

Results for the 1st half of 2019

Swissquote posts record client assets and improves pre-tax profit forecast to CHF 48 million

Swissquote reported net revenues of CHF 112.2 million for the first half of 2019, equaling the high figure posted in the same period of the previous year. In line with expectations, pre-tax profit of CHF 25.1 million was lower year-on-year. On the strength of a net new money inflow of CHF 3.4 billion and a solid market performance, client assets exceeded the CHF 30 billion mark for the first time. For the year as a whole, Swissquote continues to project growth in net revenues of 5 to 10 percent. Key strategic projects Internaxx and Singapore showed encouraging results. The pre-tax profit forecast for 2019 of CHF 44 million made in March has been revised to CHF 48 million.

Strategic expansion yielding successes

In the first half of 2019, Swissquote achieved two major milestones in terms of implementing its long-term growth strategy: On the one hand, following finalization of the acquisition of **Internaxx Bank**, this Luxembourg-based bank was fully integrated into the Swissquote Group on 22 March. The Internaxx figures were consolidated into the Swissquote figures effective 23 March. Over a period of just over three months, Internaxx contributed CHF 3.5 million to the result (CHF 1.3 million in net fee & commission income, CHF 1.8 million in net interest income and CHF 0.4 million in net trading income). On the other hand, on 30 July the **Monetary Authority of Singapore (MAS)** granted a Capital Market Service License (CMSL) to Swissquote Pte Ltd, which was founded in Singapore.

Revenues stable

At CHF 117.2 million, **operating revenues** remained stable compared to the very strong first half of 2018 (CHF 118.0 million). However, they were up almost 10 percent against the second half of 2018. The impact of negative interest rates of -CHF 5.1 million (CHF -4.2 million) led to **net revenues** of CHF 112.2 million, likewise in line with the year-back level (CHF 112.8 million).

Owing to a significant year-on-year decline in cryptocurrency business (-CHF 4.8 million) as well as the previously communicated weak start to trading in the first few months of 2019, **net fee & commission income** was 17.9 percent lower at CHF 45.6 million (CHF 55.6 million). **Net eForex income** was up 12.5 percent to CHF 39.5 million (CHF 35.1 million). This growth was due to a 33.8 percent increase in assets held in eForex accounts to CHF 439.8 million. In addition, margins were generally improved. **Net interest income** increased by a substantial 35.8 percent to

CHF 21.2 million (CHF 15.6 million). **Net trading income** (currency trading excluding eForex) was down slightly by 6.8 percent to CHF 10.9million (CHF 11.7 million).

Controlled costs and high total equity

Operating expenses increased year-on-year by 6.3 percent to CHF 87.1 million (CHF 82.0 million). This rise in expenses was mainly attributable to higher personnel costs (+9.0 percent) following the Internaxx integration in particular. The number of employees grew by 65 (37 of which at Internaxx) to 698. Higher expenses and unchanged revenues result in a lower **pre-tax profit** of CHF 25.1 million (CHF 30.8 million) and a pre-tax profit margin of 22.4 percent (27.3 percent). **Net profit** was 14.3 percent lower at CHF 22.0 million (CHF 25.7 million) and the net profit margin decreased to 19.6 percent (22.8 percent).

On the occasion of the full year 2018 presentation, Swissquote announced a decrease of approximately CHF 10 million in pre-tax profit for 2019 owing to one-off costs for the integration of Internaxx, the founding of Swissquote Pte Ltd. as well as outlays for a Brexit contingency plan. Based on current estimates, Swissquote is now projecting only a CHF 6 million decrease in 2019 pre-tax profit. Out of this one-off costs of CHF 1.2 million were incurred in the first half and a further CHF 5 million are forecast for the second half of 2019. In addition, CHF 1.8 million are projected in 2020 (total: CHF 8 million).

The **capital ratio** stood at 22.4 percent (27.5 percent). Accordingly, Swissquote remains one of Switzerland's best-financed banks. **Total equity** increased by 9.6 percent to CHF 356.9 million (CHF 325.7 million).

High net new money inflow

The high **net new money inflow** of CHF 3.411 billion (CHF 2.421 billion) comes from organic growth (CHF 1.2 billion) and from the integration of Internaxx Bank (CHF 2.2 billion). **Client assets** increased by 19.5 percent to CHF 30.520 billion (CHF 25.533 billion) in the first half due to the high new money inflow and as a consequence of the general stock market trend. As at the end of June 2019, clients held assets of CHF 29.585 billion (+20.9 percent) in trading accounts, CHF 269.7 million (-45.7 percent) in saving accounts, CHF 225.8 million (-1.1 percent) in Robo-Advisory accounts and CHF 439.8 million (+33.8 percent) in eForex accounts.

The **total number of accounts** rose by 17,140 (+5.3 percent) to a record-high 339,172 (322,032). The breakdown is as follows: 264,210 trading accounts (+5.8 percent), 19,962 saving accounts (- 26.0 percent), 3,026 Robo-Advisory accounts (+27.2 percent) and 51,974 eForex accounts (+20.9 percent).

Since the saving account business has for some time no longer been profitable for Swissquote, the collaborative venture with Swiss Life was terminated effective 31 December 2018. This factor

explains the significant decrease in the number of saving accounts, as well as in the corresponding volume of assets, in the first half of the year.

The complete **financial report for the 1st half of 2019** is available at:

<https://www.swissquote.com> - Company/Investor Relations/Financial 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 Forex, Robo-Advisory and Mortgage. In addition to a low-cost service for private clients, Swissquote also offers specialized services for independent asset managers and corporate clients. Swissquote Bank Ltd holds a banking license issued by its supervisory authority the Swiss Federal Financial Market Supervisory Authority (FINMA) and is a member of the Swiss Bankers Association. Its mother company, Swissquote Group Holding Ltd, is listed on the SIX Swiss Exchange (symbol: SQN).

For further information

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Agenda 2019

17.03.2020 Presentation of 2019 results

05.05.2020 Annual General Assembly

| in CHF thousand, except where indicated | 6 months ended 30 June | | | | Comparison with previous half year | | | |
|--|------------------------|-------------------|------------------|---------------|------------------------------------|-------------------|------------------|--------------|
| | 2019 | 2018 | Change | Change in % | H1-2019 | H2-2018 | Change | Change in % |
| Net fee & commission income | 45,640.5 | 55,565.3 | (9,924.8) | -17.9% | 45,640.5 | 43,948.4 | 1,692.1 | 3.9% |
| Interest income, net ¹ | 21,151.8 | 15,573.1 | 5,578.7 | 35.8% | 21,151.8 | 17,631.4 | 3,520.4 | 20.0% |
| eForex income, net | 39,454.5 | 35,082.7 | 4,371.8 | 12.5% | 39,454.5 | 36,749.2 | 2,705.3 | 7.4% |
| Trading income, net ² | 10,943.4 | 11,748.1 | (804.7) | -6.8% | 10,943.4 | 9,123.2 | 1,820.2 | 20.0% |
| Operating revenues | 117,190.2 | 117,969.2 | (779.0) | -0.7% | 117,190.2 | 107,452.2 | 9,738.0 | 9.1% |
| Unrealised fair value | 109.2 | (1,043.4) | 1,152.6 | 110.5% | 109.2 | (821.0) | 930.2 | 113.3% |
| Cost of negative interest rates (excluding FX swaps) | (5,053.8) | (4,170.0) | (883.8) | 21.2% | (5,053.8) | (4,863.1) | (190.7) | 3.9% |
| Net revenues | 112,245.6 | 112,755.8 | (510.2) | -0.5% | 112,245.6 | 101,768.1 | 10,477.5 | 10.3% |
| Payroll & related expenses | (40,712.9) | (37,356.9) | (3,356.0) | 9.0% | (40,712.9) | (35,870.2) | (4,842.7) | 13.5% |
| Other operating expenses | (22,996.4) | (22,627.3) | (369.1) | 1.6% | (22,996.4) | (21,213.0) | (1,783.4) | 8.4% |
| Depreciation | (12,670.3) | (10,144.7) | (2,525.6) | 24.9% | (12,670.3) | (10,864.0) | (1,806.3) | 16.6% |
| Marketing expenses | (10,765.3) | (11,876.9) | 1,111.6 | -9.4% | (10,765.3) | (10,809.9) | 44.6 | -0.4% |
| Expenses | (87,144.9) | (82,005.8) | (5,139.1) | 6.3% | (87,144.9) | (78,757.1) | (8,387.8) | 10.7% |
| Pre-tax profit | 25,100.7 | 30,750.0 | (5,649.3) | -18.4% | 25,100.7 | 23,011.0 | 2,089.7 | 9.1% |
| Income taxes | (3,052.5) | (5,010.4) | 1,957.9 | -39.1% | (3,052.5) | (4,147.4) | 1,094.9 | -26.4% |
| Net profit | 22,048.2 | 25,739.6 | (3,691.4) | -14.3% | 22,048.2 | 18,863.6 | 3,184.6 | 16.9% |
| Pre-tax profit margin | 22.4% | 27.3% | | | 22.4% | 22.6% | | |
| Net profit margin | 19.6% | 22.8% | | | 19.6% | 18.5% | | |

| | 30.06.2019 | 30.06.2018 | Change | Change in % | 30.06.2019 | 31.12.2018 | Change | Change in % |
|---|-----------------|-----------------|----------------|---------------|-----------------|-----------------|----------------|--------------|
| Trading accounts | 264,210 | 249,699 | 14,511 | 5.8% | 264,210 | 256,565 | 7,645 | 3.0% |
| Saving accounts | 19,962 | 26,968 | (7,006) | -26.0% | 19,962 | 21,831 | (1,869) | -8.6% |
| eForex accounts | 51,974 | 42,986 | 8,988 | 20.9% | 51,974 | 47,972 | 4,002 | 8.3% |
| Robo-Advisory (ePB) accounts | 3,026 | 2,379 | 647 | 27.2% | 3,026 | 2,732 | 294 | 10.8% |
| Total number of accounts (units) | 339,172 | 322,032 | 17,140 | 5.3% | 339,172 | 329,100 | 10,072 | 3.1% |
| Trading client assets | 29,585.0 | 24,479.7 | 5,105.3 | 20.9% | 29,585.0 | 22,958.5 | 6,626.5 | 28.9% |
| Saving client assets | 269.7 | 496.5 | (226.8) | -45.7% | 269.7 | 306.3 | (36.6) | -11.9% |
| eForex client assets | 439.8 | 328.6 | 111.2 | 33.8% | 439.8 | 365.2 | 74.6 | 20.4% |
| Robo-Advisory (ePB) assets | 225.8 | 228.3 | (2.5) | -1.1% | 225.8 | 191.7 | 34.1 | 17.8% |
| Total client assets (CHF m) | 30,520.3 | 25,533.1 | 4,987.2 | 19.5% | 30,520.3 | 23,821.7 | 6,698.6 | 28.1% |
| Total assets under custody (CHF m) | 29,528.5 | 24,657.5 | 4,871.0 | 19.8% | 29,528.5 | 22,983.1 | 6,545.4 | 28.5% |
| Total net new money (CHF m) | 3,411.3 | 2,420.8 | 990.5 | 40.9% | 3,411.3 | 694.2 | 2,717.1 | 391.4% |
| eForex volume (USD bn) | 590.8 | 594.4 | (3.6) | -0.6% | 590.8 | 585.4 | 5.4 | 0.9% |
| Total equity (CHF m) | 356.9 | 325.7 | 31.2 | 9.6% | 356.9 | 352.2 | 4.7 | 1.3% |
| Capital ratio | 22.4% | 27.5% | -5.1% | -18.5% | 22.4% | 29.0% | -6.6% | -22.8% |
| Total headcounts/average headcounts (FTE) | 698 / 680 | 633 / 613 | 65 / 67 | 10.3% / 10.9% | 698 / 680 | 662 / 648 | 36 / 32 | 5.4% / 4.9% |

¹ Net interest income as per Condensed Consolidated Interim Financial Statements of CHF 16.1 million should be read in conjunction with the cost of negative interest rates (excluding FX swaps) of -CHF 5.1 million.

² Net trading income as per Condensed Consolidated Interim Financial Statements of CHF 50.9 million should be read in conjunction with eForex income, net amounting CHF 39.5 million and unrealised fair value amounting CHF 0.1 million. In addition, it includes credit loss expense of -CHF 0.4 million presented separately in the Condensed Consolidated Interim Financial Statements.