

# Remuneration Report 2018

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# Remuneration Report

## 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 Corporations that entered into force on 1 January 2014 (the "Ordinance")<sup>1</sup>, 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 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, PricewaterhouseCoopers Ltd; 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 10 May 2019.

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 this 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. 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 further information on remuneration matters, reference is made to the Articles of Incorporation of the Company last amended on 4 May 2018 and applicable as at 31 December 2018, which are available at <https://en.swissquote.com/company/investors> in the French original version together with an English free translation (the "Aol").

<sup>1</sup> Also 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).

# Remuneration Report

## 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<sup>bis</sup> 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<sup>bis</sup> of the Aol, the Organisation Regulations and the Charter of the NRC. Pursuant to Art. 20<sup>bis</sup> 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 4 May 2018, Markus Dennler, Martin Naville and Monica Dell'Anna were re-elected, respectively elected as members of the NRC. Markus Dennler was subsequently appointed 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 2018, the NRC met six times (four physical meetings and two conference calls). In average, a physical meeting lasts for one hour and 15 minutes and a conference call lasts for 45 minutes. At each meeting held in 2018, 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 Chair 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.

In 2018, the Company did not consult with external advisors with respect to the structuring of remuneration, share ownership or any related matters.

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 and reports to the latter on the outcome of its reviews together with its recommendations, including in terms of succession planning, training and need for external support. 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, in particular with FINMA Circular 2017/1 "Corporate Governance – banks", 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 Chair of the Board, other Board members as well as to the Chair and members of each Board Committee, in line with the Aol and the resolutions of the General Meeting.

# Remuneration Report

## 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 (including but not limited to stock options, restricted shares and similar instruments), regular review of the plans and proposal of modifications, suspensions or discontinuation of such plans;
- 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<sup>bis</sup> 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<sup>bis</sup> and 20<sup>bis</sup>).

## 3.2 Board of Directors

Subject to the prerogatives of the General Meeting and in line with the applicable laws and Art. 14<sup>bis</sup> 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. 2 and 14<sup>bis</sup> 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<sup>bis</sup> of the Aol; and
- The remuneration payable to the Executive Management for the following financial year pursuant to Art. 21<sup>ter</sup> 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 4 May 2018, the following maximum aggregate amounts were approved:

- CHF 1,000,000 for the Board; and
- CHF 5,000,000 for the Executive Management.

For further information on the binding vote on pay, reference is made to the Aol, in particular Art. 14<sup>bis</sup>.

### **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.

# Remuneration Report

## 4 Remuneration components

### 4.1 Generalities

As at 31 December 2018, the following remuneration components were available for the level of responsibilities listed below:

	Base remuneration		Variable remuneration				
	Cash	Shares	Cash bonus (short-term)	Shares (long-term)	Stock options (long-term)	Pension fund contributions and benefits	Other remuneration
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 subject to conditions	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<sup>ter</sup> 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. 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<sup>ter</sup> 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 also stipulates 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.

# Remuneration Report

## 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 Aol 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 has 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 Aol 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 blocking period of the shares and its terms. During the blocking 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 blocking period.

In 2018, shares were offered for free (no price paid for the acquisition) to all eligible employees, except to the members of the Executive Management. They are blocked for a period of five 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. 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 Aol 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. 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 two 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 (or the body to which it delegated this task) 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 3.0% in 2018 (2.5% in 2017). In ordinary business circumstances, the grant of options to individual employees is made based on the level of an employee in the organisation. In 2018, options were offered to all eligible employees from the middle management to the Executive Management. 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 the level of management, age, and remuneration.

### **Loans**

Pursuant to Art. 21 Para. 2 of the Aol, 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.

# Remuneration Report

## 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<sup>bis</sup> Para. 1 of the Aol, the remuneration of the Chair 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<sup>bis</sup> 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 at market terms or at terms which apply to 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.

# Remuneration Report

## 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<sup>ter</sup> 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 cash-based. It is 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 March 2018.

### Variable remuneration

#### Annual cash bonus

Art. 21<sup>ter</sup> Para. 2 of the Aol allows for a cash bonus up to 150% of the base remuneration.

Each year, the Board sets a list of quantitative and qualitative objectives to the Executive Management as a whole. Members of the Executive Management are not set individual objectives. The objectives set to the Executive Management are classified in four typologies:

- Financial objectives;
- Growth objectives;
- Defensive/conservation objectives;
- Other objectives.

For each typology, there may be one or more objectives associated with a weighted target. The number and the nature of objectives may vary from one year to the other at the discretion of the Board. For confidentiality reasons, the detail of such objectives is not disclosed in the Remuneration Report.

For the financial year under review, the objectives that were merely quantitative and the objectives that were largely quantitative (involving judgement to a small extent) represent approximately 75% of the total weight. The remaining objectives representing approximately 25% of the total weight involve an evaluation using a more judgemental approach in order to determine their level of achievement.

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.

The cash bonus payable to the Executive Management is determined by the Board at its entire discretion, using the following two-step process:

- Step 1: The NRC collects the data that are required in order to measure the degree of achievement of the respective objectives set and determines a total score. For determining the final score, the NRC also considers the possible impact on the total score resulting from developments or event that occurred in the year under review and that could not be considered at the time the objectives were set. The final score is converted into a percentage of the annual base remuneration of the Executive Management using predefined scales, which are reviewed periodically. The application of the percentage represents the maximum cash bonus that members of the Executive Management may receive.
- Step 2: In response to a proposal by the NRC, the Board determines the maximum aggregate variable remuneration to be allocated in cash, shares and stock options to all Group employees and the respective portion for the cash bonus and non-cash elements of the variable remuneration. The maximum aggregate variable remuneration is based on several factors, among which (1) the return on the base profit that is defined as the ratio of the reference pre-tax profit (i.e. the pre-tax profit adjusted by material one-offs, if any, plus the amount of the accrued variable remuneration in said financial year) to the reference capital (i.e. the regulatory capital required for the operations plus the internal capital buffers in said year, the amount of which is determined by the Board as part of its regulatory obligations in terms of capital planning) and (2) the structure of the distribution of the reference pre-tax profit between (a) the shareholders (dividend and other pay-outs), (b) the Group employees (aggregate variable remuneration) and (c) the amount to be retained by the Group itself for the purpose of supporting its future activities.



# Remuneration Report

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

With due care to (1) the amount of variable remuneration paid in cash, shares and options to Group employees other than the Executive Management and (2) the fair value of the components of the long-term variable remuneration granted to the members of the Executive Management, the maximum cash bonus that members of the Executive Management would receive in accordance in Step 1 is reduced to the amount available as determined in Step 2.

### Employee share and stock 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 – in response to a proposal by the NRC – with respect to (1) the terms of the share attributions and the number of shares offered and (2) the terms of the options and the number of options offered.

The combination of shares and stock options may vary from one year to the other, but the aggregate fair value shall be consistent with the growth profile of the Group. The fair value of the variable remuneration allocated to each member of the Executive Management is the same in a given calendar year and the maximum aggregate fair value is determined with due care to the maximum aggregate variable remuneration to be allocated in cash, shares and stock options to all Group employees and the respective share for the cash bonus and non-cash elements of the variable remuneration.

### **Pension fund contributions and benefits**

Pursuant to Art. 21<sup>ter</sup> 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 as 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 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 six months.

# Remuneration Report

## 5 Remuneration for the financial year under review

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.

This section of the Remuneration Report was audited by the Company's auditors.

## 5.1 Remuneration of the members of the Board of Directors

The tables in this section state the total remuneration for the members of the Board for the financial years 2018 and 2017. 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.

	Base remuneration				Total
	Cash	Shares (tax value)	Social insurance contributions	Other remuneration	
in CHF					
<b>Board remuneration 2018</b>					
Mario Fontana, Chairman	140,000	30,015	11,445	2,000	183,460
Markus Dennler, member	93,333	20,022	9,715	2,000	125,070
Martin Naville, member	93,333	20,022	9,715	2,000	125,070
Jean-Christophe Pernellet, member	93,333	20,022	9,715	2,000	125,070
Beat Oberlin, member	93,333	20,022	9,715	2,000	125,070
Monica Dell'Anna, member	66,667	20,022	7,649	1,333	95,671
<b>Subtotal</b>	<b>579,999</b>	<b>130,125</b>	<b>57,954</b>	<b>11,333</b>	<b>779,411</b>
Difference between tax value and IFRS fair value of shares granted to the Board					24,856
<b>Total remuneration 2018</b>					<b>804,267</b>

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 4 May 2018, Monica Dell'Anna was newly elected to the Board. The latter's remuneration covers her period of office from 4 May 2018 to 31 December 2018.

In 2018, no remuneration was paid, and no credit or loan was granted, to former Board members. Furthermore, 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.

# Remuneration Report

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

	Base remuneration				Total
	Cash	Shares (tax value)	Social insurance contributions	Other remuneration	
in CHF					
<b>Board remuneration 2017</b>					
Mario Fontana, Chairman	120,000	30,014	9,618	2,000	161,632
Markus Dennler, member	80,000	20,020	8,320	2,000	110,340
Martin Naville, member	80,000	20,020	8,320	2,000	110,340
Jean-Christophe Pernellet, member	80,000	20,020	8,320	2,000	110,340
Beat Oberlin, member	80,000	20,020	8,320	2,000	110,340
Adrian Bult, former member	31,500	–	4,285	730	36,515
<b>Subtotal</b>	<b>471,500</b>	<b>110,094</b>	<b>47,183</b>	<b>10,730</b>	<b>639,507</b>
Difference between tax value and IFRS fair value of shares granted to the Board					21,028
<b>Total remuneration 2017</b>					<b>660,535</b>

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 12 May 2017, Adrian Bult did not seek re-election. The latter's remuneration for 2017 only covers his period of office from 1 January 2017 to 12 May 2017. Apart from the amount paid to Adrian Bult for his office time in 2017, no remuneration was paid, and no credit or loan was granted, to former Board members in 2017.

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 2017 to 2018

The total remuneration increased from CHF 660,535 to CHF 804,267 representing a total increase of 21.8%. This increase is relating to (1) the election, at the General Meeting of 4 May 2018, of an additional Board member in the person of Monica Dell'Anna and (2) a 25% increase of the base remuneration in cash as of May 2018. The base remuneration in cash of the Board remuneration had not been revised since the first publication of the Remuneration Report in 2011. The increase was within the framework of the amount approved by the General Meeting of 4 May 2018 and reflects the stage of development of the Group.

More specifically, the total base remuneration in cash increased from CHF 471,500 to CHF 579,999 representing a total increase of 23.0% and the shares' total tax value increased from CHF 110,094 to CHF 130,125 representing a total increase of 18.2%. Further, the total social insurance contributions and pension fund contributions and benefits increased from CHF 47,183 to CHF 57,954 representing a total increase of 22.8% and the other remuneration increased from CHF 10,730 to CHF 11,333 representing a total increase of 5.6%.

# Remuneration Report

## 5.2 Remuneration of the members of the Executive Management

This Remuneration Report states the remuneration of the highest paid member of the Executive Management as well as the aggregate remuneration of all members of the Executive Management. This is in line with market practice and results from the application of the Ordinance.

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.

	Base remuneration		Variable remuneration				Total
	Cash	Cash bonus	Shares (tax value)	Stock options (fair value at grant)	Social insurance contributions	Other remuneration	
in CHF							
<b>Executive Management remuneration 2018</b>							
Marc Bürki, CEO (highest paid)	513,134	213,000	–	36,131	91,698	21,600	875,563
<b>Aggregate of all members of the Executive Management</b>	<b>2,139,035</b>	<b>927,000</b>	<b>–</b>	<b>180,655</b>	<b>391,761</b>	<b>90,600</b>	<b>3,729,051</b>
Difference between tax value and IFRS fair value of shares granted to the Executive Management							–
<b>Total remuneration 2018</b>							<b>3,729,051</b>

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

In 2018, 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 aggregate short-term performance-related remuneration of the Executive Management (cash bonus) represents 43.3% of their aggregate base remuneration.

# Remuneration Report

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

	Base remuneration		Variable remuneration			Social insurance contributions	Other remuneration	Total
	Cash	Cash bonus	Shares (tax value)	Stock options (fair value at grant)				
in CHF								
<b>Executive Management remuneration 2017</b>								
Marc Bürki, CEO (highest paid)	482,400	200,000	2,406	24,733	77,517	24,300	811,356	
<b>Aggregate of all members of the Executive Management</b>	<b>2,032,800</b>	<b>856,000</b>	<b>12,030</b>	<b>123,665</b>	<b>331,978</b>	<b>96,300</b>	<b>3,452,773</b>	
Difference between tax value and IFRS fair value of shares granted to the Executive Management								4,070
<b>Total remuneration 2017</b>								<b>3,456,843</b>

As reflected in the above table, the total remuneration is calculated by taking into consideration the fair value of the shares granted to the Executive Management. 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 2017, 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 aggregate short-term performance-related remuneration of the Executive Management (cash bonus) represents 42.1% of their aggregate base remuneration.

### Executive Management remuneration changes from 2017 to 2018

The total base remuneration increased from CHF 2,032,800 to CHF 2,139,035, representing a total increase of 5.2%.

The total cash bonus increased from CHF 856,000 to CHF 927,000, representing a total increase of 8.3%, which reflects the level of achievement of the objectives set to the Executive Management for 2018.

In 2018, no shares were granted to the Executive Management, while the stock options' total fair value increased from CHF 123,665 to CHF 180,655, representing a total increase of 46.1%.

The total social insurance contributions and pension fund contributions and benefits increased from CHF 331,978 to CHF 391,761, representing a total increase of 18.0%.

The other remuneration decreased from CHF 96,300 to CHF 90,600, representing a total decrease of 5.9%.

Overall total remuneration increased from CHF 3,456,843 to CHF 3,729,051, representing a total increase of 7.9%.

# Remuneration Report

## 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 2018 was CHF 45.3. The market price of the shares granted to the Board in 2017 was CHF 38.2 and the market price of those granted to the Executive Management was CHF 32.2 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 and Circular Letter No. 37A on Tax Treatment of Employee Participations with the Employer. 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 2018 are blocked for three years from their grant date and their tax value amounts to CHF 38.0 per share. This tax value represents the market price of the share on grant date (i.e. CHF 45.3) discounted by 16.0%.

Shares granted to the Board in 2017 are blocked for three years from their grant date and their tax value amounts to CHF 32.0 per share. This tax value represents the market price of the share on grant date (i.e. CHF 38.2) discounted by 16.0%. Shares granted to the Executive Management in 2017 are blocked for five years from their grant date and their tax value amounts to CHF 24.1 per share. This tax value represents the market price of the share on grant date (i.e. CHF 32.2) 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 ten 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 2018, the fair value amounts to CHF 10.0 on average per option on grant date. For the financial year 2017, the fair value amounts to CHF 5.2 on average per option on grant date.

# Remuneration Report

## 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 2018 with current and former members of the Board and of the Executive Management<sup>1</sup>. All loans were granted at market conditions.

	2018	2017
in CHF		
<b>Members of the Board</b>		
Mario Fontana, Chairman	–	–
Markus Dennler, member	–	–
Martin Naville, member	–	–
Jean-Christophe Pernellet, member	–	–
Beat Oberlin, member	–	–
Monica Dell'Anna, member	–	–
Closely related persons	–	3,998,490
Former members	–	–
<b>Total as at 31 December</b>	<b>–</b>	<b>3,998,490</b>
	2018	2017
in CHF		
<b>Members of the Executive Management</b>		
Marc Bürki, CEO	5,046,495	3,231,605
Paolo Buzzi, CTO	2,998,643	2,587,986
Michael Ploog, CFO	–	–
Morgan Lavanchy, CLO	–	–
Gilles Chantrier, CRO	–	–
Closely related persons	614,443	253,213
Former members	–	–
<b>Total as at 31 December</b>	<b>8,659,581</b>	<b>6,072,804</b>

<sup>1</sup> The above table presents gross amounts as at 31 December 2018 while net amounts were presented as at 31 December 2017.

# Remuneration Report

## **6 Reconciliation of remuneration with the approval of the General Meeting**

At the Ordinary General Meeting of 12 May 2017, the shareholders approved a maximum aggregate remuneration of the Board amounting to CHF 750,000 for the period of office from the Ordinary General Meeting of 12 May 2017 until the completion of the Ordinary General Meeting of 4 May 2018. The total amount of remuneration paid out for this period was CHF 624,020, which is in line with what was approved at the Ordinary General Meeting of 12 May 2017. The above-mentioned maximum aggregate remuneration included a reserve of CHF 100,000 in order to cover potential exceptional tasks requiring an additional remuneration. No such additional remuneration was paid, i.e. the reserve was not used.

At the Ordinary General Meeting of 4 May 2018, the shareholders approved a maximum aggregate remuneration of the Board amounting to CHF 1,000,000 for the period of office from the Ordinary General Meeting of 4 May 2018 until the completion of the Ordinary General Meeting of 10 May 2019. 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 4 May 2018. The final amount that will be paid will be disclosed in the 2019 Remuneration Report.

With respect to the remuneration of the Executive Management, at the Ordinary General Meeting of 12 May 2017, the shareholders approved a maximum aggregate remuneration amounting to CHF 4,000,000 for the financial year 2018. The total amount of the remuneration paid out and accrued for this period was CHF 3,729,051, which is in line with what was approved at the Ordinary General Meeting of 12 May 2017.

At the Ordinary General Meeting of 4 May 2018, the shareholders approved a maximum aggregate remuneration for the Executive Management amounting to CHF 5,000,000 for the financial year 2019 on the basis that the Executive Management would comprise five members. Based on this assumption, 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 4 May 2018. The final amount that will be paid will be disclosed in the 2019 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).

Based on a proposal of the NRC, the Board assessed that the objectives set to the Executive Management for 2018 were over-achieved and set the aggregate cash bonus for the five members of the Executive Management to CHF 927,000.

As a result, for the financial year 2018, the short-term performance-related remuneration of the Executive Management (cash bonus) represents 43.3% of their total base remuneration.



# Remuneration Report

## 8 Share ownership information

As at 31 December 2018, the number of shares and options held by Board members, members of the Executive Management and closely related persons, was 4,746,541 or 31.0% 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.

	Number of shares as at 31 December 2018	Number of shares as at 31 December 2017
<b>Members of the Board</b>		
Mario Fontana, Chairman	492,219	516,752
Mario Fontana, closely related persons	184,011	244,011
Markus Dennler, member	30,728	29,534
Martin Naville, member	10,784	8,990
Jean-Christophe Pernellet, member	3,395	2,868
Beat Oberlin, member	2,851	3,424
Monica Dell'Anna, member <sup>1</sup>	1,077	–
Other closely related persons	–	–
<b>Total as at 31 December</b>	<b>725,065</b>	<b>805,579</b>

	Number of shares as at 31 December 2018	Number of shares as at 31 December 2017
<b>Members of the Executive Management</b>		
Marc Bürki, CEO	1,908,400	1,934,692
Paolo Buzzi, CTO	1,896,535	1,936,240
Michael Ploog, CFO	63,605	68,050
Morgan Lavanchy, CLO	340	340
Gilles Chantrier, CRO	340	340
Closely related persons	91,772	154,810
<b>Total as at 31 December</b>	<b>3,960,992</b>	<b>4,094,472</b>

<sup>1</sup> Monica Dell'Anna has joined the Board of Directors on 4 May 2018.

# Remuneration Report

## 8.2 Options

The following tables provide information on unexpired options granted to members 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. As at 31 December 2018, no Board member held any unexpired option.

Marc Bürki, CEO, 14,615 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
1,574	31.10.14	31.10.17	31.10.19	30.71
1,574	04.08.15	04.08.18	04.08.20	25.66
1,573	04.08.16	04.08.18	04.08.20	25.95
1,574	04.08.16	04.08.19	04.08.21	25.95
1,573	11.08.17	11.08.18	11.08.20	34.02
1,573	11.08.17	11.08.19	11.08.21	34.02
1,574	11.08.17	11.08.20	11.08.22	34.02
1,200	06.08.18	06.08.19	06.08.21	68.81
1,200	06.08.18	06.08.20	06.08.22	68.81
1,200	06.08.18	06.08.21	06.08.23	68.81

Paolo Buzzi, CTO, 14,615 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
1,574	31.10.14	31.10.17	31.10.19	30.71
1,574	04.08.15	04.08.18	04.08.20	25.66
1,573	04.08.16	04.08.18	04.08.20	25.95
1,574	04.08.16	04.08.19	04.08.21	25.95
1,573	11.08.17	11.08.18	11.08.20	34.02
1,573	11.08.17	11.08.19	11.08.21	34.02
1,574	11.08.17	11.08.20	11.08.22	34.02
1,200	06.08.18	06.08.19	06.08.21	68.81
1,200	06.08.18	06.08.20	06.08.22	68.81
1,200	06.08.18	06.08.21	06.08.23	68.81

Michael Ploog, CFO, 13,041 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
1,574	04.08.15	04.08.18	04.08.20	25.66
1,573	04.08.16	04.08.18	04.08.20	25.95
1,574	04.08.16	04.08.19	04.08.21	25.95
1,573	11.08.17	11.08.18	11.08.20	34.02
1,573	11.08.17	11.08.19	11.08.21	34.02
1,574	11.08.17	11.08.20	11.08.22	34.02
1,200	06.08.18	06.08.19	06.08.21	68.81
1,200	06.08.18	06.08.20	06.08.22	68.81
1,200	06.08.18	06.08.21	06.08.23	68.81

# Remuneration Report

## 8.2 Options (continued)

### Executive Management

Morgan Lavanchy, CLO, 10,680 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
787	04.08.15	04.08.18	04.08.20	25.66
787	04.08.16	04.08.18	04.08.20	25.95
786	04.08.16	04.08.19	04.08.21	25.95
1,573	11.08.17	11.08.18	11.08.20	34.02
1,573	11.08.17	11.08.19	11.08.21	34.02
1,574	11.08.17	11.08.20	11.08.22	34.02
1,200	06.08.18	06.08.19	06.08.21	68.81
1,200	06.08.18	06.08.20	06.08.22	68.81
1,200	06.08.18	06.08.21	06.08.23	68.81

Gilles Chantrier, CRO, 7,533 options, divided as follows:

Number of options	Date of grant	Start of exercise period	Expiry date	Strike price
786	04.08.16	04.08.19	04.08.21	25.95
1,573	11.08.17	11.08.19	11.08.21	34.02
1,574	11.08.17	11.08.20	11.08.22	34.02
1,200	06.08.18	06.08.19	06.08.21	68.81
1,200	06.08.18	06.08.20	06.08.22	68.81
1,200	06.08.18	06.08.21	06.08.23	68.81

## 9 Approval of the Remuneration Report

This Remuneration Report provides full transparency for the financial year 2018 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 10 May 2019 (consultative vote).



## Report of the statutory auditor to the General Meeting of Swissquote Group Holding Ltd Gland on the Remuneration Report 2018

We have audited the remuneration report of Swissquote Group Holding Ltd for the year ended 31 December 2018. 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 164 to 169 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 2018 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Beresford Caloia

Audit expert  
Auditor in charge

Nicolas Journot

Audit expert

Lausanne, 1 March 2019

PricewaterhouseCoopers SA, avenue C.-F. Ramuz 45, case postale, CH-1001 Lausanne, Switzerland  
Téléphone: +41 58 792 81 00, Téléfax: +41 58 792 81 10, [www.pwc.ch](http://www.pwc.ch)

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