary was last increased in 2013.

Each year the Board sets a list of objectives for 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 over-achieved. The performance review is carried out by the Nomination & Remuneration Committee, shortly before the Auditors deliver 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 (150% of the base salary) is reached when all objectives are largely over-achieved. 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 23 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. Board members attend the part of the Board meeting, where their compensation is decided on, and, except otherwise requested by a Board member, resolve on all recommendations of the Nomination & Remuneration Committee regarding Board compensation in one vote.

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”.

Since 2008, Board members have been 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 23 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 8th & 9th	10th	11th	12th	13th	14th	15th	Total	Conditional shares available for exercise
Year of grant	2007	2008	2009	2010	2011	2012	2013		
Strike [CHF per option]	75.00	47.00	63.24	47.50	34.27	32.20	33.24		
Number of options									
Board	2,000	11,000	6,600	8,250	11,550	8,250	23,000		
Executive Management	24,000	24,000	14,400	18,000	25,200	18,000	24,000		
Other employees	89,550	112,840	64,152	106,485	200,907	175,230	241,100		
	Number of options								
As at 1 January 2011	**78,078**	**111,971**	**81,720**	**132,495**	**-**	**-**	**-**	**404,264**	**211,060**
Grants	-	-	-	-	237,657	-	-	237,657	
Exercised									
Covered by the issue of new shares	-	-	-	-	-	-	-	-	
Covered by treasury shares	(10,315)	(27,859)	-	-	-	-	-	(38,174)	
Lapsed	(37,005)	(15,973)	(4,104)	(6,300)	(420)	-	-	(63,802)	
As at 31 December 2011	**30,758**	**68,139**	**77,616**	**126,195**	**237,237**	**-**	**-**	**539,945**	**211,060**
As at 1 January 2012	**30,758**	**68,139**	**77,616**	**126,195**	**237,237**	**-**	**-**	**539,945**	**211,060**
Increase of conditional capital									538,940
Grants	-	-	-	-	-	201,480	-	201,480	
Exercised									
Covered by the issue of new shares	-	-	-	-	-	-	-	-	
Covered by treasury shares	-	-	-	-	-	-	-	-	
Lapsed	(30,758)	(27,586)	(26,992)	(3,120)	(9,828)	(450)	-	(98,734)	
As at 31 December 2012	**-**	**40,553**	**50,624**	**123,075**	**227,409**	**201,030**	**-**	**642,691**	**750,000**
As at 1 January 2013	**-**	**40,553**	**50,624**	**123,075**	**227,409**	**201,030**	**-**	**642,691**	**750,000**
Grants	-	-	-	-	-	-	288,100	288,100	
Exercised									
Covered by the issue of new shares	-	-	-	-	-	-	-	-	
Covered by treasury shares	-	-	-	-	(46,446)	(24,052)	-	(70,498)	
Lapsed	-	(40,553)	(26,096)	(43,445)	(9,338)	(6,430)	(13,580)	(139,442)	
As at 31 December 2013	**-**	**-**	**24,528**	**79,630**	**171,625**	**170,548**	**274,520**	**720,851**	**750,000**
Exercise periods of balance options as at 31 December 2013									
August 2012 to July 2014	*-*	*-*	*24,528*	*39,815*	*44,447*	*-*	*-*	*108,790*	
September 2013 to August 2015	*-*	*-*	*-*	*39,815*	*55,169*	*41,368*	*-*	*136,352*	
September 2014 to August 2016	*-*	*-*	*-*	*-*	*72,009*	*64,590*	*91,375*	*227,974*	
September 2015 to August 2017	*-*	*-*	*-*	*-*	*-*	*64,590*	*91,494*	*156,084*	
September 2016 to August 2018	*-*	*-*	*-*	*-*	*-*	*-*	*91,651*	*91,651*	

Further details on the terms of the respective allocations are provided in Note 15.2 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 para. 3 CO), motion rights (Art. 699 para. 3 CO), the right of appeal (Art. 706 CO) and the right to instigate liability proceedings (Art. 752 ff CO). Participatory rights primarily include the right to participate at General Meetings of Shareholders, the right to express an opinion and voting rights (Art. 694 CO). The recent Ordinance Against Excessive Compensation in Listed Corporations (ORAb / VegüV) introduces new rights for the shareholders, which are progressively coming into force and will be fully in force in 2015.

All shareholders listed in the share register as having voting rights are permitted to attend and vote at General Meetings of Shareholders. For organisational reasons, no further entries are permitted 20 days prior to the General Meeting of Shareholders. Shareholders who dispose of their shares prior to the General Meeting of Shareholders are no longer entitled to vote.

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

- The adoption and the amendment 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; and
- 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 presides over the General Meeting of Shareholders, or if absent, another member of the Board does, or otherwise a chairman, who must 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 must be kept. They are signed by the Chairman and the Secretary. Minutes must include:

- The number of shares present or represented broken down by votes from the shareholders, the company's representative, the independent representative and the depositary representative;
- The resolution and results of elections;
- The requests of information and the respective replies;
- The statements for records made by shareholders; and
- The total number of shares present and represented detailed by the number of shares represented by present shareholders, by the company's representative and by the independent representative of 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 Meetings of Shareholders provides instructions as to how a representation must be formalised in order to be validly recognised by the Company.

6.3 Statutory quorums

Where a General Meeting of Shareholdes has been convened in accordance with the provisions of the law and Articles of Association, decisions may be taken, irrespective of the number of shares / shareholders present or represented at the General Meeting of Shareholders. There is no quorum set in the Articles of Association.

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 the event of an 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 attributed to the shares 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; and
- 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 convened to meet by the Board of Directors in the normal course of business or otherwise by the Auditors or the Liquidator. The General Meeting of Shareholders 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.

An ordinary General Meeting of Shareholders 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.

A General Meeting must be convened respecting a notice period of at least 20 days. Invitations to meetings are valid if made in the form of a publication of the invitation in the Swiss Official Gazette of Commerce ("FOSC" / "SHAB") or by mail to each shareholder. The invitation to the ordinary General Meeting of Shareholders must 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 para. 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 must maintain a share register that includes 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 the Company's shares is made on the request of the acquirer, who must at the 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 with a registration. For practical reasons, no new registration is made in the share register for a period up to 20 days before a Meeting. Registered shareholders who 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 any person who directly or indirectly acquires equity securities, and thereby exceeds 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 that 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 in order to evaluate the offer and also prohibits the Board from taking 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 at the General Meeting of Shareholders.

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, the members of Executive Management or other employees benefit 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 appropriation of retained earnings comply with the 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 must report compliance with the law and the accounting principles adopted for the consolidation. Auditors must be present at General Meetings of Shareholders, unless a unanimous resolution of the shareholders provides otherwise.

The Consolidated Financial Statements and the Statutory Financial Statements of the Company and its subsidiaries have been audited by PricewaterhouseCoopers SA since 1999, which has been re-elected each year since then. Since 2008, Philippe Bochud has been responsible for the audit of the Group.

The Auditors must 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 FINMA), the Group uses consultants who are independent from the 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 & Risk 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 7 May 2013. The rotation frequency of the lead auditor is 7 years.

8.3 Auditing fees and additional fees

The total fee charged by the Auditors to the Group in 2013 is analysed as follows (including the fee charged by the former Auditor of MIG Bank Ltd from acquisition until date of merger):

in CHF	2013	2012
Auditing fees	691,804	500,000
Additional fees:		
Audit-related services	57,909	10,600
Tax	112,543	59,400
Total	**862,256**	**570,000**

The auditing fees are 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 2013. Audit-related services mainly consist of 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 consist of due diligence services.

All amounts in Swiss Francs 152

8.4 Informational instruments pertaining to the Auditors

The Auditors are requested to meet at least twice a year with the Audit & Risk Committee. In 2013, the Auditors met five times with the Audit & Risk Committee.

Year-round the Auditors issue inter alia the following reports:

- Interim report: Review of the Condensed Consolidated Interim Financial Information (balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity, cash flow statement and notes);
- Each year:
    - Audit Plan to the Board of Directors and to the Audit & Risk Committee;
    - Comprehensive report to the Board of Directors with conclusions on the financial reporting, the internal system of control as well as the conduct and the result of the audit;
    - Summary report in writing to the General Meeting of Shareholders on the result of the audit, containing (i) an assessment on the result of the audit, (ii) information on independence, (iii) information on the person who managed the audit and on his specialist qualifications, and (iv) a recommendation on whether the Statutory Financial Statements and the Consolidated Financial Statements should be approved or rejected with or without qualification; and
    - Regulatory Report to the Board of Directors and to FINMA.

The Audit Plan in particular includes a risk assessment containing the identification of the risks of material misstatements in the Financial Statements as well as an analysis of audit fees (including audit-related services). The Audit Plan is discussed in depth at the Annual Conference on Risks and is updated from time to time throughout the course of the year depending on the circumstances.

At each meeting of the Audit & Risk Committee the Auditors provide a written report on their findings, if any, and comment on the development of the regulatory and accounting frameworks.

The Regulatory Audit Report is part of the ordinary reporting to FINMA and is commented by the Auditors during the meeting of the Audit & Risk Committee. The Board of Directors takes note of it. 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 of Directors as a body, the professional qualification of Internal Auditors and the adequacy and quality of the planning, execution and reporting of internal audit, as well as the adequacy of capital. FINMA also receives a copy of the Comprehensive report to the Board of Directors.

The Audit & Risk Committee also receives copies 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 the provisions of agreements or private regulations as described in section 8.3. This allows the Audit & Risk Committee to assess the work of the Auditors performed outside the standard audit services, in particular in terms of admissibility and conflicts of interest.

Once a year the Audit & Risk Committee reviews the qualification and performance of the Auditors and assesses inter alia 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 & Risk Committee also assesses whether the amount and trend in audit fees appears reasonable. In this respect changes to 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 annual assessment the Audit & Risk Committee recommends to the Board of Directors to either propose the General Meeting of Shareholders to reelect the Auditors or to start a process for the selection of new auditors.

The Auditors confirm their independence to the Audit & Risk Committee at least once a year. The Audit & Risk 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 profitable or difficult periods 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 must 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 into the market.

The Company will generally avoid releasing material and price-sensitive information during trading periods of the Company's 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 Regulation and / or SIX department must 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 must 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 when new facts have emerged that make a previous disclosure false or misleading.

The Company does not comment on market rumors and speculations.

9.2 Reporting and corporate calendar

9.2.1 Annual and interim reporting

Company results are published by press releases shortly after the Board of Directors approves them. Press releases are followed by a press conference for analysts and media and optional call-in conferences. The press release, presentations made at press and call-in conferences, Annual Reports (including the Corporate Governance Reports and the Compensation Reports) and Interim Consolidated Financial Statements are released on the company web site. Annual Reports are available in print format on request.

From 1 January 2014, the Company reports interim results on a half-yearly basis (until 2013 quarterly).

9.2.2 Corporate calendar

The dates of the publication of the annual and interim results as well as the dates of the Ordinary General Meeting of Shareholders and of any Extraordinary Meeting of Shareholders are published on the company website (http://www.swissquote.ch/sqw-group/index.jsp) and in press releases. The Ordinary General Meeting of Shareholders generally takes place in April or May of each year. The Half-Year Reporting 2014 is scheduled on 22 July 2014.

9.3 Communication channels and contact addresses

Press releases (incl. ad hoc notices) and reports as well as other information made public are accessible on www.swissquote.ch in the section “The Company”. An e-mail service is available for subscription in the same section of the Company’s website and allows any interested party to automatically receive by e-mail all information made public by the Company.

Contact addresses can be found after the Compensation Report.

Section 4: Compensation Report
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Compensation Report

1. Scope

This Report summarizes the 2013 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. Figures were prepared in accordance with Art. 663bbis and Art. 663c of the Swiss Code of Obligations.

The scope of this Report does not cover the compensation of other classes of employees. Further information on global compensation systems is provided in section 5 of the Corporate Governance Report.

In contrast with the Corporate Governance Report, which is required by “Swiss Exchange Directive on Information Relating to Corporate Governance”, there is no legal requirement for the Group to issue a compensation report, as the requirements of the Ordinance Against Excessive Compensation in Listed Corporations (“Ordinance”) with respect to the compensation report will only apply for the business year 2014 onwards.

The Board however considers that the disclosure of this Compensation Report on a voluntary basis is a positive contribution to the development of the Group’s overall corporate governance framework. This Report is prepared in light of 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. In 2015, the compensation report will, as required, be prepared in accordance with the requirements of the Ordinance Against Excessive Compensation in Listed Corporations and will be subject to a mandatory audit.

2. Compensation policy

Swissquote’s compensation policy is one of the components of the corporate framework of which the ultimate purpose is:

- To deliver sustainable growth and performance to shareholders;
- To provide a favourable development ground for the Group’s employees; and
- To promote a responsible and ethical behaviour vis-à-vis the Group and the community.

Swissquote’s compensation policy is designed to attract and retain employees, and to reward merit as well as medium and long term performance, with due care to the Group’s success and its stage of development as well as in alignment with the interest of shareholders. With due care to specific industry features and labour market constraints, the Group seeks to keep multiples between lowest and highest paid employees within sensible ranges.

3. Organisation and competencies

The Board 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; and
- 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.

As at 31 December 2013, these members were Markus Dennler (Chairman) and Mario Fontana. The Nomination & Remuneration Committee has no decision-making powers and only acts in an advisory and preparatory capacity.

No permanent external advisors are consulted by the Group in respect of the structuring of compensation or otherwise.

More information is provided in sections 3.4.6 and 5 of the Corporate Governance Report.

4. Compensation for members of the Board of Directors

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 (hereafter referred to "Other compensation").

The cash component, which is reviewed annually, is set at the discretion of 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 compose 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. The Board's stock options are vested at grant.

None of the Board members is provided with a "golden parachute". Board members are granted the same benefits on the consumption of services provided by the Group than all employees. The aggregate amount of such benefits is not considered material and is therefore not reported in this Report.

5. Executive Management compensation

The employment contracts of the members of Executive Management provide that their compensation consists of:

- A base salary;
- An annual bonus capped at 150% of the base salary;
- An annual grant of stock options; and
- A indemnity covering out-of-pocket expenses included in "Other compensation".

All of these items are set at the discretion of the Board and reviewed annually, in the absence of members of the Executive Management.

Whereas the Board considers that the capping of bonuses at 150% of the base salary ensures that no inadequate or excessive risk taking is rewarded - and therefore makes it unnecessary to differ the payment of cash bonuses -, stock options are viewed by the Board as the appropriate deferred compensation instrument that links effective management performance to medium and long-term growth in the value of the Company.

The base salary of the members of Executive Management is assessed annually by the Board and, when necessary, is adjusted by the Board at its discretion. The base salary of the members of Executive Management was last increased in 2013.

Each year the Board sets a list of objectives to the Executive Management that will be measured against actual achievements. Objectives typically include growth and profitability targets as well as objectives relating to the strengthening 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 over-achieved. The performance review is carried out by the Nomination & Remuneration Committee. A percentage weighting is established for each objective and the maximum bonus (150% of the base salary) is granted when all objectives are largely over-achieved. The Board resolves on the level of the bonus in response to the recommendation of the Nomination & Remuneration Committee.

The Board is solely responsible for making discretionary decisions 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 Group. The terms of the options provide that options offered are divided into three equal tranches, with each tranche becoming exercisable respectively one, two and three years after the date of grant. The exercise period for the options is 2 years.

The Board seeks to maintain a sensible ratio between number of options offered to individual members of Executive Management and individual 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 the Executive Management benefit from a "golden parachute". The members of Executive Management enjoy the same benefits on the consumption of services provided by the Group as all the other employees. The aggregate amount of such benefits is not considered material and is not reported in this Report.

6. Summary of 2013 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. 663bbis and Art. 663c of the Swiss Code of Obligations.

All amounts in CHF	Base compensation		Variable compensation		Other Compensation (*2)	Total	Number of share options granted (*1)
	Cash	Shares (fair value)	Cash bonus	Share option (fair value) (*1)			
Board of Directors							
Mario Fontana, Chairman	120,000	-	-	12,000	2,000	134,000	3,000
Paul E. Otth, member	80,000	-	-	8,000	2,000	90,000	2,000
Markus Dennler, member	80,000	-	-	8,000	2,000	90,000	2,000
Martin Naville, member	80,000	-	-	8,000	2,000	90,000	2,000
Adrian Bult, member	80,000	-	-	8,000	2,000	90,000	2,000
Total Board of Directors	**440,000**	**-**	**-**	**44,000**	**10,000**	**494,000**	**11,000**
Executive Management							
Marc Bürki, CEO	439,000	-	100,000	32,000	26,400	597,400	8,000
Paolo Buzzi, CTO	439,000		100,000	32,000	26,400	597,400	8,000
Michael Ploog, CFO	439,000		100,000	32,000	18,000	589,000	8,000
Total Executive Management	**1,317,000**		**300,000**	**96,000**	**70,800**	**1,783,800**	**24,000**

(*1) The fair value of the options has been determined based on the valuation method and the parameters used for the 15th allocation (see Note 15.2). The number of options granted in 2013 is stated in the last column of the above table. The amounts stated correspond to the total value of options granted.
(*2) Other Compensation consists of discretionary allowances for out-of-pocket expenses.

All amounts in Swiss Francs

7. Development of compensation

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:

a) Compensation 2013

All amounts in CHF'000	Base Salary	Other Compensation	Cash bonus	Stock options	Total
Board of Directors					
Mario Fontana, Chairman	120.0	2.0	-	12.0	134.0
Paul E. Otth, member	80.0	2.0	-	8.0	90.0
Markus Dennler, member	80.0	2.0	-	8.0	90.0
Martin Naville, member	80.0	2.0	-	8.0	90.0
Adrian Bult, member	80.0	2.0	-	8.0	90.0
Total for Board of Directors	**440.0**	**10.0**	-	**44.0**	**494.0**
Executive Management					
Marc Bürki, CEO	439.0	26.4	100.0	32.0	597.4
Paolo Buzzi, CTO	439.0	26.4	100.0	32.0	597.4
Michael Ploog, CFO	439.0	18.0	100.0	32.0	589.0
Total for Executive Management	**1,317.0**	**70.8**	**300.0**	**96.0**	**1,783.8**

b) Compensation 2012

All amounts in CHF'000	Base Salary	Other Compensation	Cash bonus	Stock options	Total
Board of Directors					
Mario Fontana, Chairman	120.0	2.0	-	7.1	129.1
Paul E. Otth, member	80.0	2.0	-	4.7	86.7
Markus Dennler, member	80.0	2.0	-	4.7	86.7
Martin Naville, member	80.0	2.0	-	4.7	86.7
Adrian Bult, member	80.0	2.0	-	4.7	86.7
Total for Board of Directors	**440.0**	**10.0**	-	**25.9**	**475.9**
Executive Management					
Marc Bürki, CEO	410.0	18.0	-	19.0	447.0
Paolo Buzzi, CTO	410.0	18.0	-	19.0	447.0
Michael Ploog, CFO	410.0	16.8	-	19.0	445.8
Total for Executive Management	**1,230.0**	**52.8**	-	**57.0**	**1,339.8**

Numbers presented in this section are calculated based on rounded figures displayed in various notes to the Consolidated Financial Statement and may not correspond precisely.

Global Offices

Switzerland

www.swissquote.ch

Swissquote Group Holding Ltd
Swissquote Bank Ltd
Chemin de la Crétaux 33
Case postale 319
CH-1196 Gland

Telephone: +41 22 999 94 11
Fax: +41 22 999 94 12

Branches and other offices
Schützengasse 22/24
Postfach 2017
CH-8021 Zurich

Schauplatzgasse 9
CH-3011 Bern

Telephone: 0848 25 88 88
Fax: +41 44 825 88 89

Tel. from abroad: +41 44 825 88 88

Europe

www.swissquote.eu

Swissquote Ltd
Boston House, 63-64 New Broad Street
EC2M 1JJ London
United Kingdom

Telephone: +44 20 7186 2600
Fax: +44 20 7186 2601

Swissquote Europe Ltd
Tower Business Centre
Office 206
Tower Road
Swatar, BKR 4013, Malta

Telephone: +356 25 46 6720
Fax: +356 2546 6103

Middle East

www.swissquote.ae

Swissquote Bank MEA Ltd
Office No. 36, Level 3
Gate Village 10
Dubai International Financial Centre
P.O. Box 125115
Dubai, United Arab Emirates

Telephone: +971 4 450 1700
Fax: +971 4 450 1701

Global Offices

Asia

www.migcapital.com.hk

MIG Capital (Asia) Ltd
Unit 2808-9, Level 28,
Citibank Tower,
3 Garden Road Central
Hong Kong

Telephone: +852 3902 0000
Fax: +852 3902 0099

Investor Relations

Contact person

Nadja Keller
Media Relations Manager
Swissquote Group Holding Ltd
Telephone: +41 44 825 88 01
Fax: +41 44 825 88 89
E-mail: nadja.keller@swissquote.ch

Swissquote Group Holding Ltd
Swissquote Bank Ltd
Chemin de la Crétaux 33
CH –1196 Gland
www.swissquote.ch