

Results for the 2016 business year

Swissquote aims for continued growth

Swissquote's results confirm the revised forecasts for 2016, with net revenues at CHF 150.2 million (previous year: CHF 146.6 million) and pre-tax profit at CHF 23.2 million (CHF 24.5 million). At CHF 20.8 million, net profit was up 900.0 percent from the previous year (CHF 2.1 million). The number of accounts grew by 30.9 percent to 302,775, and assets under custody increased by 49.0 percent to CHF 17.9 billion. Swissquote aims to achieve its ambitious targets by 2020 through the development and application of innovative fintech solutions and cooperative ventures with selected partners. The targeted growth is to be funded with equity, while maintaining a pre-tax profit margin in the region of 15 percent.

Solid revenue development

Despite a challenging environment (Brexit, US elections, Turkey) and the heavy burden of negative SNB interest rates (CHF 4.1 million), net revenues rose by 2.5 percent in 2016 to CHF 150.2 million (CHF 146.6 million). With the exception of the slight decrease in eForex income, all areas contributed to the positive result. **Net fee & commission income** increased by 4.4 percent to CHF 69.5 million (CHF 66.6 million) despite a latently discernible reluctance to trade on the part of clients. The good result was driven by the PostFinance accounts transferred in the first half of the year, the growing significance of ePrivate Banking, and successful trading in derivative products via Swiss Dots. **eForex income** decreased by 2.2 percent to CHF 52.8 million (CHF 54.0 million) on lower trading volumes but higher margins. **Net trading income** (currency trading excluding eForex) increased by 2.8 percent to CHF 16.8 million (CHF 16.4 million). **Net interest income** rose by 5.1 percent to CHF 15.4 million (CHF 14.7 million) (without SNB negative interest impact).

Profit back in targeted range

At CHF 127.0 million (CHF 122.1 million), **operating expenses** were 4.1 percent higher in 2016 than in the previous year. The increase was mainly attributable to a rise in operating costs (additional spending on the provision of financial information content) and increased marketing costs, while personnel expenses were held at the previous year's level. **Pre-tax**

profit declined correspondingly by 5.4 percent to CHF 23.2 million (CHF 24.5 million, excluding extraordinary provision). At 15.4 percent (16.7 percent), the pre-tax profit margin is slightly higher than the forecast figure of 15 percent. **Net profit** increased by 900.0 percent to CHF 20.8 million (CHF 2.1 million). The net profit margin came to 13.8 percent (1.4 percent). 2016 saw a further improvement in the **core capital ratio** (Tier 1), which now stands at 24.5 percent. This makes Swissquote one of Switzerland's best financed banks. **Shareholders' equity** amounted to CHF 280.8 million (CHF 267.7 million).

Record inflow of new net monies

2016 saw a substantial increase in client assets and accounts. This development was partly due to the transfer of PostFinance accounts in May. The **total number of accounts** grew by 71,448 (+30.9 percent) to 302,775 (231,327). The breakdown is as follows: 236,118 trading accounts (+37.9 percent), 32,884 saving accounts (+1.1 percent), 1,552 ePrivate Banking accounts (+13.4 percent) and 32,221 eForex accounts (+22.8 percent). **Assets under custody** rose year-on-year by 49.0 percent to CHF 17.863 billion (CHF 11.992 billion). At the end of 2016, assets of CHF 16.774 billion were held in trading accounts, CHF 758.1 million in saving accounts, CHF 105.4 million in ePrivate Banking accounts and CHF 226.1 million in eForex accounts. **Total client assets** increased by 54.7 percent year-on-year to CHF 18.557 billion (CHF 11.992 billion). **Net new monies** grew by 394.7 percent in 2016 to CHF 6.073 billion (CHF 1.228 billion), representing an absolute record. Purely organic growth in new monies accounted for CHF 1.633 billion of this amount; the remainder was attributable to the transfer of PostFinance accounts.

Successful products

The **Swissquote Swiss Quant Equities Fund**, featuring ePrivatBanking technology, turned in another very good performance in 2016 and was ranked among Switzerland's ten best funds by Thomson Reuters Lipper.

The increasing growth in both market share and the number of transactions bears testimony to the success of the **Swiss DOTS** business model. In 2016, approximately 190,000 transactions were settled via the derivatives platform (+3.0 percent). This is the equivalent of an average 34.0 percent of comparable leveraged products traded on the SIX Structured Products Exchange. Founded by Swissquote, UBS and Goldman Sachs in 2012, the platform meanwhile also numbers Deutsche Bank and Commerzbank as issuers. Swiss DOTS currently offers some 65,000 leveraged products from these four renowned issuers.

Ambitious growth strategy up to 2020

Swissquote has set clear growth strategies for the various business areas for the period to 2020. The **net fee & commission income business** took a major step forward in 2016 thanks to the cooperative venture with PostFinance. Over the coming years, Swissquote also aims to drive further organic growth in this area by offering a technology and broker function (“white label products”) for selected partners. At the same time, the development of digital solutions taps into the current trend toward digitalization. Swissquote is targeting a 100,000 increase in the number of client accounts by 2020 to make it Switzerland’s largest digital bank. In 2016, assets under management in the **ePrivate Banking** segment topped the CHF 100 million threshold for the first time. The robust growth of 60.2 percent underscores the potential of this business area. Organically and together with partners, Swissquote plans to build up assets under custody to over CHF 1 billion by 2020. The **eForex business** again witnessed substantial growth in both client assets (+7.4 percent) and client accounts (+22.8 percent) in 2016. eForex clients’ assets under custody are to be increased further over the next few years to ensure that trading volumes and income grow accordingly. Swissquote’s solidness and the growth of the subsidiaries in London, Malta, Dubai and Hong Kong are crucial for this.

Distribution of profit to shareholders

In light of the solid capital ratio, the Board of Directors will propose to the Annual General Meeting of Swissquote Group Holding Ltd, to be held on 12 May 2017, an unchanged distribution of CHF 0.60 per share – CHF 0.47 of which as a reimbursement of Reserves from capital contributions and CHF 0.13 as a dividend.

The complete **2016 Financial Report** 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 eForex, ePrivate Banking and eMortgages. 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 2017

12.05.2017 Annual General Meeting in Zurich

08.08.2017 Figures for the first half of 2017 (presentation at SIX Swiss Exchange)

CHF'000	12 months ended 31 December				Comparison with Previous Half Year			
	2016	2015	Change	Change [%]	H2-2016	H1-2016	Change	Change [%]
Net Fee & Commission Income	69'543.2	66'635.3	2'907.9	4.4%	34'849.1	34'694.2	154.9	0.4%
Interest Income, net	15'450.4	14'694.4	756.0	5.1%	7'813.2	7'637.2	176.0	2.3%
eForex Income, net	52'821.7	54'014.7	(1'193.0)	-2.2%	24'797.2	28'024.4	(3'227.2)	-11.5%
Trading Income, net	16'821.9	16'358.2	463.7	2.8%	9'449.9	7'372.0	2'077.9	28.2%
Operating Revenues	154'637.2	151'702.6	2'934.6	1.9%	76'909.4	77'727.8	(818.4)	-1.1%
Unrealised Fair Value	(243.2)	(633.6)	390.4	61.6%	(103.8)	(139.4)	35.6	25.5%
Cost of negative interest rates (excluding FX swaps)	(4'148.7)	(4'447.3)	(298.6)	-6.7%	(1'969.5)	(2'179.2)	(209.7)	-9.6%
Net Revenues	150'245.3	146'621.7	3'623.6	2.5%	74'836.1	75'409.2	(573.1)	-0.8%
Payroll & Related Expenses	(57'047.7)	(57'442.7)	(395.0)	-0.7%	(28'624.4)	(28'423.3)	201.1	0.7%
Other Operating Expenses	(33'572.9)	(30'261.3)	3'311.6	10.9%	(16'967.1)	(16'605.8)	361.3	2.2%
Depreciation	(16'745.6)	(15'631.8)	1'113.8	7.1%	(8'513.9)	(8'231.7)	282.2	3.4%
Marketing Expenses	(19'669.0)	(18'748.0)	921.0	4.9%	(10'078.6)	(9'590.4)	488.2	5.1%
Expenses	(127'035.2)	(122'083.8)	4'951.4	4.1%	(64'184.0)	(62'851.2)	1'332.8	2.1%
Pre-tax Profit	23'210.1	24'537.9	(1'327.8)	-5.4%	10'652.1	12'558.0	(1'905.9)	-15.2%
Income Taxes	(2'457.6)	(4'043.7)	(1'586.1)	-39.2%	(1'020.8)	(1'436.8)	(416.0)	-29.0%
One-offs items	-	(18'419.0)	18'419.0	-100.0%	-	-	-	-
Net Profit / (Loss)	20'752.5	2'075.2	18'677.3	900.0%	9'631.3	11'121.2	(1'489.9)	-13.4%
Pre-tax Profit Margin [%]	15.4%	16.7%			14.2%	16.7%		
Net Profit Margin [%]	13.8%	1.4%			12.9%	14.7%		
	31.12.2016	31.12.2015	Change	Change [%]	31.12.2016	30.06.2016	Change	Change [%]
Trading Accounts	236'118	171'170	64'948	37.9%	236'118	236'761	(643)	-0.3%
Saving Accounts	32'884	32'542	342	1.1%	32'884	33'222	(338)	-1.0%
eForex Accounts	32'221	26'246	5'975	22.8%	32'221	28'769	3'452	12.0%
ePrivate Banking Accounts	1'552	1'369	183	13.4%	1'552	1'439	113	7.9%
Total Number of Accounts (units)	302'775	231'327	71'448	30.9%	302'775	300'191	2'584	0.9%
Trading Assets	16'773.9	10'952.6	5'821.3	53.1%	16'773.9	15'003.9	1'770.0	11.8%
Saving Assets	758.1	762.9	(4.8)	-0.6%	758.1	768.0	(9.9)	-1.3%
eForex Assets	226.1	210.6	15.5	7.4%	226.1	196.9	29.2	14.8%
ePrivate Banking Assets	105.4	65.8	39.6	60.2%	105.4	87.7	17.7	20.2%
Total Assets under Custody (CHF m)	17'863.5	11'991.9	5'871.6	49.0%	17'863.5	16'056.5	1'807.0	11.3%
Total Client Assets (CHF m)	18'557.4	11'991.9	6'565.4	54.7%	18'557.4	16'710.6	1'846.7	11.1%
Total Net New Monies (CHF m) ¹	6'072.8	1'227.5	4'845.3	394.7%	856.1	5'216.7	(4'360.6)	-83.6%
eForex Volume (USD bn)	807.3	873.6	(66.3)	-7.6%	434.2	373.1	61.1	16.4%
Total Equity (CHF m)	280.8	267.7	13.1	4.9%	280.8	267.2	13.6	5.1%
Common Equity Tier 1 ratio (%)	24.5%	22.0%	2.7%	12.2%	24.5%	21.2%	3.5%	16.4%
Total Headcounts / Average Headcounts (FTE)	550 / 537	524 / 528	26 / 9	5.0% / 1.7%	550 / 545	540 / 532	10 / 13	1.9% / 2.4%

⁽¹⁾ Net new monies are calculated and reported in accordance with guidelines issued by FINMA concerning accounting standards for banks and are based on Client Assets.