

Remuneration Report 2016

1. Introduction

This Remuneration Report reports on the remuneration of the Board of Directors (the "Board") and the Executive Management of Swissquote Group Holding Ltd (the "Company") and, where applicable, its consolidated subsidiaries (together, the "Group"). It provides information on the remuneration policy and the components of the remuneration, and reports on the type and size of payments made during the period under review.

Since 2014, in accordance with the Ordinance against Excessive Compensation in Listed Corporations¹ that entered into force on 1 January 2014 (the "Ordinance"), the Company has the obligation to issue every year a Remuneration Report separately from the Annual Report. This Remuneration Report contains the information required by the Ordinance, section 5 of the Annex to the SIX Swiss Exchange Directive on Information relating to Corporate Governance in its 1 January 2016 version as well as Art. 663c of the Swiss Code of Obligations (CO). In accordance with the requirements set forth in the Ordinance, section 5 of this Remuneration Report was audited by the Company's Auditors (the "Auditors"), PricewaterhouseCoopers Ltd, Lausanne; a copy of the audit report is enclosed.

Although not legally required, but in line with international standards and its previous practice, the Board intends to submit this Remuneration Report to a consultative vote by the general meeting of shareholders (the "General Meeting") at the ordinary General Meeting (the "Ordinary General Meeting") of 12 May 2017.

The Ordinance introduced a binding say on pay by the shareholders. As a result, the General Meeting shall approve annually, at the Ordinary General Meeting, the maximum aggregate amount of remuneration payable to (1) the Board for a period running from said Ordinary General Meeting to the next Ordinary General Meeting and (2) the Executive Management for the financial year starting after said Ordinary General Meeting. Section 5 of this Remuneration Report comprises tables that report the total amount of remuneration granted to the Board and the Executive Management for the financial year under review. Therefore, as far as the remuneration of the Board is concerned, the period covered by the General Meeting's binding say on pay differs from the period reported in the tables of this Remuneration Report.

In the above-mentioned context, section 6 of this Remuneration Report in particular aims at reconciling the maximum aggregate remuneration for the Board and the Executive Management with the remuneration actually paid. Since the first binding say on pay took place at the Ordinary General Meeting of 7 May 2015, it was only at or after the Ordinary General Meeting of 13 May 2016 that the Company was in a position to perform a final reconciliation of the maximum aggregate remuneration of the Board with the remuneration actually paid and it was only after 31 December 2016 that the Company was in a position to perform a final reconciliation of the maximum aggregate remuneration of the Executive Management with the remuneration actually paid. Therefore, section 6 of this Remuneration Report states a final reconciliation, for the first time, with respect to the aggregate remuneration of the Board and the Executive Management. This Remuneration Report also contains a review of the drivers affecting future remuneration, which are taken into account by the Board when submitting its proposals to the General Meeting. The proposal of the Board on the maximum aggregate remuneration for the Board and the Executive Management is included in the invitation to the Ordinary General Meeting.

For the sake of clarity, unless this Remuneration Report provides otherwise, reference to a period running from an Ordinary General Meeting to the next Ordinary General Meeting shall be explicit and any reference to a specific year shall not be construed as a reference to a period running from one Ordinary General Meeting to the next Ordinary General Meeting.

For further information on remuneration matters, reference is made to the Articles of Incorporation of the Company last amended on 13 May 2016 and applicable as at 31 December 2016, which are available at <https://en.swissquote.com/company/investors> in the French original version together with an English free translation (the "Aol").

¹Also known in German as "Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften" (VegüV) and in French as "Ordonnance contre les rémunérations abusives dans les sociétés anonymes cotées en bourse" (ORAb).

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2. Remuneration policy

The Group's remuneration policy is an important component of its corporate framework and has the ultimate purpose to deliver sustainable growth and performance to shareholders, provide a favourable development ground for the Group's employees and induce a responsible and ethical behaviour vis-à-vis the Group and the community. The remuneration policy is designed to attract, motivate and retain the best qualified employees, and to reward merit as well as medium and long term performance, with due care to the Group's success and stage of development and in alignment with the interest of shareholders. With due care to labour market constraints, the Group seeks to keep multiples between lowest and highest paid employees within sensible ranges.

3. Organisation and competencies

3.1 Nomination & Remuneration Committee

In line with Art. 20^{bis} Para. 3 of the AOL, the Board has entrusted the remuneration committee with further tasks in the field of succession planning and nominations, and therefore named the committee "Nomination & Remuneration Committee" (the "NRC"). The NRC is governed by Art. 20^{bis} of the AOL, the Organisation Regulations and the Charter of the NRC. Pursuant to Art. 20^{bis} Para. 1 of the AOL and the Charter of the NRC, the NRC is composed of at least two independent members of the Board. The General Meeting elects the members of the NRC individually. The term of office ends at the close of the next Ordinary General Meeting. Members may be re-elected.

At the Ordinary General Meeting of 13 May 2016, Markus Dennler, Mario Fontana and Beat Oberlin were elected as members of the NRC. Markus Dennler was subsequently designated by the Board as Chairman of the NRC.

As per the Charter of the NRC, there shall be at least two meetings of the NRC per financial year. In 2016, the NRC met four times. The average length of the meetings was 1 hour. At each meeting held in 2016, the members of the Executive Management were present, except when their own remuneration was discussed. The other Board members attended the meetings as guests. No external advisors attended the meetings.

The Chairman of the NRC reports on the activities of the Committee at the following Board meeting or more often when required by the circumstances. In addition, the minutes of the meeting of the NRC are provided to all Board members.

As a general rule, the Company does not consult with permanent external advisors with respect to the structuring of remuneration and share-ownership, or to any related matters. In 2016, the Company did not consult with such external advisors.

Duties

In accordance with the Organisation Regulations and the Charter of the NRC, the NRC has no decision-making powers. It only acts in an advisory or preparatory capacity to support the Board. In particular, it has the following duties:

Generally:

- ▶ review the remuneration policy and system inter alia with due care to the stage of development of the Group and the industry practice, and make sure they are always compliant with applicable legal and regulatory requirements.

With respect to the Board:

- ▶ regularly review inter alia the size and composition of the Board as well as the independence of its members, in order to ensure compliance with the legal and regulatory requirements and consistency with the Group's corporate governance framework;
- ▶ conduct an annual review of the remuneration of the Board members;
- ▶ recommend to the Board for approval and, as the case may be, for proposal to the General Meeting, the form and amount of remuneration to be paid to the Chairman of the Board, other Board members as well as to the Chairman and members of each Board Committee, in line with the AOL and the resolutions of the General Meeting.

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3.1 Nomination & Remuneration Committee (continued)

With respect to the Management:

- ▶ make recommendations to the Board regarding the general remuneration policy of the Executive Management and other members of the Management (together, the "Management");
- ▶ regularly review the employment contracts of the Management and make recommendations to the Board on the remuneration of the Management;
- ▶ make recommendations to the Board and assist the Board regarding the determination and evaluation of the remuneration system and the principles of remuneration, always in line with the AOL, including proposal to the Board of short- or long-term incentive plans and equity based plans (such as stock options, restricted shares and similar instruments), regular review of the plans and proposal of modifications, suspensions or discontinuation of such plans;
- ▶ in case of stock options or similar instruments, make proposals on to whom options shall be granted, the sizes of the option grant, the conditions, the exercise price as well as the exercise date;
- ▶ review the organisation of the Group from a human resources perspective and make recommendations for nomination and dismissal of the Management;
- ▶ review the succession plan for the Management, both for emergencies as well as long-term planning;
- ▶ prepare the proposals to be submitted to the General Meeting pursuant to Art 14^{bis} of the AOL (approval of remuneration) or in relation to the amendments to the provisions of the AOL that address remuneration matters.

For further information on the NRC, reference is made to the AOL (in particular Art. 14^{bis} and 20^{bis}).

3.2 Board of Directors

Subject to the prerogatives of the General Meeting and in line with the applicable laws and Art. 14^{bis} of the AOL, the Board is competent to decide on all relevant issues related to remuneration.

The Board, which is composed of non-executive members only, makes its decisions based on the proposals of the NRC. Board members attend the part of the Board meeting where their remuneration is decided on, and, except if otherwise requested by a Board member, resolve on all recommendations of the NRC regarding Board remuneration in one vote. Members of the Executive Management do not attend the part of the Board meeting where their remuneration is decided on.

3.3 General Meeting

Binding vote on pay

Pursuant to Art. 9 Para. 6 and 14^{bis} Para. 1 of the AOL, the General Meeting shall approve annually the proposals of the Board with regard to the maximum aggregate amount of:

- ▶ the remuneration payable to the Board for the period until the next Ordinary General Meeting pursuant to Art. 21^{bis} of the AOL; and
- ▶ the remuneration payable to the Executive Management for the following financial year pursuant to Art. 21^{ter} of the AOL.

This prospective vote allows the Company to avoid the legal uncertainties that could arise from post hoc votes. At the Ordinary General Meeting of 13 May 2016, the following maximum aggregate amounts were approved:

- ▶ CHF 850,000 for the Board; and
- ▶ CHF 3,750,000 for the Executive Management.

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3.3 General Meeting (continued)

Pursuant to Art. 14^{bis} Para. 2 of the AOL, the Board may submit to the General Meeting for approval proposals concerning the maximum aggregate amounts or individual remuneration elements for other periods or with regard to supplementary amounts for special remuneration elements as well as supplementary conditional proposals.

Pursuant to Art. 14^{bis} Para. 3 of the AOL, the approval of proposals of the Board requires an absolute majority of the votes cast; abstentions do not count as votes cast. If the General Meeting rejects a proposal of the Board, the latter must decide what action is to be taken. The Board may inter alia convene an extraordinary General Meeting or, under consideration of all relevant factors, it may determine a maximum aggregate amount or several maximum partial amounts and submit this / these to the next Ordinary General Meeting for approval. The Company may pay out remuneration within the limits of a maximum aggregate or partial amount so determined, subject to the approval of the General Meeting.

Pursuant to Art. 14^{bis} Para. 4 of the AOL, remuneration may be paid by the Company or one of its group companies.

Pursuant to Art. 14^{bis} Para. 5 of the AOL, the Board shall calculate the amounts according to the same principles as the ones applied for this Remuneration Report. These amounts may, where necessary or appropriate, contain estimates and reserves for unforeseen cases, as well as valuations. In respect of remuneration approved in CHF but payable in a foreign currency, it is possible to exceed the approved amounts for reasons of foreign exchange rate fluctuations.

Pursuant to Art. 14^{bis} Para. 6 of the AOL, if, during a period for which the remuneration payable to the Executive Management has already been approved, new members join the Executive Management or members of the Executive Management are assigned additional tasks, the Company is authorised to pay them a supplementary amount not exceeding 40% of the approved aggregate amount of the remuneration payable to the Executive Management, provided the aggregate amount already approved for the period in question is not sufficient for the remuneration of said members. The supplementary amount drawn on does not need to be approved by the General Meeting and may be used by the Company for all types of remuneration.

For further information on the binding vote on pay, reference is made to the AOL.

Consultative vote on Remuneration Report

Since 2011, it has been the Company's policy to submit the Remuneration Report to a consultative vote by the shareholders and the Board intends to sustain this practice.

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4. Remuneration components

4.1 Generalities

As at 31 December 2016, the following remuneration components were available for the level of responsibilities listed below:

	Base remuneration		Variable remuneration			Pension fund contributions and benefits	Other remuneration
	Cash	Shares	Cash bonus (short-term)	Shares (long-term)	Stock options (long-term)		
Board members	Yes	Yes	Not eligible	Not eligible	Not eligible	Not eligible	Eligible
Members of the Executive Management	Yes	Not eligible	Eligible	Eligible	Eligible	Eligible	Eligible
Other employees	Yes	Not eligible	Eligible	Eligible	Eligible subject to conditions	Eligible	Eligible

Base remuneration

Cash component

The base remuneration depends on the level of seniority and the area in which an employee exercises his / her function. It is paid out in cash in monthly instalments, after deduction of any social insurance, pension fund and other contributions.

Board share plan

The Board share plan is distinct from the employee share plan and does not relate to variable remuneration.

Variable remuneration

The current remuneration framework does not allow for any variable remuneration for the Board. Art. 21^{ter} Para. 2 of the AOL sets forth the principles applicable to the variable remuneration of the members of the Executive Management, which are as follows:

- ▶ The short-term remuneration elements depend in particular on quantitative and qualitative objectives that can take into account results of the Company or parts of the Company, on objectives in relation to the market or other companies and / or on specific objectives. The extent to which the objectives are met is generally assessed over a period of one year and can give rise to a short-term remuneration which will not exceed 150% of the base remuneration. Cash bonus is considered short-term remuneration.
- ▶ The long-term remuneration elements depend in particular on the quantitative strategic objectives of the Company and / or on specific objectives. The extent to which the objectives are achieved is generally assessed over a period of several years. Grants of shares and stock options are considered long-term remuneration.

Further, pursuant to Art. 21^{ter} Para. 3 of the AOL, the Board sets the objectives and subsequently carries out an evaluation of the extent to which these are achieved. The remuneration can be paid or guaranteed in cash, in shares, in options, in similar financial instruments, in kind, or in another form of earnings. The Board decides on the conditions of granting, entitlement, exercising and due date, as well as the timing of the allocation and valuation of shares, options and similar financial instruments, and shall also stipulate a blocking period if necessary. It may issue rules in respect of the early implementation or expiry of conditions of entitlement and exercise, in respect of the payment or assurance of performance-based remuneration, or in respect of the due date upon the occurrence of predetermined events such as a change of control or the termination of an employment relationship or mandate.

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4.1 Generalities (continued)

Employee share plan

Since 2014, the Group offers its employees the opportunity to directly participate in the long-term success of the Group by purchasing Swissquote shares at a discounted price. The employee share plan aims to reward sustained, long-term performance and align shareholder and employee interests more closely.

The employee share plan can be made available to all eligible employees. Within the framework of the applicable laws, the AoI and the decisions of the General Meeting, the Board will at its entire discretion decide every year whether and how many shares will be offered and to whom; no eligible employee shall have an enforceable right to be granted shares at a discounted price. The Board seeks to keep a sensible relation between the number of shares offered to members of the respective levels of the organisation.

Within the framework of the applicable laws, the AoI and the decisions of the General Meeting, the Board decides, at its discretion, the terms of the employee share plan, including the proceedings and the date of grant of the shares, the price to acquire the shares and the blockage period of the shares and its terms. During the blockage period, the employee is not entitled to sell, donate, pledge or otherwise transfer the shares. In case of change of control, the Board may decide to put an end to any ongoing blockage period.

In 2016, shares were offered to all eligible employees for free (no price paid for the acquisition). They are blocked for a period of 5 years as from their attribution.

Employee option plan

The Group operates a stock option plan in order to allow for a long term participation of eligible employees in the growth of the stock price of the Company. Except for options already granted, the stock option plan for the Board members has been discontinued in 2014 and the current remuneration framework does not allow for further grants to Board members.

Within the framework of the applicable laws, the AoI and the decisions of the General Meeting, the Board is responsible for deciding at its own discretion on the terms of the options and the number of options offered. Although terms may vary, since 1999 the Group's practice has been to offer an annual grant to all eligible employees. 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. The exercise period is 2 years. The exercise of one option allows acquiring one Swissquote share (ratio 1:1). Options granted are vested on the date of exercise. As a result, employees holding options who leave the Group before their options become exercisable lose their right to exercise their options, unless the Board decides otherwise.

Since 2007 and in ordinary business circumstances, the maximum number of options that can be offered in a single financial year is determined based on a set ratio expressing the percentage of the fair value of the options offered compared to the base remuneration payroll costs. The ratio was 1.5% in 2016 (1.5% in 2015, 1.4% in 2014). In ordinary business circumstances, the grant of options to individual employees is made based on the level of an employee in the organisation. All employees belonging to the same level of the organisation are offered the same number of options. The Board seeks to keep a sensible relation between the number of options offered to members of the respective levels of the organisation.

In case of change of control, the Board may decide that any non-exercisable option becomes exercisable as of the date and within the period determined by the Board. The Board may also decide that outstanding options shall be replaced by new options having the equity securities of the acquiring Company or another related company as underlying asset, provided that the value of the options received as a replacement for the options is at least equal to the value of the options that they replace on the date the decision is made.

Further details on options valuation are provided in Note 15.2 to the Consolidated Financial Statements (section VII).

Pension fund contributions and benefits

Pension fund contributions and benefits depend on level of management, age, and remuneration.

Loans

Pursuant to Art. 21 Para. 2 of the AoI, the Company may grant loans and credits to the members of the Board and of the Executive Management at market terms or at terms which apply to all employees. Loans and credits which do not satisfy such conditions are authorised provided that, in each single case, they do not exceed the amount of CHF 100,000 and to the extent that they have been approved by the General Meeting, either individually or as part of an aggregate amount.

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4.1 Generalities (continued)

Indemnification

Pursuant to Art. 21 Para. 3 of the AOL, the Company may indemnify members of the Board and of the Executive Management for any loss suffered in connection with lawsuits, trials or settlements relating to their work for the Company and its subsidiaries, or advance appropriate amounts and take out insurance.

Other remuneration

The cash component of the base remuneration may be supplemented by a fixed indemnity covering estimated out-of-pocket expenses. Out-of-pocket expenses are determined in accordance with applicable local tax principles.

The Group employees enjoy benefits on the consumption of services provided by the Group (such as favourable conditions on their Swissquote trading account) and other benefits of minor importance.

4.2 Elements of the remuneration of the members of the Board of Directors

As reflected in the table introducing section 4.1 and in accordance with Art. 21^{bis} Para. 1 of the AOL, the remuneration of the Chairman of the Board and other Board members comprises the annual base remuneration applicable up until the following Ordinary General Meeting, as well as social insurance contributions, insurance premiums and other benefits, which must be regarded as remuneration.

Base remuneration

Within the framework of the applicable laws, the AOL and the decisions of the General Meeting, the base remuneration, which is reviewed annually, is set at the discretion of the Board in response to a proposal by the NRC. The review of the remuneration of the Board takes several factors into consideration, such as the trends in remuneration of Board members in Switzerland and / or in companies that are comparable (in terms of industry and size) according to publicly available information, although no defined benchmark is used. Further the Board seeks to keep a sensible relation between the base remuneration of the Board members and that of the Executive Management.

In accordance with Art. 21^{bis} Para. 2 of the AOL, the Board can decide to have part of the annual base remuneration paid in the form of shares. In this case, it decides on the conditions, including the conditions of grant and the valuation of shares, and stipulates a possible blocking period. The Board share plan is distinct from the employee share plan and does not relate to variable remuneration.

No variable remuneration

Members of the Board are not eligible for any variable remuneration.

Other remuneration

The Board members receive a fixed indemnity covering their estimated out-of-pocket expenses. Within the framework of the applicable laws, the AOL and the decisions of the General Meeting, it is set annually at the discretion of the Board in response to a proposal by the NRC.

The Board members enjoy the same benefits on the consumption of services provided by the Group as the Group employees (such as favourable conditions on their Swissquote trading account). The aggregate amount of such benefits is not considered material and is therefore not reported in this Remuneration Report.

Loans

Pursuant to Art. 21 Para. 2 of the AOL, the Company may grant loans and credits to the members of the Board and the Executive Management at market terms or at terms which apply to all employees. Loans and credits which do not satisfy such conditions are authorised provided that, in each single case, they do not exceed the amount of CHF 100,000 and to the extent that they have been approved by the General Meeting, either individually or as part of an aggregate amount.

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4.3 Elements of the remuneration of the members of the Executive Management

As reflected in the table introducing section 4.1 and in accordance with Art. 21^{ter} Para. 1 of the AOL, the remuneration of the members of the Executive Management comprises:

- ▶ a base remuneration, which is cash-based;
- ▶ a variable remuneration in the form of:
 - a cash component (bonus) capped at 150% of the base remuneration;
 - a share plan;
 - an option plan;
- ▶ social insurance contributions made by the Company;
- ▶ pension fund contributions and benefits;
- ▶ a fixed indemnity covering their estimated out-of-pocket expenses (other remuneration).

Within the framework of the applicable laws, the AOL and the decisions of the General Meeting, all of these items are set at the discretion of the Board and reviewed annually. Members of the Executive Management do not attend the part of the Board meeting where their remuneration is decided on.

Base remuneration

The base remuneration of the members of Executive Management is a cash component reviewed annually by the Board and, when necessary, adjusted by the Board at its discretion - within the framework of the applicable laws, the AOL and the decisions of the General Meeting - in response to a proposal by the NRC. The base remuneration of the members of the Executive Management was last increased in August 2013.

Variable remuneration

Annual cash bonus

Art. 21^{ter} Para. 2 of the AOL allows for a cash bonus up to 150% of the base remuneration. With due consideration for the Group's stage of development, and at least for the year under review, the Board has resolved that the cash bonus should not exceed 50% of the base remuneration and that the maximum cash bonus should only be granted provided that all concerned objectives were significantly over-achieved.

Each year the Board sets a list of quantitative and qualitative objectives to the Executive Management as a whole. Objectives typically include growth and profitability targets as well as objectives relating to the strengthening of the organisation (risk management, compliance, people development, etc.). Members of the Executive Management are not set individual objectives.

The performance review is carried out by the NRC, shortly before the Auditors deliver their Audit Report on the Consolidated Financial Statements of the year under review. Within the framework of the applicable laws, the AOL and the decisions of the General Meeting, the Board resolves, at its entire discretion, on the level of the cash bonus in response to a proposal by the NRC.

Employee share plan

Within the framework of the applicable laws, the AOL and the decisions of the General Meeting, the Board is responsible for making discretionary decisions with respect to the terms of the share attributions and the number of shares offered, in response to a proposal by the NRC. The decision, made each year, is based on general considerations inter alia linked with the stage of development of the Group.

Employee option plan

Within the framework of the applicable laws, the AOL and the decisions of the General Meeting, the Board is responsible for making discretionary decisions with respect to the terms of the options and the number of options offered, in response to a proposal by the NRC. The decision, made each year, 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. Options granted to the members of the Executive Management are vested on the date of the exercise.

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4.3 Elements of the remuneration of the members of the Executive Management (continued)

Pension fund contributions and benefits

Pursuant to Art. 21^{ter} Para. 1 of the AOL, social insurance contributions and pension fund contributions are made to members of the Executive Management.

Other remuneration

The members of the Executive Management receive a fixed indemnity covering their estimated out-of-pocket expenses. Within the framework of the applicable laws, the AOL and the decisions of the General Meeting, it is set annually at the discretion of the Board in response to a proposal by the NRC.

The members of the Executive Management enjoy the same benefits like all the other employees (such as favourable conditions on their Swissquote trading account). The aggregate amount of such benefits is not considered material and is therefore not reported in this Remuneration Report.

Loans

Pursuant to Art. 21 Para. 2 of the AOL, the Company may grant loans and credits to the members of the Board and the Executive Management at market terms or at terms which apply to all employees. Loans and credits which do not satisfy such conditions are authorised provided that, in each single case, they do not exceed the amount of CHF 100,000 and to the extent that they have been approved by the General Meeting, either individually or as part of an aggregate amount.

Duration of contracts

The termination period of the employment contracts of the members of the Executive Management is 6 months.

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5. Remuneration for the financial year under review

This section of the Remuneration Report was audited by the Auditors. It replaces the information previously contained in the notes to the Consolidated Financial Statements pursuant to Art. 663b^{bis} CO.

The remuneration reported in this section is applicable to all activities of the concerned persons in the Group, including, for the Board members, their board activities for the Company and Swissquote Bank Ltd, and, for the members of the Executive Management, their activities in the board of directors of the foreign subsidiaries of the Group.

5.1 Remuneration of the members of the Board of Directors

The tables below show the total remuneration for the members of the Board for the financial years 2016 and 2015. The cash components correspond to gross figures and include social insurance contributions paid by the Board members. Therefore, the figures relating to social insurance contributions only cover the amount paid by the Company. Other remuneration consists of an indemnity covering estimated out-of-pocket expenses.

Board remuneration 2016

All amounts in CHF	Base remuneration		Social insurance contributions	Other remuneration	Total
	Cash	Shares (tax value)			
Mario Fontana, Chairman	120,000	30,017	9,618	2,000	161,635
Markus Dennler, member	80,000	20,005	8,320	2,000	110,325
Martin Naville, member	80,000	20,005	8,320	2,000	110,325
Adrian Bult, member	80,000	20,005	8,320	2,000	110,325
Jean-Christophe Pernollet, member	80,000	20,005	8,320	2,000	110,325
Beat Oberlin, member	50,575	20,005	5,872	1,264	77,716
Sub-total	490,575	130,042	48,770	11,264	680,651
Difference between tax value and IFRS fair value of shares granted to the Board					24,840
Total remuneration 2016					705,491

As reflected in the above table, the total remuneration is calculated by taking into consideration the fair value of the shares granted to the Board. For information on the tax value and on the fair value, reference is made to section 5.3.

At the Ordinary General Meeting of 13 May 2016, Beat Oberlin was newly elected to the Board. The latter's remuneration covers his period of office from 13 May 2016 to 31 December 2016.

In 2016, no remuneration was paid, and no credit or loan was granted, to former Board members. No remuneration was paid to related parties and no credit or loan was granted to related parties, except lombard loans, which were granted at market conditions.

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5.1 Remuneration of the members of the Board of Directors (continued)

Board remuneration 2015

All amounts in CHF	Base remuneration		Social insurance contributions	Other remuneration	Total
	Cash	(tax value)			
Mario Fontana, Chairman	120,000	30,020	7,477	2,000	159,497
Paul E. Otth, member	30,215	0	1,479	704	32,398
Markus Dennler, member	80,000	20,013	6,676	2,000	108,689
Martin Naville, member	80,000	20,013	6,676	2,000	108,689
Adrian Bult, member	80,000	20,013	6,676	2,000	108,689
Jean-Christophe Pernollet, member	80,000	20,013	6,676	2,000	108,449
Sub-total	470,215	110,072	35,420	10,704	626,411
Difference between tax value and IFRS fair value of shares granted to the Board					21,026
Total remuneration 2015					647,437

As reflected in the above table, the total remuneration is calculated by taking into consideration the fair value of the shares granted to the Board. For information on the tax value and on the fair value, reference is made to section 5.3.

At the Ordinary General Meeting of 7 May 2015, Jean-Christophe Pernollet was newly elected to the Board. The amount of his base remuneration for 2015 also covers his office time as member of the Board of Directors of the Bank since 1 January 2015. Paul E. Otth did not seek re-election. The latter's remuneration for 2015 only covers his period of office from 1 January 2015 to 7 May 2015.

Apart from the amount paid to Paul E. Otth for his office time in 2015, no remuneration was paid, and no credit or loan was granted, to former Board members. No remuneration was paid to related parties and no credit or loan was granted to related parties, except lombard loans, which were granted at market conditions.

Board remuneration changes from 2015 to 2016

There was no change in the total base remuneration other than those related to the election of Beat Oberlin and those related to the departure of Paul E. Otth.

The total tax value of the shares granted increased from CHF 110,072 to CHF 130,042 representing a total increase of 18.1%.

The total social insurance contributions increased from CHF 35,420 to CHF 48,770 representing a total increase of 37.7%.

There were no changes for what regards the other remuneration.

Overall total remuneration increased from CHF 647,437 to CHF 705,491 representing a total increase of 9.0%.

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5.2 Remuneration of the members of the Executive Management

The tables below show the total remuneration of the members of the Executive Management for the financial years 2016 and 2015. The cash components correspond to gross figures and include social insurance contributions and pension fund contributions paid by the members of the Executive Management. Therefore, the figures relating to social insurance contributions and pension fund contributions and benefits only cover the amount paid by the Company. Other remuneration consists of an indemnity covering estimated out-of-pocket expenses.

Executive Management remuneration 2016

All amounts in CHF	Base remuneration		Variable remuneration			Social		Other remuneration	Total
	Cash	Cash bonus	Shares (tax value)	Stock options (fair value)	Social insurance contributions				
Marc Bürki, CEO	482,400	60,000	1,864	18,974	69,675	18,000	650,913		
Paolo Buzzi, CTO	482,400	60,000	1,864	18,974	70,042	18,000	651,280		
Michael Ploog, CFO	474,000	60,000	1,864	18,974	69,185	18,000	642,023		
Sub-total	1,438,800	180,000	5,592	56,922	208,902	54,000	1,944,216		
Difference between tax value and IFRS fair value of shares granted to the Executive Management								1,893	
Total remuneration 2016								1,946,109	

As reflected in the above table, the total remuneration is calculated by taking into consideration the fair value of the shares granted to the Board. For information on the tax value and on the fair value, reference is made to section 5.3.

With respect to the cash bonus, reference is made to sections 7.

In 2016, no remuneration was paid, and no credit or loan was granted, to former members of the Executive Management. No remuneration was paid to related parties and no credit or loan was granted to related parties, except lombard loans, which were granted at market conditions.

The short term performance-related remuneration of the Executive Management (cash bonus) represents 12.5% of their total base remuneration.

Remuneration Report 2016

5.2 Remuneration of the members of the Executive Management (continued)

Executive Management remuneration 2015

All amounts in CHF	Base remuneration		Variable remuneration			Social insurance contributions	Other remuneration	Total
	Cash	Cash bonus	Shares (tax value)	Stock options (fair value)				
Marc Bürki, CEO	482,400	0	1,860	18,371	76,171	18,000	596,802	
Paolo Buzzi, CTO	482,400	0	1,860	18,371	76,539	18,000	597,170	
Michael Ploog, CFO	474,000	0	1,860	18,371	77,989	18,000	590,220	
Sub-total	1,438,800	0	5,580	55,113	230,699	54,000	1,784,192	
Difference between tax value and IFRS fair value of shares granted to the Executive Management								1,875
Total remuneration 2015								1,786,067

As reflected in the above table, the total remuneration is calculated by taking into consideration the fair value of the shares granted to the Board. For information on the tax value and on the fair value, reference is made to section 5.3.

With respect to the cash bonus, reference is made to section 7.

In 2015, no remuneration was paid, and no credit or loan was granted, to former members of the Executive Management. No remuneration was paid to related parties and no credit or loan was granted to related parties, except lombard loans, which were granted at market conditions.

The short term performance-related remuneration of the Executive Management (cash bonus) represents 0.0% of their total base remuneration.

Executive Management remuneration changes from 2015 to 2016

There was no change in the total base remuneration.

The total cash bonus increased from CHF 0 to CHF 180,000.

The shares' total tax value increased from CHF 5,580 to CHF 5,592 representing a total increase of 0.2%, while the stock options' total fair value increased from CHF 55,113 to CHF 56,922 representing a total increase of 3.3%.

The total social insurance contributions and pension fund contributions and benefits decreased from CHF 230,699 to CHF 208,902 representing a total decrease of 9.5%.

There were no changes for what regards the other remuneration.

Overall total remuneration increased from CHF 1,786,067 to CHF 1,946,109 representing a total increase of 9.0%.

Remuneration Report 2016

5.3 Valuation principles

The cash bonus is determined based on the accrual (cash bonus) in the financial year under review of the bonus payable in the following financial year. It is based on the results of the financial year under review.

The fair value of the shares is determined in accordance with the International Financial Reporting Standards (IFRS). It represents the market price, i.e. the price that would be received for a share in an orderly transaction between market participants on the grant date.

The market price of the shares granted to the Board in 2016 was CHF 23.9 and the market price of those granted to the Executive Management was CHF 25.0 due to a different grant date. The market price of the shares granted to the Board in 2015 was CHF 25.3 and the market price of those granted to the Executive Management was CHF 24.9 due to a different grant date.

The tax value of the shares is determined based on the Swiss Federal Tax Administration Circular Letter No. 37 on Taxation of Employee Participations. It represents the market price of the share on grant date discounted by a fixed percentage for a certain period of blocking.

Shares granted to the Board in 2016 are blocked for 3 years from their grant date and their tax value amounts to CHF 20.0 per share. This tax value represents the market price of the share on grant date (i.e. CHF 23.9) discounted by 16.0%. Shares granted to the Executive Management in 2016 are blocked for 5 years from their grant date and their tax value amounts to CHF 18.6 per share. This tax value represents the market price of the share on grant date (i.e. CHF 25.0) discounted by 25.3%.

Shares granted to the Board in 2015 are blocked for 3 years from their grant date and their tax value amounts to CHF 21.2 per share. This tax value represents the market price of the share on grant date (i.e. CHF 25.3) discounted by 16.0%. Shares granted to the Executive Management in 2015 are blocked for 5 years from their grant date and their tax value amounts to CHF 18.6 per share. This tax value represents the market price of the share on grant date (i.e. CHF 24.9) discounted by 25.3%.

The fair value of the options is determined based on the Black-Scholes valuation model. The most significant inputs into the model are the market value 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. One option grants the right to acquire one Swissquote share (ratio 1:1). For the financial year 2016, the fair value amounts to CHF 4.0 per option on grant date. For the financial year 2015, the fair value amounts to CHF 3.9 per option on grant date.

Remuneration Report 2016

5.4 Loans and credits to the Board and the Executive Management

The following loans and credits were granted to and were still outstanding as at 31 December 2016 with current and former members of the Board and of the Executive Management. All loans were granted at market conditions.

Members of the Board

All amounts in CHF	2016	2015
Mario Fontana, Chairman	-	-
Markus Dennler, member	-	-
Martin Naville, member	-	-
Adrian Bult, member	-	-
Jean-Christophe Pernollet, member	-	-
Beat Oberlin, member	-	-
Closely related persons	3,991,845	3,975,280
Former members	-	-
Total as at 31 December	3,991,845	3,975,280

Members of the Executive Management

All amounts in CHF	2016	2015
Marc Bürki, CEO	2,731,558	2,821,300
Paolo Buzzi, CTO	2,811,804	-
Michael Ploog, CFO	-	-
Closely related persons	297,837	-
Former members	-	-
Total as at 31 December	5,841,199	2,821,300

Remuneration Report 2016

6. Reconciliation of remuneration with the approval of the General Meeting

At the Ordinary General Meeting of 7 May 2015, the shareholders approved a maximum aggregate remuneration of the Board amounting to CHF 640,000 for the period of office from the Ordinary General Meeting of 7 May 2015 until the completion of the Ordinary General Meeting of 13 May 2016. The total amount of remuneration paid out for this period was CHF 613,735, which is in line with what was approved at the Ordinary General Meeting of 7 May 2015 had approved.

At the Ordinary General Meeting of 13 May 2016, the shareholders approved a maximum aggregate remuneration of the Board amounting to CHF 850,000 for the period of office from the Ordinary General Meeting of 13 May 2016 until the completion of the Ordinary General Meeting of 12 May 2017. The total amount of remuneration that will be paid out for this period is anticipated to be in line with the maximum aggregate remuneration approved at the Ordinary General Meeting of 13 May 2016. The amount that will be paid will be disclosed in the 2017 Remuneration Report.

With respect to the remuneration for the Executive Management, at the Ordinary General Meeting of 7 May 2015, the shareholders approved a maximum aggregate remuneration amounting to CHF 2,800,000 for the financial year 2016. The total amount of the remuneration paid out and accrued for this period was CHF 1,946,109, which is in line with what was approved at the Ordinary General Meeting of 7 May 2015.

At the Ordinary General Meeting of 13 May 2016, the shareholders approved a maximum aggregate remuneration for the Executive Management amounting to CHF 3,750,000 for the financial year 2017. The total amount of remuneration that will be paid out and accrued for this period is anticipated to be in line with the maximum aggregate remuneration approved at the Ordinary General Meeting of 13 May 2016. The amount that will be paid will be disclosed in the 2017 Remuneration Report.

7. "Pay for Performance" appraisal for the financial year under review

As stated in section 4.3, the Board sets each year a list of objectives to the Executive Management as a whole (i.e. no individual objectives). These typically include growth and profitability targets as well as objectives relating to the strengthening of the organisation.

Based on a proposal of the NRC, the Board assessed that the objectives set to the Executive Management for 2016 were partially achieved and set the aggregate cash bonus for the three members of the Executive Management to CHF 180,000.

As a result, for the financial year 2016, the short term performance-related remuneration of the Executive Management (cash bonus) represents 12.5% of their total base remuneration.

Remuneration Report 2016

8. Share ownership information

As at 31 December 2016, the number of shares and options held by Board members, members of the Executive Management and closely related persons, was 4,961,018 or 32.4% of the share capital.

The following tables were produced in accordance with Art. 663c CO and are also available in Note 24 to the Consolidated Financial Statements (section VII).

8.1 Shareholdings

For the sake of clarity, except for the shares granted as part of the Company's share plan, the shares enumerated in the following tables were not granted by the Group, but were acquired by the concerned shareholders, for instance as part of their investment in the initial capital of the Company or via ordinary purchases on the market.

Members of the Board

	Number of shares as at 31 December 2016	Number of shares as at 31 December 2015
Mario Fontana, Chairman	595,815	594,316
Mario Fontana, closely related persons	164,011	164,011
Markus Dennler, member	28,909	27,910
Martin Naville, member	8,365	7,366
Adrian Bult, member	4,143	3,144
Jean-Christophe Pernolle, member	2,243	1,244
Beat Oberlin, member	999	-
Other closely related persons	-	-
Former members	-	300
Total as at 31 December	804,485	798,291

Members of the Executive Management

	Number of shares as at 31 December 2016	Number of shares as at 31 December 2015
Marc Bürki, CEO	1,926,300	1,924,200
Paolo Buzzi, CTO	1,926,275	1,924,175
Michael Ploog, CFO	67,950	67,850
Closely related persons	163,090	161,070
Former members	-	-
Total as at 31 December	4,083,615	4,077,295

Remuneration Report 2016

8.2 Options

The following tables provide information on unexpired options granted to members of the Board and of the Executive Management. These options have the Swissquote share (SQN; ISIN CH0010675863) as underlying and the exercise of one option allows acquiring one Swissquote share (ratio 1:1). The lock-up period ends one day before the start of the exercise period as mentioned in the tables below. Duration and strike prices are also listed below.

Members of the Board

Mario Fontana, Chairman of the Board, 2,750 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
750	07.08.2012	07.08.2015	07.08.2017	32.20
1,000	31.07.2013	31.07.2015	31.07.2017	33.24
1,000	31.07.2013	31.07.2016	31.07.2018	33.24

Markus Dennler, member, 1,834 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
500	07.08.2012	07.08.2015	07.08.2017	32.20
667	31.07.2013	31.07.2015	31.07.2017	33.24
667	31.07.2013	31.07.2016	31.07.2018	33.24

Martin Naville, member, 1,834 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
500	07.08.2012	07.08.2015	07.08.2017	32.20
667	31.07.2013	31.07.2015	31.07.2017	33.24
667	31.07.2013	31.07.2016	31.07.2018	33.24

Adrian Bult, member, 1,834 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
500	07.08.2012	07.08.2015	07.08.2017	32.20
667	31.07.2013	31.07.2015	31.07.2017	33.24
667	31.07.2013	31.07.2016	31.07.2018	33.24

Jean-Christophe Pernollet, member: None.

Beat Oberlin, member: None.

Remuneration Report 2016

8.2 Options (continued)

Executive Management

Marc Bürki, CEO, 21,494 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
2,000	07.08.2012	07.08.2015	07.08.2017	32.20
2,667	31.07.2013	31.07.2015	31.07.2017	33.24
2,667	31.07.2013	31.07.2016	31.07.2018	33.24
1,573	31.10.2014	31.10.2015	31.10.2017	30.71
1,573	31.10.2014	31.10.2016	31.10.2018	30.71
1,574	31.10.2014	31.10.2017	31.10.2019	30.71
1,573	04.08.2015	04.08.2016	04.08.2018	25.66
1,573	04.08.2015	04.08.2017	04.08.2019	25.66
1,574	04.08.2015	04.08.2018	04.08.2020	25.66
1,573	04.08.2016	04.08.2017	04.08.2019	25.95
1,573	04.08.2016	04.08.2018	04.08.2020	25.95
1,574	04.08.2016	04.08.2019	04.08.2021	25.95

Paolo Buzzi, CTO, 21,494 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
2,000	07.08.2012	07.08.2015	07.08.2017	32.20
2,667	31.07.2013	31.07.2015	31.07.2017	33.24
2,667	31.07.2013	31.07.2016	31.07.2018	33.24
1,573	31.10.2014	31.10.2015	31.10.2017	30.71
1,573	31.10.2014	31.10.2016	31.10.2018	30.71
1,574	31.10.2014	31.10.2017	31.10.2019	30.71
1,573	04.08.2015	04.08.2016	04.08.2018	25.66
1,573	04.08.2015	04.08.2017	04.08.2019	25.66
1,574	04.08.2015	04.08.2018	04.08.2020	25.66
1,573	04.08.2016	04.08.2017	04.08.2019	25.95
1,573	04.08.2016	04.08.2018	04.08.2020	25.95
1,574	04.08.2016	04.08.2019	04.08.2021	25.95

Remuneration Report 2016

8.2 Options (continued)

Michael Ploog, CFO, 21,494 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
2,000	07.08.2012	07.08.2015	07.08.2017	32.20
2,667	31.07.2013	31.07.2015	31.07.2017	33.24
2,667	31.07.2013	31.07.2016	31.07.2018	33.24
1,573	31.10.2014	31.10.2015	31.10.2017	30.71
1,573	31.10.2014	31.10.2016	31.10.2018	30.71
1,574	31.10.2014	31.10.2017	31.10.2019	30.71
1,573	04.08.2015	04.08.2016	04.08.2018	25.66
1,573	04.08.2015	04.08.2017	04.08.2019	25.66
1,574	04.08.2015	04.08.2018	04.08.2020	25.66
1,573	04.08.2016	04.08.2017	04.08.2019	25.95
1,573	04.08.2016	04.08.2018	04.08.2020	25.95
1,574	04.08.2016	04.08.2019	04.08.2021	25.95

Closely related persons, 184 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
50	07.08.2012	07.08.2015	07.08.2017	32.20
67	31.07.2013	31.07.2015	31.07.2017	33.24
67	31.07.2013	31.07.2016	31.07.2018	33.24

Remuneration Report 2016

9. Drivers for the level and structure of remuneration

As stated in sections 1 and 3 of this Remuneration Report, the AoI stipulate that shareholders must take separate votes in advance on the maximum remuneration for the Board (the next vote will cover the period from the Ordinary General Meeting of 12 May 2017 to the 2018 Ordinary General Meeting) and the Executive Management (the next vote will cover the financial year 2018). The corresponding proposals of the Board will be included in the invitation to the Ordinary General Meeting of 12 May 2017. As a reminder, such binding say on pay has taken place for the first time at the Ordinary General Meeting of 7 May 2015.

The Group has been targeting the Swiss market exclusively until 2010 and past remuneration was deemed to reflect that of a Swiss domestic company. Since 2010, the Group has engaged into an internationalisation of its operations and now has offices in the United Kingdom, Malta, Dubai and Hong Kong. Through commercial and technological partnerships, the Group is growing its international distribution channels. As a result, an increasing part of the future growth of the Group is expected to be generated by international operations. That trend is likely to influence the level and structure of remuneration of the Board and of the Executive Management in the future.

10. Approval of the Remuneration Report

This Remuneration Report provides full transparency for the financial year 2016 with regard to the Group's remuneration arrangements and remuneration paid to the Board and the Executive Management. The Board intends to recommend that the General Meeting approves this Remuneration Report at the Ordinary General Meeting of 12 May 2017 (consultative vote).



Report of the statutory auditor to the General Meeting of Swissquote Group Holding Ltd Gland

We have audited the remuneration report of Swissquote Group Holding Ltd for the year ended 31 December 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in section 5 on pages 163 to 168 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Swissquote Group Holding Ltd for the year ended 31 December 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers Ltd

Beresford Caloia

Alain Lattafi

Audit expert
Auditor in charge

Audit expert

Lausanne, 28 February 2017

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