

Results for the 1st half of 2018

Swissquote impresses with strong half-year figures

Swissquote once again unveiled record year-on-year figures for the first half of 2018. Operating revenues rose by 30.3 percent to CHF 118.0 million, while net profit increased by 43.9 percent to CHF 25.7 million. Client assets were up 20.6 percent to CHF 25.5 billion. Net new monies increased by 60 percent to CHF 2.4 billion. For the year as a whole, Swissquote is increasing its growth forecasts for both revenues and profit from 10 percent to 15 percent.

Revenues enjoy another strong rise

Net revenues amounted to CHF 112.8 million (CHF 89.1 million), a figure that was dragged down by both the "Unrealised fair value" item (-CHF 1.0 million) and the negative interest rates (-CHF 4.2 million). All four business areas contributed to this exceptional result. **Net fee & commission income** improved by 42.8 percent to CHF 55.6 million (CHF 38.9 million). Half of this increase of CHF 16.7 million was attributable to the strong growth in the number of client accounts (16,278) and an increase in client trading activities (11.8 transactions per client/year compared to 10.8 for the first half of 2017). The other half (CHF 8.0 million) was achieved in the cryptocurrency business. Cryptocurrencies, ICOs and blockchain technology will continue to be a significant theme for Swissquote. For this reason, the company has joined forces with other leading players in the financial, technology, science, and legal spheres to form the association **CMTA** (Capital Markets and Technology Association, www.cmta.ch). These technologies will be heavily expanded in the future. However, following a general decline in the value of cryptocurrencies recently, revenues in this area are likely to be somewhat weaker in the second half of the year. **Net interest income** rose amongst others by 80.5 percent to CHF 15.6 million (CHF 8.6 million) thanks to higher interest income generated with the USD. **eForex income** increased by 7.5 percent to CHF 35.1 million (CHF 32.6 million), thereby posting a new record figure. This strong growth is attributable to a 20.2 percent rise in the trading volume to USD 594.4 billion (USD 494.4 billion). **Net trading income** (currency trading excluding eForex) increased by 13.4 percent to CHF 11.7 million (CHF 10.4 million).

Disproportionate rise in profit

Operating expenses amounted to CHF 82.0 million (CHF 67.7 million), a rise of 21.2 percent compared to the same period of the previous year. This increase in expenses, which is expected to prove only modest in the second half of the year, was above all driven by persistently high investment in technology, marketing, and personnel. Employee headcount at company headquarters in Gland and other locations in Zurich, Bern, London, Dubai, Hong Kong and Malta rose overall by 11.1 percent to 633. While operating expenses increased by CHF 14.3 million, the increase in operating revenues amounted to CHF 27.4 million. In keeping with this divergent development of expenses/revenues, all profit figures rose significantly: Pre-tax profit increased by 43.6 percent to CHF 30.8 million (CHF 21.4 million) and the pre-tax profit margin rose to 27.3 percent (24.0 percent), while **net profit** climbed by 43.9 percent to CHF 25.7 million (CHF 17.9 million) and the net profit margin rose to 22.8 percent (20.1 percent).

The **capital ratio** amounted to 27.5 percent (20.5 percent). Swissquote therefore remains one of the best-financed banks in Switzerland. **Total equity** amounted to CHF 325.7 million (CHF 271.5 million).

Client assets surpass 25 billion mark

Another significant development in the first half of 2018 was the increase of 20.6 percent in **client assets** to CHF 25.5 billion (CHF 21.2 billion). **Net new monies** reached CHF 2.4 billion (CHF 1.5 billion), an increase of 60.0 percent compared to the first half of 2017. As of 30 June 2018, assets held in trading accounts amounted to CHF 24.5 billion (+22.2 percent), with a further CHF 496.5 million (-19.2 percent) held in saving accounts, CHF 228.3 million (+36.9 percent) held in Robo-Advisory accounts, and CHF 328.6 million (-5.4 percent) held in eForex accounts.

The **total number of accounts** rose by 18,977 (+6.3 percent) to 322,032 (303,055). The breakdown is as follows: 249,699 trading accounts (+7.0 percent), 26,968 saving accounts (-0.4 percent), 2,379 Robo-Advisory accounts (+44.0 percent) and 42,986 eForex accounts (+13.5 percent).

Successful and new products

In June 2018, Swissquote launched a unique Multi Currency credit card. Unlike a traditional credit card, this allows the holder to make purchases in any one of 12 currencies. These purchases are then settled directly in the foreign currency in question, with no processing fees.

The Robo-Advisory platform has been completely overhauled, and now sports a new, client-friendly design. In the near future, cryptocurrencies will be added to the investment universe of Swissquote Robo-Advisory as a new asset class, thereby underlining Swissquote's determination to further expand its pioneering position in the Robo-Advisory market.

The complete financial report for the 1st half of 2018 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, Robo-Advisory and eMortgage. 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).

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Agenda 2019

08.03.2019 Presentation of 2018 results

10.05.2019 Annual General Assembly

in CHF thousand, except where indicated	6 months ended 30 June				Comparison with previous half year			
	2018	2017	Change	Change in %	H1-2018	H2-2017	Change	Change in %
Net fee & commission income	55,565.3	38,909.2	16,656.1	42.8%	55,565.3	46,294.9	9,270.4	20.0%
Interest income, net	15,573.1	8,627.8	6,945.3	80.5%	15,573.1	11,120.7	4,452.4	40.0%
eForex income, net	35,082.7	32,642.3	2,440.4	7.5%	35,082.7	34,033.4	1,049.3	3.1%
Trading income, net & others ¹	11,748.1	10,361.9	1,386.2	13.4%	11,748.1	11,958.7	(210.6)	-1.8%
Operating revenues	117,969.2	90,541.2	27,428.0	30.3%	117,969.2	103,407.7	14,561.5	14.1%
Unrealised fair value	(1,043.4)	1,150.4	(2,193.8)	-190.7%	(1,043.4)	170.3	(1,213.7)	-712.7%
Cost of negative interest rates (excluding FX swaps)	(4,170.0)	(2,614.6)	1,555.4	59.5%	(4,170.0)	(4,899.3)	(729.3)	-14.9%
Net revenues	112,755.8	89,077.0	23,678.8	26.6%	112,755.8	98,678.7	14,077.1	14.3%
Payroll & related expenses	(37,356.9)	(30,458.9)	6,898.0	22.6%	(37,356.9)	(34,186.3)	3,170.6	9.3%
Other operating expenses	(22,627.3)	(18,007.8)	4,619.5	25.7%	(22,627.3)	(20,351.1)	2,276.2	11.2%
Depreciation	(10,144.7)	(9,006.0)	1,138.7	12.6%	(10,144.7)	(9,538.0)	606.7	6.4%
Marketing expenses	(11,876.9)	(10,185.1)	1,691.8	16.6%	(11,876.9)	(10,240.5)	1,636.4	16.0%
Expenses	(82,005.8)	(67,657.8)	14,348.0	21.2%	(82,005.8)	(74,315.9)	7,689.9	10.3%
Pre-tax profit	30,750.0	21,419.2	9,330.8	43.6%	30,750.0	24,362.8	6,387.2	26.2%
Income taxes	(5,010.4)	(3,531.5)	1,478.9	41.9%	(5,010.4)	(3,065.6)	1,944.8	63.4%
Net profit	25,739.6	17,887.7	7,851.9	43.9%	25,739.6	21,297.2	4,442.4	20.9%
Pre-tax profit margin	27.3%	24.0%			27.3%	24.7%		
Net profit margin	22.8%	20.1%			22.8%	21.6%		
	30.06.2018	30.06.2017	Change	Change in %	30.06.2018	31.12.2017	Change	Change in %
Trading accounts	249,699	233,421	16,278	7.0%	249,699	236,861	12,838	5.4%
Saving accounts	26,968	30,103	(3,135)	-10.4%	26,968	28,955	(1,987)	-6.9%
eForex accounts	42,986	37,879	5,107	13.5%	42,986	41,572	1,414	3.4%
Robo-Advisory (ePB) accounts	2,379	1,652	727	44.0%	2,379	1,898	481	25.3%
Total number of accounts (units)	322,032	303,055	18,977	6.3%	322,032	309,286	12,746	4.1%
Trading client assets	24,479.7	20,039.8	4,439.9	22.2%	24,479.7	22,979.1	1,500.6	6.5%
Saving client assets	496.5	614.5	(118.0)	-19.2%	496.5	600.6	(104.1)	-17.3%
eForex client assets	328.6	347.5	(18.9)	-5.4%	328.6	328.9	(0.3)	-0.1%
Robo-Advisory (ePB) assets	228.3	166.8	61.5	36.9%	228.3	203.1	25.2	12.4%
Total client assets (CHF m)	25,533.1	21,168.6	4,364.5	20.6%	25,533.1	24,111.7	1,421.4	5.9%
Total assets under custody (CHF m)	24,657.5	20,301.1	4,356.4	21.5%	24,657.5	23,240.0	1,417.5	6.1%
Total net new money (CHF m)	2,420.8	1,513.0	907.8	60.0%	2,420.8	1,201.0	1,219.8	101.6%
eForex volume (USD bn)	594.4	494.4	100.0	20.2%	594.4	596.2	(1.8)	-0.3%
Total equity (CHF m)	325.7	271.5	54.2	20.0%	325.7	295.1	30.6	10.4%
Capital ratio	27.5%	20.5%	7.0%	34.1%	27.5%	26.1%	1.4%	5.4%
Total headcounts/average headcounts (FTE)	633/613	570/560	63/53	11.1%/9.5%	633/613	593/582	40/31	6.7%/5.3%

¹ Further to the introduction of IFRS 9 on 1 January 2018, it includes credit loss expense of CHF 8.2 million.