

# FINANCIAL REPORT

H1-2016



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	30 June		31 December
		2016	2015	2015
<b>ASSETS</b>				
Cash and balances with central bank		1,956,195,315	1,807,136,242	2,032,018,626
Treasury bills and other eligible bills		174,727,360	36,482,739	88,143,864
Loans and advances to banks		371,473,623	680,662,226	350,352,311
Derivative financial instruments		41,625,589	58,662,689	69,028,052
Trading assets		6,732,889	6,031,522	6,810,542
Loans and advances to customers		215,066,166	177,242,273	205,947,477
Investment securities	9	698,798,542	725,637,033	788,845,971
Deferred income tax assets		1,834,200	4,318,008	2,204,963
Intangible assets		40,554,522	40,731,743	40,643,133
Information technology systems	10	38,805,131	32,410,692	35,057,149
Property, plant and equipment	11	60,065,903	62,840,045	61,504,730
Other assets		39,877,356	37,226,697	37,261,005
<b>Total assets</b>		<b>3,645,756,596</b>	<b>3,669,381,909</b>	<b>3,717,817,823</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Deposits from banks		10,383,511	1,483,305	76,199,305
Derivative financial instruments		13,161,088	28,263,405	22,680,604
Due to customers		3,312,343,699	3,347,484,793	3,313,934,073
Other liabilities		36,510,956	30,143,301	31,702,424
Current income tax liabilities		659,998	228,386	431,983
Deferred tax liabilities		1,372,757	1,456,536	1,449,935
Provisions		4,105,973	4,548,198	3,749,841
<b>Total liabilities</b>		<b>3,378,537,982</b>	<b>3,413,607,924</b>	<b>3,450,148,165</b>
<b>Equity</b>				
Ordinary shares	12	3,065,634	3,065,634	3,065,634
Share premium		42,724,941	51,806,264	51,710,405
Share option reserve		2,488,175	2,611,779	2,207,387
Other reserve		(4,860,971)	(1,130,565)	(2,419,403)
Treasury shares		(14,405,560)	(14,013,683)	(13,915,807)
Retained earnings		238,206,395	213,434,556	227,021,442
<b>Total equity</b>		<b>267,218,614</b>	<b>255,773,985</b>	<b>267,669,658</b>
<b>Total liabilities and equity</b>		<b>3,645,756,596</b>	<b>3,669,381,909</b>	<b>3,717,817,823</b>

The notes on pages 7 to 17 form an integral part of this condensed interim financial information

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	6 months ended 30 June	
		2016	2015
Fee and commission income		38,977,920	37,392,145
Fee and commission expense		(4,283,838)	(3,820,125)
<b>Net fee and commission income</b>		<b>34,694,082</b>	<b>33,572,020</b>
Interest income		10,356,833	10,796,978
Negative interest rate expense		(4,270,790)	(3,897,184)
Interest expense		(628,043)	(1,084,304)
<b>Net interest income</b>	5	<b>5,458,000</b>	<b>5,815,490</b>
Net trading income	6	35,257,092	34,584,501
<b>Operating income</b>		<b>75,409,174</b>	<b>73,972,011</b>
Operating expenses	7	(62,851,176)	(87,270,880)
<b>Operating profit/(loss)</b>		<b>12,557,998</b>	<b>(13,298,869)</b>
Income tax expense		(1,436,825)	2,663,395
<b>Net profit/(loss)</b>		<b>11,121,173</b>	<b>(10,635,474)</b>
<i>Earning per share</i>	8	<i>0.75</i>	<i>(0.71)</i>
<i>Diluted earning per share</i>	8	<i>0.75</i>	<i>(0.71)</i>
<i>Weighted average number of ordinary shares</i>	8	<i>14,894,893</i>	<i>14,932,625</i>

The notes on pages 7 to 17 form an integral part of this condensed interim financial information

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended 30 June	
		2016	2015
Net profit/(loss) for the period		11,121,173	(10,635,474)
Other comprehensive income: Gains/(losses) recognised directly in equity			
<i>Items that may be reclassified to the income statement</i>			
Net unrealised gains/(losses) on Available-for-sale financial assets		1,454,585	2,850,944
Net realised (gains)/losses on Available-for-sale financial assets reclassified to the Income statement from equity		(134,951)	51,284
Income tax relating to Available-for-sale financial assets		(237,534)	(536,912)
Currency translation differences		(291,228)	(349,466)
<i>Items that will not be reclassified to the income statement</i>			
Remeasurement of defined benefit obligation, before tax		(3,942,000)	-
Income tax relating to defined benefit obligation		709,560	-
Other comprehensive income/(loss) for the period, net of tax		(2,441,568)	2,015,850
Total comprehensive income/(loss) for the period		8,679,605	(8,619,624)

The notes on pages 7 to 17 form an integral part of this condensed interim financial information

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2016	3,065,634	51,710,405	2,207,387	(2,419,403)	(13,915,807)	227,021,442	267,669,658
Net profit of the period	-	-	-	-	-	11,121,173	11,121,173
Available-for-sale financial assets	-	-	-	1,319,634	-	-	1,319,634
Remeasurement of defined benefit obligation	-	-	-	(3,942,000)	-	-	(3,942,000)
Income tax relating to components of other comprehensive income	-	-	-	472,026	-	-	472,026
Currency translation differences	-	-	-	(291,228)	-	-	(291,228)
Total comprehensive income for the period	-	-	-	(2,441,568)	-	11,121,173	8,679,605
Dividend and reimbursement from reserves	-	(8,930,458)	-	-	-	-	(8,930,458)
Employee stock option plan:							
Value of services provided	-	-	344,568	-	-	-	344,568
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(63,780)	-	-	63,780	-
Purchase of treasury shares	-	-	-	-	(669,108)	-	(669,108)
Sale/remittance of treasury shares	-	(55,006)	-	-	179,355	-	124,349
Balance at 30 June 2016	3,065,634	42,724,941	2,488,175	(4,860,971)	(14,405,560)	238,206,395	267,218,614

The notes on pages 7 to 17 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2015	30,065,634	60,752,040	2,293,166	(3,146,415)	(12,567,806)	223,965,219	274,361,838
Net loss of the period	-	-	-	-	-	(10,635,474)	(10,635,474)
Available-for-sale financial assets	-	-	-	2,902,228	-	-	2,902,228
Income tax relating to components of other comprehensive income	-	-	-	(536,912)	-	-	(536,912)
Currency translation differences	-	-	-	(349,466)	-	-	(349,466)
Total comprehensive income for the period	-	-	-	2,015,850	-	(10,635,474)	(8,619,624)
Dividend and reimbursement from reserves	-	(8,945,776)	-	-	-	-	(8,945,776)
Employee stock option plan:							
Value of services provided	-	-	423,424	-	-	-	423,424
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(104,811)	-	-	104,811	-
Purchase of treasury shares	-	-	-	-	(1,445,877)	-	(1,445,877)
Balance at 30 June 2015	3,065,634	51,806,264	2,611,779	(1,130,565)	(14,013,683)	213,434,556	255,773,985

The notes on pages 7 to 17 form an integral part of this condensed interim financial information

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Notes	6 months ended 30 June	
		2016	2015
<b>Cash flow from/(used in) operating activities</b>			
Fees and commission received		36,418,286	33,987,788
Fees and commission paid		(4,252,196)	(3,910,788)
Interest received		15,859,925	17,488,319
Interest paid		(4,996,297)	(3,077,929)
Net trading income		34,235,939	36,149,453
Income tax reimbursed/(paid)		2,329,795	(1,339,548)
Payments to employees		(27,419,055)	(38,169,492)
Payments to suppliers		(26,864,065)	(46,653,127)
<b>Cash flow from operating profit before changes in operating assets and liabilities</b>		<b>25,312,332</b>	<b>(5,525,324)</b>
<b>Net changes in operating assets and liabilities</b>			
Treasury bills and other eligible bills (above 3 months)		(63,140,000)	-
Loans and advances to customers		(9,118,689)	(16,713,388)
Derivative financial instrument (assets)		27,402,463	38,094,078
Loans and advances to banks (above 3 months)		14,111,150	(10,000,000)
Derivative financial instrument (liabilities)		(9,519,516)	(5,094,579)
Due to customers		5,918,515	56,245,844
Other liabilities		(485,828)	(2,062,526)
<b>Net cash from/(used in) operating activities</b>		<b>(9,519,573)</b>	<b>54,944,105</b>
<b>Cash flow from/(used in) investing activities</b>			
Purchase of Property, plant and equipment and Information technology systems	10/11	(10,450,158)	(9,209,425)
Proceeds from sale and reimbursement of investment securities		436,980,716	367,503,195
Purchase of investment securities		(359,791,205)	(314,863,198)
<b>Net cash from/(used in) investing activities</b>		<b>66,739,353</b>	<b>43,430,572</b>
<b>Cash flow from/(used in) financing activities</b>			
Purchase of treasury shares		(669,108)	(1,445,877)
Dividend and reimbursement from reserves	1	(8,930,458)	(8,945,776)
<b>Net cash from/(used in) in financing activities</b>		<b>(9,599,566)</b>	<b>(10,391,653)</b>
<b>Net increase in cash and cash equivalents</b>		<b>47,620,214</b>	<b>87,983,024</b>
Cash and cash equivalents at 1 January		2,359,315,496	2,428,103,619
Exchange difference on cash and cash equivalents		1,048,227	(3,288,741)
<b>Cash and cash equivalents at 30 June</b>		<b>2,407,983,937</b>	<b>2,512,797,902</b>
<b>Cash and cash equivalents</b>			
Cash and balances with central banks		1,956,195,315	1,807,136,242
Treasury bills and other eligible bills (less than 3 months)		111,587,360	36,482,739
Loans and advances to banks (less than 3 months)		350,584,773	670,662,226
Deposits from banks (less than 3 months)		(10,383,511)	(1,483,305)
<b>Total at 30 June</b>		<b>2,407,983,937</b>	<b>2,512,797,902</b>

The notes on pages 7 to 17 form an integral part of this condensed interim financial information

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. Scope of operations and general information

Swissquote Group Holding Ltd and its subsidiaries provide Online Financial Services that mainly consist of the services provided by Swissquote Bank Ltd through its financial web portal [www.swissquote.ch](http://www.swissquote.ch). The Group foreign subsidiaries which are based in United Arab Emirates (Dubai), United Kingdom (London), Malta (Mriehel) and Republic of China (Hong Kong) are responsible for the sales of the Group services in respective markets through dedicated web portals. The Group foreign subsidiary which is based in United Kingdom (London) provides online foreign exchange trading for clients based in European Union.

At the Annual General Meeting of shareholders held on 13 May 2016, the shareholders resolved a distribution of CHF 0.60 per share to the shareholders, representing a total amount of CHF 8,930,458 (paid on 20 May 2016). The distribution to the shareholders was made from the partial reimbursement of capital contribution reserves (share premium).

## 2. Accounting policies and presentation matters

The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. The Consolidated Interim Financial Statements should be read in conjunction with the 2015 consolidated financial statements. The accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the Annual Financial Statements. IAS 34 does not require comparatives in the Statement of Financial Positions for the prior interim period. Comparatives as of 30 June 2015 are presented voluntarily.

On 31 December 2015, the Group decided to enhance the cash flow statement information by reporting the effect of exchange rate changes as a reconciling item between cash and cash equivalents at the beginning and the end of period. Differences arising from changes in foreign currency rate on cash and cash equivalents held or due in foreign currency are not cash flows (comparative figures have been updated accordingly). In the meantime, the Group decided not to carry on with the change performed in its 2015 Consolidated financial statements with regards to the reclassification of capitalised costs.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be appropriate to anticipate or defer such costs at the end of the financial year.

There are no IFRSs or IFRIC interpretations, effective for the first time for the financial year beginning 1 January 2016, with a material impact on the Group.

## 3. Critical accounting judgements and key sources of estimation uncertainty

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015 (Section V: Critical accounting judgement and sources of estimation uncertainty, pages 34-35).

**Taxation:** In its 2015 consolidated financial statements, the Group reported tax provisions as a source of estimation uncertainty. During the period under review, part of the pending items reached final resolution with relevant tax authorities and the Group estimated that an amount of CHF 0.5 million (2015: nil) could be released in the Income Statement. Without this release, the usual income tax expense would have been CHF 1.9 million.

In 2016, the applicable tax rate is 18.0% (2015 : 18.5%) and corresponds to the average tax rate applicable. The average tax rate may change depending on the profit mix across the various cantons/jurisdictions.

**Pension plan:** During the period under review, the discount rate used in the determination of the net defined benefit obligation decreased from 1.05% to 0.45%. This change required the Group to increase the pension plan liability by CHF 3.9 million (gross of tax) up to a total amount of CHF 11.1 million.



# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. Reportable segments

The analysis of reportable segments and cost center for the 6 months period ending 30 June 2016 and 2015 are as follows:

In CHFm	6 months ended 30 June	
	2016	2015
Net Revenues	49.6	49.1
Direct Operating Costs	(7.5)	(6.0)
Direct Marketing Costs	(2.1)	(1.6)
<i>Securities Trading - Direct Contribution margin</i>	<i>40.0</i>	<i>41.5</i>
Net Revenues	28.0	26.7
Direct Operating Costs	(7.9)	(9.3)
Direct Marketing Costs	(1.8)	(2.1)
<i>Leveraged Forex - Direct Contribution margin</i>	<i>18.3</i>	<i>15.3</i>
Operating Cost - Technology	(16.3)	(13.6)
Operating Cost - Operations	(8.0)	(11.2)
Operating Cost - Marketing	(6.6)	(7.4)
Operating Cost - G&A	(12.1)	(10.4)
<i>Platform and Infrastructure Operations (cost center)</i>	<i>(43.0)</i>	<i>(42.6)</i>
Provisions and impairment allowance	(0.6)	(25.7)
Negative interest expense (excl. cash linked with foreign exchange swaps)	(2.2)	(1.8)
<b>Operating profit/(loss)</b>	<b>12.5</b>	<b>(13.3)</b>
Income tax expense	(1.4)	2.7
<b>Net profit/(loss)</b>	<b>11.1</b>	<b>(10.6)</b>

At 30 June 2016:

- ▶ No other location (booking centre) than Switzerland represents more than 10% of revenues or assets;
- ▶ The Group does not have any client representing more than 10% of its revenues.

Breakdown of assets and liabilities is as follows:

In CHFm	30 June 2016	31 December 2015
Assets - Securities Trading	3,241.6	3,241.7
Assets - Leveraged Forex	310.2	393.7
Assets - Platform and Infrastructure	94.0	82.6
<b>Total assets</b>	<b>3,645.8</b>	<b>3,717.8</b>
Liabilities - Securities Trading	(3,127.0)	(3,105.0)
Liabilities - Leveraged Forex	(218.4)	(316.8)
Liabilities - Platform and Infrastructure	(33.2)	(28.3)
<b>Total liabilities</b>	<b>(3,378.6)</b>	<b>(3,450.1)</b>
<b>Total equity</b>	<b>267.2</b>	<b>267.7</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. Net interest income

	Activities excluding Foreign exchange swaps	Foreign exchange swaps	6 months ended 30 June	
			2016	2015
<b>Interest income</b>				
Cash and short-term funds	187,307	-	187,307	260,514
Investment securities	4,753,331	-	4,753,331	5,808,905
Foreign exchange swaps	-	2,980,172	2,980,172	2,790,619
Loans to customers	2,436,023	-	2,436,023	1,936,940
	<b>7,376,661</b>	<b>2,980,172</b>	<b>10,356,833</b>	<b>10,796,978</b>
<b>Negative interest expense</b>				
Central banks and stock exchanges	(1,357,046)	(2,105,284)	(3,462,330)	(3,402,019)
Treasury bills and other eligible bills	(808,460)	-	(808,460)	(495,165)
	<b>(2,165,506)</b>	<b>(2,105,284)</b>	<b>(4,270,790)</b>	<b>(3,897,184)</b>
<b>Interest expense</b>				
Banks	(143,757)	-	(143,757)	(118,739)
Foreign exchange swaps	-	(125,772)	(125,772)	(259,191)
Customers - trading accounts	(207,135)	-	(207,135)	(332,225)
Customers - saving accounts	(151,379)	-	(151,379)	(374,149)
	<b>(502,271)</b>	<b>(125,772)</b>	<b>(628,043)</b>	<b>(1,084,304)</b>
<b>Total net interest income</b>	<b>4,708,884</b>	<b>749,116</b>	<b>5,458,000</b>	<b>5,815,490</b>

Negative interest rates are mainly identified on cash deposits at the Swiss National Bank that exceed a given exemption threshold. Negative interest expense arising from foreign exchange swaps relate to the deposit of the funds with central banks during the life time of instrument.

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.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 6. Net trading income

	6 months ended 30 June	
	2016	2015
<b>Foreign exchange revenues</b>		
- Leveraged Forex (eForex) income	28,024,446	26,702,722
- Other foreign exchange income	7,207,453	9,119,337
	35,231,899	35,822,059
<b>Unrealised fair value gains/(losses)</b>		
- From Investment securities	313,172	(4,513,578)
- From Derivative financial instruments	(558,852)	2,780,436
- From Trading assets	106,298	494,092
	(139,382)	(1,239,050)
<b>Realised gains/(losses)</b>		
- From Investment securities	164,575	1,492
<b>Total</b>	<b>35,257,092</b>	<b>34,584,501</b>

Realised gains/(losses) comprise of an amount of CHF 0.1 million (2015 : CHF -0.1 million) which relates to the sale of investment securities classified as Available-for-sale and that was reclassified to the Income Statement from equity.

Investment securities classified as Fair value through profit & loss and Derivative financial instruments are attached to the same investment strategy and unrealised fair value gains/(losses) should be read together.

### 7. Operating expenses

	6 months ended 30 June	
	2016	2015
Payroll & related expenses	28,423,378	29,408,807
Other operating expenses	16,005,776	15,011,688
Marketing expenses	9,590,368	9,515,656
Depreciation and amortisation	8,231,654	7,626,443
Provisions	600,000	25,708,286
<b>Total</b>	<b>62,851,176</b>	<b>87,270,880</b>

Depreciation and amortisation comprises of depreciation on Information technology systems (CHF 6.6 million), Property, plant and equipment (CHF 1.5 million) and Intangible assets (CHF 0.1 million).

**Capitalised costs:** At 30 June 2016, a total amount of CHF 5.2 million (30 June 2015: 5.1 million) was deducted from Payroll and related expenses representing own costs capitalised in connection with the development of the systems of the Group.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 8. Earning per share

#### a) Basic

	6 months ended 30 June	
	2016	2015
Net profit/(loss)	11,121,173	(10,635,474)
Weighted average number of ordinary shares in issue	14,894,893	14,932,625
Earning per share	0.75	(0.71)

#### b) Diluted

	6 months ended 30 June	
	2016	2015
Net profit/(loss)	11,121,173	(10,635,474)
Weighted average number of ordinary shares in issue	14,894,893	14,932,625
Adjustments for share options	-	-
<b>Weighted average number of ordinary shares for diluted earnings per share options</b>	<b>14,894,893</b>	<b>14,932,625</b>
Diluted earning per share	0.75	(0.71)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 9. Investment securities

	30 June 2016			Recognition as per IAS 39 of unrealised gains/(losses)		
	Carrying value	Fair value	Unrealised gains/(losses)	Comprehensive income	Income Statement	Not recognised
Available-for-sale	588,330,247	588,330,247	1,370,084	1,370,084	-	-
Held-to-maturity	102,751,894	114,203,862	11,451,968	-	-	11,451,968
Fair value through profit & loss	7,716,401	7,716,401	(545,851)	-	(545,851)	-
	<b>698,798,542</b>	<b>710,250,510</b>	<b>12,276,201</b>	<b>1,370,084</b>	<b>(545,851)</b>	<b>11,451,968</b>

	31 December 2015			Recognition as per IAS 39 of unrealised gains/(losses)		
	Carrying value	Fair value	Unrealised gains/(losses)	Comprehensive income	Income Statement	Not recognised
Available-for-sale	651,239,983	651,239,983	50,450	50,450	-	-
Held-to-maturity	113,253,093	124,249,868	10,996,775	-	-	10,996,775
Fair value through profit & loss	24,352,895	24,352,895	(4,158,444)	-	(4,158,444)	-
	<b>788,845,971</b>	<b>799,842,746</b>	<b>6,888,781</b>	<b>50,450</b>	<b>(4,158,444)</b>	<b>10,996,775</b>

### 10. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
<b>6 months ended 30 June 2016</b>				
Opening net book amount	2,711,631	30,508,570	1,836,946	35,057,147
Addition	550,873	8,531,549	1,301,369	10,383,791
Amortisation/depreciation	(485,258)	(5,579,604)	(570,945)	(6,635,807)
<b>Closing net book amount</b>	<b>2,777,246</b>	<b>33,460,515</b>	<b>2,567,370</b>	<b>38,805,131</b>
<b>6 months ended 30 June 2015</b>				
Opening net book amount	3,403,645	23,654,575	2,392,763	29,450,983
Addition	142,924	8,405,514	468,062	9,016,500
Amortisation/depreciation	(560,068)	(4,674,402)	(822,321)	(6,056,791)
<b>Closing net book amount</b>	<b>2,986,501</b>	<b>27,385,687</b>	<b>2,038,504</b>	<b>32,410,692</b>

Additions to Information technology systems include an amount of CHF 5.2 million (2015: CHF 5.1 million) representing own costs capitalised in connection with the development of the systems of the Group.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
<b>6 months ended 30 June 2016</b>				
Opening net book amount	59,523,536	809,127	1,174,108	61,506,771
Addition	-	2,055	64,312	66,367
Amortisation/depreciation	(1,156,044)	(135,449)	(215,742)	(1,507,235)
<b>Closing net book amount</b>	<b>58,367,492</b>	<b>675,733</b>	<b>1,022,678</b>	<b>60,065,903</b>
<b>6 months ended 30 June 2015</b>				
Opening net book amount	61,791,996	875,661	1,460,504	64,128,161
Addition	-	82,840	110,085	192,925
Amortisation/depreciation	(1,134,586)	(114,780)	(231,675)	(1,481,041)
<b>Closing net book amount</b>	<b>60,657,410</b>	<b>843,721</b>	<b>1,338,914</b>	<b>62,840,045</b>

### 12. Capital

#### a) Numbers of Shares in 2016

	1 January	Change	Increase	Utilisation	30 June
<b>Issued shares</b>					
<b>Ordinary share capital</b>					
Number of shares	15,328,170	-	-	-	15,328,170
Nominal value per share (CHF)	0.20	-	-	-	0.20
Total nominal value (CHF)	3,065,634	-	-	-	3,065,634
<b>Unissued shares</b>					
<b>Conditional capital</b>					
Number of conditional shares	960,000	-	-	-	960,000
Nominal value per share (CHF)	0.20	-	-	-	0.20
Total nominal value (CHF)	192,000	-	-	-	192,000
<b>Authorised capital</b>					
Number of authorised shares	1,810,200	-	-	-	1,810,200
Nominal value per share (CHF)	0.20	-	-	-	0.20
Amount authorised (CHF)	362,040	-	-	-	362,040

On 13 May 2016, the General Meeting of shareholders approved to extend the Authorised capital by two years.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 12. Capital (continued)

#### b) Numbers of Shares in 2015

	1 January	Change	Increase	Utilisation	30 June
<b>Issued shares</b>					
<b>Ordinary share capital</b>					
Number of shares	15,328,170	-	-	-	15,328,170
Nominal value per share (CHF)	0.20	-	-	-	0.20
Total nominal value (CHF)	3,065,634	-	-	-	3,065,634
<b>Unissued shares</b>					
<b>Conditional capital</b>					
Number of conditional shares	960,000	-	-	-	960,000
Nominal value per share (CHF)	0.20	-	-	-	0.20
Total nominal value (CHF)	192,000	-	-	-	192,000
<b>Authorised capital</b>					
Number of authorised shares	1,810,200	-	-	-	1,810,200
Nominal value per share (CHF)	0.20	-	-	-	0.20
Amount authorised (CHF)	362,040	-	-	-	362,040

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 13. Fair value hierarchy

The following table presents the Group's financial assets and liabilities. There were no transfers between level 1, 2 and 3 and no changes in valuation techniques during the period under review.

At 30 June 2016	Level 1	Level 2	Level 3	Fair value	Carrying amount
<b>Financial assets measured at fair value</b>					
Derivative financial instruments	29,689,536	11,936,053	-	41,625,589	41,625,589
Trading assets	6,732,889	-	-	6,732,889	6,732,889
Investment securities	107,424,567	488,622,081	-	596,046,648	596,046,648
<b>Total</b>	<b>143,846,992</b>	<b>500,558,134</b>	<b>-</b>	<b>644,405,126</b>	<b>644,405,126</b>
<b>Financial assets not measured at fair value</b>					
Cash and balances with central bank					1,956,195,315
Treasury bills and other eligible bills					174,727,360
Loans and advances to banks					371,473,623
Loans and advances to customers					215,066,166
Investment securities	63,695,598	50,508,264	-	114,203,862	102,751,894
Other assets					39,877,356
<b>Total financial assets</b>					<b>3,504,496,840</b>
<b>Financial liabilities measured at fair value</b>					
Derivative financial instruments	8,147,006	5,014,082	-	13,161,088	13,161,088
<b>Total</b>	<b>8,147,006</b>	<b>5,014,082</b>	<b>-</b>	<b>13,161,088</b>	<b>13,161,088</b>
<b>Financial liabilities not measured at fair value</b>					
Deposit from banks					10,383,511
Due to customers					3,312,343,699
Other liabilities					36,510,956
Current income tax liabilities					659,998
<b>Total financial liabilities</b>					<b>3,373,059,252</b>

#### Financial assets measured at fair value

Investment securities measured at fair value comprise of financial assets at fair value through profit & loss (30 June 2016: CHF 7.7 million, out of which CHF 7.7 million classified as level 2) and financial assets designated available-for-sale (30 June 2016: CHF 588.3 million, out of which CHF 480.9 million classified as level 2).

#### Financial assets and liabilities not measured at fair value

Investment securities not measured at fair value comprise of investment securities classified as held-to-maturity (30 June 2016: CHF 114.2 million, out of which CHF 50.5 million classified as level 2 and CHF 63.7 million as level 1). For all other financial assets and liabilities not measured at fair value, the carrying amount is assessed to be a reasonable approximation of fair value.



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 13. Fair value hierarchy (continued)

The following table presents the Group's financial assets and liabilities. There were no transfers between level 1, 2 and 3 and no changes in valuation techniques during the period under review.

The presentation of the fair value hierarchy table was revised in the present Condensed Consolidated Interim Financial Statements and the comparative figures were represented accordingly.

At 31 December 2015	Level 1	Level 2	Level 3	Fair value	Carrying amount
<b>Financial assets measured at fair value</b>					
Derivative financial instruments	47,555,594	21,472,458	-	69,028,052	69,028,052
Trading assets	6,810,542	-	-	6,810,542	6,810,542
Investment securities	174,303,011	501,289,867	-	675,592,878	675,592,878
<b>Total</b>	<b>228,669,147</b>	<b>522,762,325</b>	<b>-</b>	<b>751,431,472</b>	<b>751,431,472</b>
<b>Financial assets not measured at fair value</b>					
Cash and balances with central bank					2,032,018,626
Treasury bills and other eligible bills					88,143,864
Loans and advances to banks					350,352,311
Loans and advances to customers					205,947,477
Investment securities	68,004,845	56,245,023	-	124,249,868	113,253,093
Other assets					37,261,005
<b>Total financial assets</b>					<b>3,578,407,848</b>
<b>Financial liabilities measured at fair value</b>					
Derivative financial instruments	17,312,487	5,368,117	-	22,680,604	22,680,604
<b>Total</b>	<b>17,312,487</b>	<b>5,368,117</b>	<b>-</b>	<b>22,680,604</b>	<b>22,680,604</b>
<b>Financial liabilities not measured at fair value</b>					
Deposit from banks					76,199,305
Due to customers					3,313,934,073
Other liabilities					31,702,424
Current income tax liabilities					431,983
<b>Total financial liabilities</b>					<b>3,444,948,389</b>

#### Financial assets measured at fair value

Investment securities measured at fair value comprise of financial assets at fair value through profit & loss (31 December 2015: CHF 24.4 million, out of which CHF 24.4 million classified as level 2) and financial assets designated available-for-sale (31 December 2015: CHF 651.2 million, out of which CHF 476.9 million classified as level 2).

#### Financial assets and liabilities not measured at fair value

Investment securities not measured at fair value comprise of investment securities classified as held-to-maturity (31 December 2015: CHF 124.2 million, out of which CHF 56.2 million classified as level 2 and CHF 68.0 million as level 1). For all other financial assets and liabilities not measured at fair value, the carrying amount is assessed to be a reasonable approximation of fair value.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 14. Regulatory capital & liquidity (unaudited)

	30 June 2016	30 June 2015	31 December 2015
Total equity	267,218,614	255,773,985	267,669,658
General adjustments (mainly intangible assets)	(44,796,430)	(47,821,913)	(43,936,170)
<b>Total Common Equity Tier 1 capital (CET1 capital)</b>	<b>222,422,184</b>	<b>207,952,072</b>	<b>223,733,488</b>
<b>Risk-weighted assets</b>	<b>1,049,514,554</b>	<b>925,188,150</b>	<b>1,014,713,292</b>
<b>CET1 ratio</b>	<b>21.2%</b>	<b>22.5%</b>	<b>22.0%</b>

<b>Liquidity Coverage Ratio (LCR)</b> CHF million, except where indicated	30 June 2016	30 June 2015	31 December 2015
Cash outflows	1,269,610	1,011,503	1,136,469
Cash inflows	(952,208)	(758,628)	(812,633)
Net cash outflows	317,402	252,875	323,836
Total high-quality liquid assets (HQLA)	1,982,827	1,873,146	2,030,334
<b>Liquidity coverage ratio (LCR in %)</b>	<b>624.7%</b>	<b>740.7%</b>	<b>627.0%</b>



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

### *Introduction*

We have reviewed the accompanying condensed consolidated interim financial statements (statement of financial positions, income statement, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flow and notes) set out on pages 1 to 16 of Swissquote Group Holding Ltd for the six months period ended 30 June 2016. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Ltd

Beresford Caloia

Alain Lattafi

Geneva, 28 July 2016

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