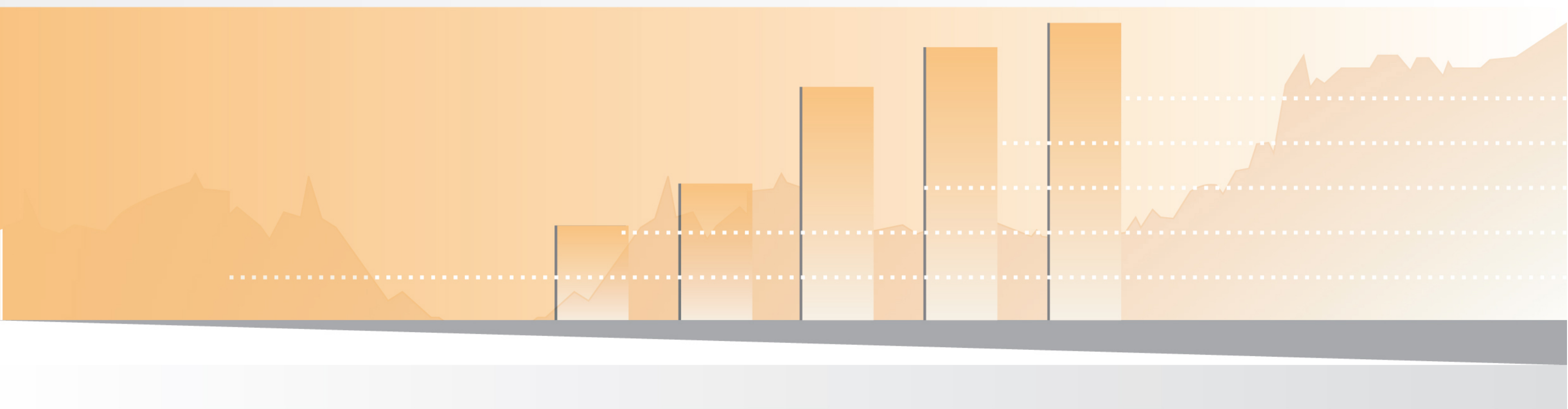
Financial Report
Q1-2011



SWITZERLAND'S LEADING ONLINE BROKER

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITIONS

	Notes	31 March 2011	31 March 2010	31 December 2010
ASSETS				
Cash and balances with central bank		28,792,930	12,219,564	57,622,629
Treasury bills and other eligible bills		966,482,668	772,831,557	768,603,990
Loans and advances to banks		470,255,359	586,215,919	595,836,109
Derivative financial instruments		19,892,281	20,866,020	24,364,014
Trading assets		2,097,451	712,221	1,632,444
Loans and advances to customers		131,677,452	100,708,756	118,677,323
Investment securities		681,411,009	500,555,561	670,155,319
Deferred income tax assets		7,131,987	-	7,131,987
Intangible assets		23,149,073	-	23,204,125
Information technology systems	4	18,671,754	12,756,638	17,604,890
Property, plant and equipment	5	22,264,300	19,594,769	22,377,337
Other assets		26,171,588	27,487,863	31,617,899
Total assets		**2,397,997,852**	**2,053,948,868**	**2,338,828,066**
LIABILITIES AND EQUITY				
Liabilities				
Deposits from banks		11,432,055	878,928	6,861,100
Derivative financial instruments		3,838,185	20,240,504	5,339,030
Due to customers		2,140,622,624	1,834,503,176	2,092,110,513
Other liabilities		19,586,597	12,915,778	20,309,511
Current income tax liabilities		3,072,124	396,035	5,915,348
Deferred tax liabilities		1,103,024	1,761,710	1,155,919
Provisions		7,204,020	1,443,749	8,126,044
Total liabilities		**2,186,858,629**	**1,872,139,880**	**2,139,817,465**
Equity				
Ordinary shares	6	2,927,674	2,927,674	2,927,674
Share premium		40,608,572	38,251,251	40,011,434
Share option reserve		2,465,455	2,227,034	2,455,677
Other reserve		(448,924)	(718,215)	(604,855)
Treasury shares	7	(17,363,603)	(25,530,486)	(17,808,463)
Retained earnings		182,950,049	164,651,730	172,029,134
Total equity		**211,139,223**	**181,808,988**	**199,010,601**
Total liabilities and equity		**2,397,997,852**	**2,053,948,868**	**2,338,828,066**

The notes on pages 6 to 13 form an integral part of this condensed interim financial information

All amounts in Swiss Francs 1

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Notes	3 months ended 31 March 2011	2010
Fee and commission income		21,449,203	17,890,766
Fee and commission expense		(2,539,199)	(1,989,655)
Net fee and commission income		**18,910,004**	**15,901,111**
Interest income		5,475,133	3,884,436
Interest expense		(1,592,953)	(1,576,671)
Net interest income		**3,882,180**	**2,307,765**
Net trading income	1	13,671,303	5,193,279
Operating income		**36,463,487**	**23,402,155**
Operating expenses	2	(22,838,934)	(15,951,944)
Operating profit		**13,624,553**	**7,450,211**
Income tax expense		(2,969,505)	(1,655,408)
Net profit		**10,655,048**	**5,794,803**
Earning per share	*3*	*0.74*	*0.41*
Diluted earning per share	*3*	*0.74*	*0.41*

The notes on pages 6 to 13 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	3 months ended 31 March	
	2011	2010
Net profit for the period	**10,655,048**	**5,794,803**
Other comprehensive income: Gains / (losses) recognised directly in equity		
Available-for-sale financial assets	320,090	731,494
Income tax relating to components of other comprehensive income (AFS assets)	(71,604)	(163,636)
Hedge reserve	47,658	26,724
Income tax relating to components of other comprehensive income (Hedge reserve)	(10,661)	(5,977)
Other comprehensive income for the period, net of tax	**285,483**	**588,605**
Total comprehensive income for the period	**10,940,531**	**6,383,408**

The notes on pages 6 to 13 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Share Option reserve	Other reserve	Treasury shares	Retained earnings	Total
Balance at 1 January 2011	**2,927,674**	**40,011,434**	**2,455,677**	**(604,855)**	**(17,808,463)**	**172,029,134**	**199,010,601**
Change in investment securities	-	-	-	367,748	-	-	**367,748**
Tax impact on investment securities	-	-	-	(82,265)	-	-	**(82,265)**
Net profit of the period	-	-	-	-	-	10,655,048	**10,655,048**
Total comprehensive income for the period	-	-	-	285,483	-	10,655,048	**10,940,531**
Currency translation differences	-	-	-	(129,552)	-	-	**(129,552)**
Employee stock option plan:							
Value of services provided	-	-	275,645	-	-	-	**275,645**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(265,867)	-	-	265,867	-
Purchase of treasury shares	-	-	-	-	(1,102,261)	-	**(1,102,261)**
Sale of treasury shares	-	597,138	-	-	1,547,121	-	**2,144,259**
Balance at 31 March 2011	**2,927,674**	**40,608,572**	**2,465,455**	**(448,924)**	**(17,363,603)**	**182,950,049**	**211,139,223**
Balance at 1 January 2010	**2,927,674**	**38,314,296**	**2,042,605**	**(1,306,820)**	**(26,518,573)**	**158,781,171**	**174,240,353**
Change in investment securities	-	-	-	758,218	-	-	**758,218**
Tax impact on investment securities	-	-	-	(169,613)	-	-	**(169,613)**
Net profit of the period	-	-	-	-	-	5,794,803	**5,794,803**
Total comprehensive income for the period	-	-	-	588,605	-	5,794,803	**6,383,408**
Employee stock option plan:							
Value of services provided	-	-	260,185	-	-	-	**260,185**
Reclassification of value of services provided for stock options exercised, lapsed or expired in the period	-	-	(75,756)	-	-	75,756	-
Purchase of treasury shares	-	-	-	-	(116,080)	-	**(116,080)**
Sale of treasury shares	-	(63,045)	-	-	1,104,167	-	**1,041,122**
Balance at 31 March 2010	**2,927,674**	**38,251,251**	**2,227,034**	**(718,215)**	**(25,530,486)**	**164,651,730**	**181,808,988**

The notes on pages 6 to 13 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	Notes	3 months ended 31 March 2011	2010
Cash flow from / (used in) operating activities			
Fees and commission receipts		20,893,612	17,058,311
Fees and commission paid		(2,689,684)	(2,304,291)
Interest receipts		10,081,684	827,484
Interest paid		(1,131,511)	(1,055,943)
Purchase of trading assets		(465,007)	(117,154)
Net trading income		16,512,639	4,804,996
Cash payments to employees and suppliers		(26,013,329)	(15,308,410)
Cash flow from operating profit before changes in operating assets and liabilities		**17,188,404**	**3,904,993**
Net (increase) / decrease in operating assets and net increase / (decrease) in operating liabilities			
Loans and advances to customers		(13,000,129)	(8,949,019)
Loans and advances to banks		(1,171,539)	(66,704,959)
Due to customers		48,512,111	159,706,631
Other liabilities		(8,183,656)	(5,892,109)
Net cash from operating activities		**43,345,191**	**82,065,537**
Cash flow from / (used in) investing activities			
Purchase of property, plant and equipment and Information technology systems	4/5	(3,179,280)	(2,842,219)
Proceeds from sale of investment securities		63,274,644	39,089,097
Purchase of investment securities		(66,756,818)	(160,635,773)
Net cash used in investing activities		**(6,661,454)**	**(124,388,895)**
Cash flow from / (used in) financing activities			
Purchase of treasury shares		(1,102,261)	(116,080)
Sale of treasury shares		2,144,259	1,041,122
Net cash used in financing activities		**1,041,998**	**925,042**
Increase/decrease in cash and cash equivalents		**37,725,735**	**(41,398,316)**
Movements in cash and cash equivalents			
Balance at beginning of year		1,415,201,628	1,344,671,380
Increase / (Decrease)		37,725,735	(41,398,316)
Balance at 31 March		**1,452,927,363**	**1,303,273,064**

The notes on pages 6 to 13 form an integral part of this condensed interim financial information

All amounts in Swiss Francs

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES AND REPORTABLE SEGMENTS

1.1 Accounting policies and presentation matters

The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the Annual Financial Statements. Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be appropriate to anticipate or defer such costs at the end of the financial year.

The Consolidated Interim Financial Statements should be read in conjunction with the 2010 Annual Consolidated Financial Statements.

At the Shareholder's General Meeting on 6 May 2011, the Board of Directors will propose to the Shareholders to approve a dividend of CHF 0.60 per share. The corresponding maximum amount of CHF 8,783,022 is included in retained earnings for as long as the Shareholders have not formally resolved on the proposed dividend.

1.2 Reportable segments

Sound management requires that relevant financial information is prepared in order for decision makers to define strategies and focus actions towards exploiting opportunities and / or countering adverse trends.

Relevant financial information generally requires that business complexity be broken down in various segments. Disclosure of relevant segmental information enables users of financial statements to evaluate the nature and the financial effects of the business activities in which the Group is engaged and in the economic environment in which it operates.

IFRS 8 requires an entity to identify its operating segments and based thereon to determine its reportable segments, that may comprise one operating segment or an aggregation of operating segments, that meet certain quantitative thresholds set out in the standard. Operating segment is defined in IFRS 8 as a component of an entity that (1) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity, (2) whose operating results are regularly reviewed to take decisions about resources to be allocated and assess its performance, and (3) for which discrete financial information is available.

The management information system of the Group is designed and is constantly amended in order to reflect the development of the business model of the Group and hence to support the strategic and operating processes. The main milestones of the Group development show that the current scope of the Group operations has its origin in the www.swissquote.ch finance portal and its subsequent developments. For many years, the Group only had one reportable segment: providing of online brokerage services to self-directed private retail customers.

With the development of the Business to Business clients group (mainly consisting of Asset Managers and their clients, corporations and institutional investors such as investment funds), the Group needed to design specific areas of the organisation (especially with respect to the front office) that had a focus on self directed private retail customers and other areas which were exclusively dedicated to Business to Business clients. Whereas the acquisition process of each segment of clients varies significantly, both segments substantially use the same infrastructure (information platform, back and middle office systems and organisation as well as the same premises, general services and branding activities). Beyond the consolidated results, performance measurement and trend recognition in the Group are based on direct costing for revenues and related variables and direct fixed costs. Indirect fixed costs which represent the largest portion of the operating costs are analysed in major cost centers. This approach is considered best by the Group in order to achieve transparency and accountability.

Further to the acquisition of ACM Advanced Currency Markets Ltd, the Group gained a critical mass in eForex and has concluded that the Eforex segment («Eforex») should be reported, as it is now closely monitored and is expected to materially contribute to Group revenues in the future. Before the acquisition of ACM, eForex segment did not meet the quantitative thresholds.

With due care to the above explanations and since 31 March 2011, the Group has redesigned three reportable segments:

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

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING POLICIES AND REPORTABLE SEGMENTS

The analysis of reportable segments for the 3 months period ending 31 March 2011 and 2010 are as follows:

	3 months ended 31 March	
In CHFm	**2011**	**2010**
Net Revenues - Private Clients	18.7	18.6
Direct Operating Costs - Private Clients	(1.7)	(1.6)
Direct Marketing Costs - Private Clients	(1.4)	(1.6)
Direct Contribution margin - Private Clients	*15.6*	*15.4*
Net Revenues - B2B Clients	7.8	4.8
Direct Operating Costs - B2B Clients	(1.0)	(0.9)
Direct Marketing Costs - B2B Clients	(0.1)	(0.2)
Direct Contribution margin - B2B Clients	*6.7*	*3.7*
Direct Contribution margin - Securities	**22.3**	**19.1**
Net Revenues - eForex	9.9	-
Direct Operating Costs - eForex	(3.9)	-
Direct Marketing Costs - eForex	(1.4)	-
Direct Contribution margin - eForex	**4.6**	**-**
Operating Cost - Technology	(3.9)	(3.5)
Operating Cost - Operations	(4.9)	(5.0)
Operating Cost - Marketing	(3.5)	(1.2)
Operating Cost - G&A	(1.0)	(1.9)
Total Platform and Infrastructure Operations Costs	**(13.3)**	**(11.6)**
Operating profit	**13.6**	**7.5**
Income tax expense	(2.9)	(1.7)
Net profit	**10.7**	**5.8**

	31 March 2011	**31 March 2010**
Assets - Securities / Private Clients	1,803.8	1,621.9
Liabilities - Securities / Private Clients	(1,759.6)	(1,573.4)
Assets - Securities / B2B Clients	402.3	383.5
Liabilities - Securities / B2B Clients	(310.9)	(286.8)
Assets - eForex	119.8	-
Liabilities - eForex	(100.1)	-
Assets - Platform and Infrastructure	72.0	48.5
Liabilities - Platform and Infrastructure	(16.2)	(11.9)
Net Balance - Equity	**211.1**	**181.8**

In Q1 2010, eForex Net revenues amounting CHF 2.4m were included in Net revenues from Private Clients and CHF 0.4m from B2B Clients.

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

EXPLANATORY NOTES

1. Net trading income

	3 months ended 31 March	
	2011	2010
Foreign exchange revenues	13,676,390	5,241,704
Revenues from Trading assets	(16,277)	(67,595)
Revenues from Investment securities	15,505	-
Gain less losses from investment securities	(4,315)	19,170
Total	**13,671,303**	**5,193,279**

Revenues from Investment securities consist of revenues from securities classified as fair value through profit and loss.

2. Operating expenses

	3 months ended 31 March	
	2011	2010
Payroll & related expenses	10,028,855	6,300,436
Other operating expenses	6,507,840	4,775,564
Marketing expenses	3,921,734	3,054,582
Provisions	100,000	100,000
Depreciation and amortisation	2,280,505	1,721,362
Total	**22,838,934**	**15,951,944**

All amounts in Swiss Francs

3. Earning per share

a) Basic

	3 months ended 31 March	
	2011	2010
Net Profit	10,655,048	5,794,803
Weighted average number of ordinary shares in issue	14,348,308	14,083,173
Basic earning per share	0.74	0.41

b) Diluted

	3 months ended 31 March	
	2011	2010
Net Profit	10,655,048	5,794,803
Weighted average number of ordinary shares in issue	14,348,308	14,083,173
Adjustments for share options	27,740	45,590
Weighted average number of ordinary shares for diluted earnings per share options	**14,376,048**	**14,128,763**
Diluted earning per share	0.74	0.41

All amounts in Swiss Francs 9

4. Information technology systems

	Software Third Party Licences	Proprietary Software	Hardware & Telecom Systems	Total
3 months ended 31 March 2011				
Opening net book amount	4,648,142	10,029,782	2,926,966	17,604,890
Addition	892,747	1,767,291	243,682	2,903,720
Amortisation / depreciation	(431,405)	(948,793)	(456,658)	(1,836,856)
Closing net book amount	**5,109,484**	**10,848,280**	**2,713,990**	**18,671,754**
3 months ended 31 March 2010				
Opening net book amount	1,481,824	7,273,665	2,643,448	11,398,937
Addition	531,458	1,650,226	608,314	2,789,998
Amortisation / depreciation	(233,059)	(689,664)	(509,574)	(1,432,297)
Closing net book amount	**1,780,223**	**8,234,227**	**2,742,188**	**12,756,638**

Additions to Information technology systems include an amount of CHF 1,554,760 (2010: CHF 1,421,326) representing own costs capitalised in connection with the development of the systems of the Bank.

5. Property, plant and equipment

	Land & Building	Leasehold Improvements	Equipments	Total
3 months ended 31 March 2011				
Opening net book amount	18,045,696	2,229,921	2,101,720	22,377,337
Addition	79,908	174,585	21,067	275,560
Amortisation / depreciation	(138,445)	(130,244)	(119,908)	(388,597)
Closing net book amount	**17,987,159**	**2,274,262**	**2,002,879**	**22,264,300**
3 months ended 31 March 2010				
Opening net book amount	16,659,549	1,360,539	1,811,525	19,831,613
Addition	20,409	13,276	18,536	52,221
Amortisation / depreciation	(137,595)	(80,383)	(71,087)	(289,065)
Closing net book amount	**16,542,363**	**1,293,432**	**1,758,974**	**19,594,769**

The total cost of the property includes an aggregate CHF 40,675 of own costs capitalised (2010: CHF 24,553).

Capital commitments: On 19 October 2010, Swissquote Bank Ltd entered into a contract with a construction company, which purpose is the realisation of the extension of the Swissquote headquarters in Gland, Switzerland. The value of the contract is CHF 42.2m, including applicable VAT. The extension will consist of 6,700 sqm office space (max. 500 work places), storage rooms and parking, and is scheduled to be delivered in December 2013, subject to the delivery by Authorities of the required construction permit in first half year of 2011.

Up to 31 March 2011, the Bank made an aggregate advanced payment of CHF 1.75m to the construction company. Swissquote has the right to withdraw from the contract if the construcion permit is not delivered by 31 July 2011, subject to the payment by Swissquote of an amount of CHF 1.25m.

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

All amounts in Swiss Francs

6. Ordinary shares

a) Numbers of Shares in 2011

	1 January	Stock options Exercised	Stock options Lapsed	31 March
Issued shares				
Ordinary share capital				
Number of shares	14,638,370	-	-	**14,638,370**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Total nominal value (CHF)	2,927,674	-	-	**2,927,674**
Unissued shares				
Conditional capital				
Number of conditional shares	211,060	-	-	**211,060**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Total nominal value (CHF)	42,212	-	-	**42,212**
Authorised capital				
Amount authorised (CHF)	800,000	-	-	**800,000**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Number of authorised shares	4,000,000	-	-	**4,000,000**

The Board of Directors will propose during the next Annual General Meeting (6 May 2011) to increase the conditional capital to 750,000 conditional shares for a nominal value of CHF 150,000 and to reduce the authorised capital to an authorised amount of CHF 700’000 (corresopnding to 3,500,000 authorised shares).

b) Numbers of Shares in 2010

	1 January	Stock options Exercised	Stock options Lapsed	31 March
Issued shares				
Ordinary share capital				
Number of shares	14,638,370	-	-	**14,638,370**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Total nominal value (CHF)	2,927,674	-	-	**2,927,674**
Unissued shares				
Conditional capital				
Number of conditional shares	211,060	-	-	**211,060**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Total nominal value (CHF)	42,212	-	-	**42,212**
Authorised capital				
Amount authorised (CHF)	800,000	-	-	**800,000**
Nominal value per share (CHF)	0.20	-	-	**0.20**
Number of authorised shares	4,000,000	-	-	**4,000,000**

All amounts in Swiss Francs

7. Treasury shares

	2011	2010
Beginning of the year (shares)	**303,404**	**583,692**
Acquisition - shares	**19,275**	**2,203**
unit price ranging from CHF	52.84 to 61.70	48.94 to 54.80
average price in CHF	57.19	52.69
Disposal - shares	**(10,000)**	-
unit price ranging from CHF	57.45 to 58.91	-
average price in CHF	58.18	-
Remittance to optionees - shares	**(35,959)**	**(59,192)**
unit price ranging from CHF	34.00 to 47.00	17.00 to 47.00
average price in CHF	43.45	17.59
End of the period - 31 March (shares)	**276,720**	**526,703**
Total cost in CHF	**17,363,603**	**25,530,486**
Average cost per share in CHF	**62.75**	**48.47**
% of the issued shares	**1.89%**	**3.60%**

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

All amounts in Swiss Francs

8. Miscellaneous financial information

Pension obligations - The Group (a) uses the so called "corridor approach" (IAS 19) and (b) examines the impact of possible discrepancies between long-term actuarial assumptions used in the actuarial calculations at the end of the previous calendar year and actual short term data applicable at the date of interim reporting, in order to determine the requirement for the recording of actuarial gains and losses in condensed consolidated interim financial statements as a result of pension obligations. No actuarial adjustment to the financial cost of the pension plan (consisting in the contribution payable by the Group to the Fund in accordance with its statutory rules) was required at 31 March 2011, nor in the former quarters.

Tier One ratio (Basel II ratio) – At 31 March 2011, the Group had a pre-dividend Tier One ratio (Basel II ratio) of 20.68%. (31 March 2010: 24.71%; 31 December 2010: 19.0%) and a post-dividend ratio Tier One ratio of 19.72%.

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Report on the Review of the
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 position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and notes) set out on pages 1 to 13 of Swissquote Group Holding Ltd for the period ended 31 March 2011. 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 these 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 SA

Philippe Bochud — Xavier Ménaige

Geneva, 4 May 2011