

Results for the 1st half of 2016

### Swissquote posts strong growth

In the 1st half of 2016, the impact of the cooperation between Swissquote and PostFinance could be seen in concrete figures for the first time. Following the transfer of PostFinance clients, the number of accounts with Swissquote increased by 32.3 percent to 300,691 and assets under custody grew by 39.3 percent to CHF 16.1 billion. Purely organic growth in net new monies reached a record CHF 812.2 million in the 1st half. Net revenues of CHF 75.4 million showed a slight year-on-year increase (+1.9 percent), pre-tax profit came to CHF 12.6 million (+7.3 percent) and net profit to CHF 11.1 million (+204.6 percent). Swissquote is reiterating its growth projection of around 10 percent for full year 2016.

### Revenues stable

Despite even greater pressure from negative interest rates (CHF 2.2 million) than in the previous report periods, **net revenues** increased by 1.9 percent in the 1st half to CHF 75.4 million (CHF 74.0 million). **Net fee & commission income** rose by 3.3 percent to CHF 34.7 million (CHF 33.6 million). The PostFinance accounts that were transferred in May had only a marginal impact on income in the 1st half. Successful trading in derivatives products via Swiss DOTS again contributed to the good result. With trading volumes lower but at higher margins, **eForex income** was up by 4.9 percent to CHF 28.0 million (CHF 26.7 million). **Net trading income** (currency trading excluding eForex) decreased by 19.2 percent to CHF 7.4 million (CHF 9.1 million). **Net interest income** amounted to an unchanged CHF 7.6 million.

### Pre-tax and net profit again in the target range

At CHF 62.9 million (CHF 62.3 million), **operating expenses** in the 1st half were up slightly year-on-year. **Pre-tax profit** grew by 7.3 percent to CHF 12.6 million (CHF 11.7 million). The pre-tax profit margin was 16.7 percent (15.8 percent). **Net profit** increased by 204.6 percent to CHF 11.1 million (CHF -10.6 million), fully eliminating the loss taken in the previous year on the extraordinary provision of CHF 25.0 million to cover negative balances incurred by clients. The net profit ratio is at 14.7 percent. After distribution of the dividend, **total equity** came to CHF 267.2 million (CHF 255.8 million), and the **core capital ratio** (Tier 1) was at 21.2 percent (22.0 percent).

### Over 300,000 client accounts for the first time

The most striking changes witnessed in the 1st half were in terms of the number of clients and the volume of assets under custody. The substantial increase in both figures was largely due to the PostFinance accounts transferred in May. The **total number of accounts** grew by 73,468 (+32.3 percent) to 300,691 (227,223). The breakdown is as follows: 237,261 trading accounts (+39.8 percent), 33,222 saving accounts (+3.3 percent), 1,439 ePrivate Banking accounts (+10.0 percent) and 28,769 eForex accounts (+19.4 percent). **Assets under custody** increased by 39.3 percent year-on-year to CHF 16.056 billion (CHF 11.526 billion). As at the end of June 2016, assets of CHF 15.0 billion were held in trading accounts,

CHF 768.0 million in saving accounts, CHF 87.7 million in ePrivate Banking accounts and CHF 196.9 million in eForex accounts. At CHF 5.216 billion (CHF 580.2 million), **net new monies** were 799.1 percent higher than in the 1st half of 2015. Purely organic growth in net new monies accounted for a record CHF 812.2 million of this increase; the remainder is attributable to the PostFinance transaction.

### **Strong growth potential**

The transfer of more than 60,000 client accounts from PostFinance to Swissquote Bank was successfully completed on 17 May 2016. PostFinance clients value and are actively using the new platform. With its range of white label technology and brokerage products, Swissquote aims to continue growing in all sectors by delivering customized solutions for selected partners.

The Swiss DOTS platform also made further encouraging headway: 103,356 trades were concluded via the derivatives platform (+10.3 percent) in the 1st half. On average, this is the equivalent of 34.5 percent of comparable leveraged products traded on SIX Structured Products Exchange. The platform, which already offers leveraged products from four prominent issuers, is to be expanded over the next few months.

And last but not least, ePrivate Banking also looks to be on track for substantial growth. The significant increase witnessed in the 1st half is proof positive of the strong demand for digital asset management solutions. Thanks to Swissquote's leading position in the fintech environment, assets under custody are expected to cross the CHF 100 million mark in 2016 for the first time.

The complete **financial report for the 1st half of 2016** is available at:

<https://www.swissquote.com> - 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, eMortgage 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 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**

03.03.2017      Presentation of 2016 results in Zurich (SIX Swiss Exchange)  
12.05.2017      Annual General Meeting in Zurich

CHF'000	6 months ended 30 June				Comparison with Previous Half Year			
	2016	2015	Change	Change [%]	H1-2016	H2-2015	Change	Change [%]
Net Fee & Commission Income	34'694.2	33'572.1	1'122.1	3.3%	34'694.2	33'063.4	1'630.8	4.9%
Interest Income, net	7'623.5	7'650.4	(26.9)	-0.4%	7'623.5	6'991.3	632.2	9.0%
eForex Income, net	28'024.4	26'702.7	1'321.7	4.9%	28'024.4	27'311.9	712.5	2.6%
Trading Income, net	7'372.0	9'120.8	(1'748.8)	-19.2%	7'372.0	7'237.4	134.6	1.9%
<b>Operating Revenues</b>	<b>77'714.1</b>	<b>77'046.0</b>	668.1	0.9%	<b>77'714.1</b>	<b>74'604.0</b>	3'110.1	4.2%
Unrealised Fair Value	(139.4)	(1'239.1)	1'099.7	88.7%	(139.4)	605.4	(744.8)	-123.0%
Cost arising from negative interest rates	(2'165.5)	(1'834.9)	(330.6)	18.0%	(2'165.5)	(2'559.7)	394.2	-15.4%
<b>Net Revenues</b>	<b>75'409.2</b>	<b>73'972.0</b>	1'437.2	1.9%	<b>75'409.2</b>	<b>72'649.7</b>	2'759.5	3.8%
Payroll & Related Expenses	(28'423.4)	(29'408.8)	985.4	-3.4%	(28'423.4)	(28'033.8)	(389.6)	1.4%
Other Operating Expenses	(16'605.8)	(15'720.0)	(885.8)	5.6%	(16'605.8)	(14'541.4)	(2'064.4)	14.2%
Depreciation	(8'231.7)	(7'626.4)	(605.3)	7.9%	(8'231.7)	(8'005.3)	(226.4)	2.8%
Marketing Expenses	(9'590.4)	(9'515.7)	(74.7)	0.8%	(9'590.4)	(9'232.4)	(358.0)	3.9%
<b>Expenses</b>	<b>(62'851.3)</b>	<b>(62'270.9)</b>	(580.4)	0.9%	<b>(62'851.3)</b>	<b>(59'812.9)</b>	(3'038.4)	5.1%
<b>Pre-tax Profit</b>	<b>12'557.9</b>	<b>11'701.1</b>	856.8	7.3%	<b>12'557.9</b>	<b>12'836.8</b>	(278.9)	-2.2%
Income Taxes	(1'436.8)	(1'836.6)	399.8	-21.8%	(1'436.8)	(2'207.1)	770.3	-34.9%
One-offs items	-	(20'500.0)	20'500.0	-100.0%	-	2'081.0	(2'081.0)	100.0%
<b>Net Profit / (Loss)</b>	<b>11'121.1</b>	<b>(10'635.5)</b>	21'756.6	204.6%	<b>11'121.1</b>	<b>12'710.7</b>	(1'589.6)	-12.5%
Pre-tax Profit Margin [%]	16.7%	15.8%			16.7%	17.7%		
Net Profit Margin [%]	14.7%	-14.4%			14.7%	17.5%		
	<b>30.06.2016</b>	<b>30.06.2015</b>	Change	Change [%]	<b>30.06.2016</b>	<b>31.12.2015</b>	Change	Change [%]
Trading Accounts	237'261	169'664	67'597	39.8%	237'261	171'170	66'091	38.6%
Saving Accounts	33'222	32'166	1'056	3.3%	33'222	32'542	680	2.1%
eForex Accounts	28'769	24'085	4'684	19.4%	28'769	26'246	2'523	9.6%
ePrivate Banking Accounts	1'439	1'308	131	10.0%	1'439	1'369	70	5.1%
<b>Total Number of Accounts (units)</b>	<b>300'691</b>	<b>227'223</b>	73'468	32.3%	<b>300'691</b>	<b>231'327</b>	69'364	30.0%
Trading Assets	15'003.9	10'532.3	4'471.6	42.5%	15'003.9	10'952.6	4'051.3	37.0%
Saving Assets	768.0	738.8	29.2	4.0%	768.0	762.9	5.1	0.7%
eForex Assets	196.9	189.9	7.0	3.7%	196.9	210.6	(13.7)	-6.5%
ePrivate Banking Assets	87.7	65.0	22.7	34.9%	87.7	65.8	21.9	33.3%
<b>Total Assets under Custody (CHF m)</b>	<b>16'056.5</b>	<b>11'526.0</b>	4'530.5	39.3%	<b>16'056.5</b>	<b>11'991.9</b>	4'064.6	33.9%
Total Net New Monies (CHF m)	5'216.7	580.2	4'636.5	799.1%	5'216.7	647.3	4'569.4	705.9%
eForex Volume (USD bn)	373.1	490.0	(116.9)	-23.9%	373.1	383.5	(10.4)	-2.7%
Total Equity (CHF m)	267.2	255.8	11.4	4.5%	267.2	267.7	(0.5)	-0.2%
Common Equity Tier 1 ratio (%)	21.2%	22.5%	-1.3%	-5.7%	21.2%	22.0%	-0.8%	-3.6%
Total Headcounts / Average Headcounts (FTE)	540 / 532	545 / 539	-5 / -7	-0.9% / -1.3%	540 / 532	524 / 535	16 / -3	3.1% / -0.6%