

Results for the first half of 2014

### Swissquote posts strong revenue growth

Swissquote increased net revenues by 16.8 percent year-on-year to CHF 70.3 million in the 1st half of 2014. The bulk of this growth came from MIG Bank, acquired at the end of September 2013. However, the MIG integration also resulted in a substantial increase in operating expenses, which had a negative impact on net profit – down by 18.0 percent to CHF 11.1 million. These additional costs should be greatly reduced over the next twelve months by the synergies that will take effect. Assets under custody reached CHF 10.8 billion. The number of accounts rose by 7.0 percent. For 2014 Swissquote is expecting to see total net revenues in the region of CHF 145 million and net new monies of CHF 1 billion. eForex business is projected to reach a volume of USD 500 billion in the 2nd half of 2014.

#### eForex as a major driver of earnings

**Total net revenues** grew by 16.8 percent to CHF 70.3 million (CHF 60.2 million) compared with the 1<sup>st</sup> half of 2013. This position was impacted by a fair value adjustment (+CHF 0.03 million) and the item 'Forex income - Nostro results' (-CHF 2.25 million).

**Net fee & commission income** was up slightly despite a decrease in trading activity to 12.0 transactions per client per year (tpcpy), down from 13.2 in the 1st half of 2013. The 3.2 percent increase in income to CHF 30.9 million (CHF 30.0 million) reflects not only higher average income per transaction, up from CHF 21.90 to CHF 23.50, but also the more than 3,000 additional trading clients. Many clients continue to exercise cautious restraint, as evidenced by the relatively high cash proportion of around one quarter of assets under custody. Owing to Swissquote's prudent investment policy, **net interest income** decreased by 8.1 percent to CHF 7.2 million (CHF 7.8 million). More than half of the balance sheet total (CHF 2.004 billion) is held as deposits with the Swiss National Bank.

Swissquote previously reported **net trading and eForex income** as a single figure. Given the notable increase in the significance of eForex business, these two income positions are now reported separately. At CHF 6.4 million (CHF 6.7 million), **net trading income** was slightly lower-year-on-year by 4.3 percent. **Net eForex income** grew by 84.7 percent to CHF 28.0 million (CHF 15.2 million), accounting for almost half of net revenues. The eForex volume reached 437.7 billion (CHF 175.6 billion) in the 1st half of 2014, 12.5 percent below the targeted USD 500 billion per half year. The lower volume is chiefly explained by the low levels of volatility – one of the main driver of trading – over recent months. The full technical integration of MIG Bank is somewhat behind schedule, but will be completed in the 3rd quarter of 2014. As of then, it will be possible to expand former MIG Bank's operation profit margin from 10 percent to the 25 percent targeted by Swissquote.

### Integration impacting profit

At CHF 57.2 million (CHF 43.7 million), **operating expenses** in the 1st half of 2014 were 31.0 percent higher year-on-year. As with net revenues, the bulk of the increase in expenses is due to the integration of MIG Bank. In particular, the 46.4 percent rise in payroll and related expenses to CHF 28.9 million had a strong impact on operating costs. Other operating costs were up by 26.8 percent to CHF 21.8 million.

**Pre-tax profit** came to CHF 13.2 million (CHF 16.6 million) and **net profit** CHF 11.1 million (CHF 13.5 million). The pre-tax margin was at 18.7 percent (27.5 percent) and the net profit margin at 15.8 percent (22.5 percent). **Earnings per share** amounted to CHF 0.75 (CHF 0.95). **Total equity** grew by 20.3 percent to CHF 271.3 million (CHF 225.5 million); the **core capital ratio** (Tier 1) reached 23.1 percent (22.6 percent).

### Increase in assets under custody and number of clients

The number of customers continued to grow. The **total number of accounts** rose by 7.0 percent compared with the 1st half of 2013 to 219,177 (204,812). The breakdown is 165,143 trading accounts (+1.9 percent), 31,451 saving accounts (+2.2 percent), 1,068 ePrivate Banking accounts (+24.2 percent) and 21,515 eForex accounts (+92.6 percent). Compared with the previous year, **assets under custody** increased by 16.9 percent to CHF 10.835 billion (CHF 9.267 billion). At the end of June 2014, assets of CHF 9.822 billion were held in trading accounts, CHF 718.9 million in saving accounts, CHF 57.4 million in ePrivate Banking accounts and 236.5 million in eForex accounts. **New net monies** increased by 20.3 percent year-on-year to CHF 456.4 million (CHF 379.5 million).

### ePrivate Banking successfully established

The ePrivate Banking business achieved substantial growth in the 1st half of 2014 in terms of both the number of clients (+24.2 percent) and assets under custody (+115.0 percent). The 1,000-client milestone was passed for the first time. Released a number of days ago, Swissquote's multi-asset system version 2 is a completely revamped tool that offers ePrivate Banking clients an enhanced fee model as well as a hedge against currency fluctuations.

### Strategic partnership between Swissquote and PostFinance

In May, Swissquote and PostFinance announced that they were establishing a long-term strategic partnership in online trading: Swissquote will operate as a trading platform for PostFinance from autumn 2015, handling stock exchange orders placed by PostFinance customers in e-trading. The two companies intend to join forces to develop the online brokerage market. In order to strengthen this intention, PostFinance has acquired a 5 percent equity investment in the capital of Swissquote.

The complete **financial report for the 1st half of 2014** is available on:

<http://www.swissquote.ch – THE COMPANY/Investor Relations/Reporting>

**Swissquote – The Swiss Leader in Online Banking**

As a leading provider of online financial services, Swissquote offers innovative solutions and analysis tools to meet the wide range of demands and needs of its clients. As well as various online trading services, the user-friendly platform also provides solutions for eForex, ePrivate Banking, eMortgages, and flexible saving accounts. In addition to a low-cost service for private clients, Swissquote also offers specialized services for independent asset managers and corporate clients. Swissquote is quoted on the SIX Swiss Exchange (SQN) and holds a banking license. The company is subject to supervision by the Swiss Federal Financial Market Supervisory Authority (FINMA) and is a member of the Swiss Bankers Association.

**For further information**

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**Agenda 2015**

03.03.2015          Presentation of 2014 results in Zurich (SIX Swiss Exchange)

07.05.2015          Annual General Meeting in Zurich

CHF'000	Comparison with Previous Year				Comparison with Previous Half Year			
	H1-2014	H1-2013	Change	Change [%]	H1-2014	H2-2013	Change	Change [%]
Net Fee & Commission Income	30'945.2	29'981.1	964.1	3.2%	30'945.2	29'323.0	1'622.2	5.5%
Interest Income, net	7'199.2	7'834.9	(635.7)	-8.1%	7'199.2	7'290.1	(90.9)	-1.2%
eForex Income, net (excl. Nostro results)	28'033.3	15'178.9	12'854.4	84.7%	28'033.3	22'809.4	5'223.9	22.9%
Trading Income, net	6'376.2	6'664.8	(288.6)	-4.3%	6'376.2	5'055.2	1'321.0	26.1%
<b>Total Operating Revenues</b>	<b>72'553.9</b>	<b>59'659.7</b>	12'894.2	21.6%	<b>72'553.9</b>	<b>64'477.7</b>	8'076.2	12.5%
Unrealised Fair Value	29.1	(39.1)	68.2	174.4%	29.1	677.1	(648.0)	-95.7%
eForex Income - Nostro results	(2'250.8)	598.7	(2'849.5)	475.9%	(2'250.8)	(503.4)	(1'747.4)	347.1%
<b>Total Net Revenues</b>	<b>70'332.2</b>	<b>60'219.3</b>	10'112.9	16.8%	<b>70'332.2</b>	<b>64'651.4</b>	5'680.8	8.8%
Payroll & Related Expenses	(28'864.8)	(19'716.9)	(9'147.9)	46.4%	(28'864.8)	(25'427.3)	(3'437.5)	13.5%
Other Operating Expenses (incl. Depr. & Provision)	(21'845.3)	(17'222.3)	(4'623.0)	26.8%	(21'845.3)	(21'009.3)	(836.0)	4.0%
Marketing Expenses	(6'455.6)	(6'712.3)	256.7	-3.8%	(6'455.6)	(5'688.3)	(767.3)	13.5%
<b>Total Expenses</b>	<b>(57'165.7)</b>	<b>(43'651.5)</b>	(13'514.2)	31.0%	<b>(57'165.7)</b>	<b>(52'124.9)</b>	(5'040.8)	9.7%
<b>Pre-tax Profit</b>	<b>13'166.5</b>	<b>16'567.8</b>	(3'401.3)	-20.5%	<b>13'166.5</b>	<b>12'526.5</b>	640.0	5.1%
Income Taxes	(2'063.2)	(3'021.1)	957.9	-31.7%	(2'063.2)	(1'567.3)	(495.9)	31.6%
One-offs items*	-	-	-	-	-	(12'849.7)	12'849.7	-100.0%
<b>Net Profit</b>	<b>11'103.3</b>	<b>13'546.7</b>	(2'443.4)	-18.0%	<b>11'103.3</b>	<b>(1'890.5)</b>	12'993.8	687.3%
Pre-tax Profit Margin [%]	18.7%	27.5%			18.7%	19.4%		
Net Profit Margin [%]	15.8%	22.5%			15.8%	-2.9%		
Weighted average number of ordinary shares [units]	14'824'710	14'262'567			14'824'710	14'217'457		
Earning per share [CHF]	0.75	0.95			0.75	(0.13)		
	<b>30.06.2014</b>	<b>30.06.2013</b>	<b>Change</b>	<b>Change [%]</b>	<b>30.06.2014</b>	<b>31.12.2013</b>	<b>Change</b>	<b>Change [%]</b>
Trading Accounts [units]	165'143	162'024	3'119	1.9%	165'143	163'486	1'657	1.0%
Saving Accounts [units]	31'451	30'759	692	2.2%	31'451	31'051	400	1.3%
eForex Accounts [units]	21'515	11'169	10'346	92.6%	21'515	20'884	631	3.0%
ePrivate Banking Accounts [units]	1'068	860	208	24.2%	1'068	936	132	14.1%
<b>Total Number of Accounts [units]</b>	<b>219'177</b>	<b>204'812</b>	14'365	7.0%	<b>219'177</b>	<b>216'357</b>	2'820	1.3%
Trading Assets [CHF m]	9'822.3	8'456.1	1'366.2	16.2%	9'822.3	9'111.1	711.2	7.8%
Saving Assets [CHF m]	718.9	697.4	21.5	3.1%	718.9	704.9	14.0	2.0%
eForex Assets [CHF m]	236.5	87.2	149.3	171.2%	236.5	232.6	3.9	1.7%
ePrivate Banking Assets [CHF m]	57.4	26.7	30.7	115.0%	57.4	33.9	23.5	69.3%
<b>Total Assets under Custody [CHF m]</b>	<b>10'835.1</b>	<b>9'267.4</b>	1'567.7	16.9%	<b>10'835.1</b>	<b>10'082.5</b>	752.6	7.5%
Total Net New Monies [CHF m]	456.4	379.5	76.9	20.3%	456.4	264.7	191.7	72.4%
eForex Volume [USD bn]	437.7	175.6	262.1	149.3%	437.7	251.4	186.2	74.1%
Total Equity [CHF m]	271.3	225.5	45.8	20.3%	271.3	247.9	23.4	9.5%
Common Equity Tier 1 ratio [%]	23.1%	22.6%	0.5%	2.2%	23.1%	20.6%	2.5%	12.1%
Total Headcounts / Average Headcounts - [FTE]	513 / 510	390 / 379	123 / 131	31.5% / 34.6%	513 / 510	507/513	6 / (3)	1.2% / -0.6%

\* One-off items comprise of acquisition, restructuring and special tax related costs.