

Results for the first nine months of 2012

Swissquote expanding abroad

Developments witnessed by Swissquote in the 3rd quarter of 2012 were similar to those seen in the two preceding quarters: increase in the number of accounts and net new monies, stagnation of revenues and profit. Swissquote's performance thus continues to reflect the pronounced investor uncertainty. Year-on-year, revenues decreased 14.9 percent and net profit 30.5 percent. For 2012 as a whole, Swissquote expects revenues of about CHF 112 million.

Interest business still growing

The development of Swissquote's revenues in the first nine months of 2012 mirrors the situation on the global capital and currency markets and above all the uncertainty and reticence that this has caused among investors. The modest mid-year glimmer of hope of an imminent end to the euro crisis unfortunately failed to materialize. Both fee and commission business and trading operations had an adverse impact on total net revenues. Only the interest business, which is a significantly smaller part of net revenues, made positive progress. At CHF 85.3 million (CHF 100.2 million), total net revenues in the first nine months of 2012 were 14.9 percent lower than in the first nine months of 2011.

As a consequence of a significant fall-off in trading activity to only 11.4 transactions per client/year (16.5 transactions), **net fee and commission income** declined by 22.8 percent to CHF 38.8 million (CHF 50.2 million). Because of the low volatility on the foreign exchange markets, **trading and other results** (eForex) declined by 12.9 percent to CHF 33.4 million (CHF 38.4 million). The eForex trading volume decreased by 16.5 percent to CHF 261.9 billion (CHF 313.6 billion). Although **interest business** was still not easy in light of the currency situation and the cautious investment strategy pursued by Swissquote (just under 60 percent of the balance sheet total of CHF 2.945 billion is deposited with the Swiss National Bank), revenues were 12.7 percent higher at CHF 13.1 million (CHF 11.6 million).

Solid profit situation despite decrease

The first nine months of 2012 saw operating expenses fall 5.3 percent year-on-year to CHF 63.0 million (CHF 66.6 million), but this was not sufficient to compensate for significantly weaker total net revenues. The reduction in expenses breaks down as follows: a CHF 0.9 million decrease in personnel costs (in spite of a slight increase in headcount), a CHF 0.5 million decline in production costs and a CHF 2.2 million fall in marketing expenses. At CHF 22.3 million (CHF 33.7 million), **operating profit** was down 33.9 percent. **Net profit** was 30.5 percent lower at CHF 18.3 million (CHF 26.3 million). The operating profit margin reached 26.1 percent (33.6 percent), and the net profit margin stood at 21.4 percent (26.2 percent). **Earnings per share** amounted to CHF 1.26 (CHF 1.83). The **balance sheet total** grew by 13.1 percent to CHF 2.945 billion, and **total equity** was 6.1 percent higher at CHF 237.7 million (CHF 224.1 million). The **core capital ratio** (tier 1) was at 21.6 percent.

Further growth in client numbers and net new monies

As before, the decline in revenues and profit as a result of prevailing conditions contrasts with continuing growth in client numbers. The total number of **accounts** rose year-on-year by 9.2 percent to 201,357 in the first nine months of 2012. The breakdown is 159,803 trading accounts (+2.3 percent), 30,012 saving accounts (+74.8 percent), 10,779 eForex accounts (+3.0 percent), and 763 ePrivate Banking accounts (+23.9 percent). At CHF 8.571 billion (CHF 7.280 billion), **assets under custody** were 17.7 percent higher than in the first nine months of 2011. As at 30 September 2012, assets of CHF 7.946 billion were held in trading accounts, CHF 476.7 million in saving accounts, CHF 125.9 million in eForex accounts, and CHF 23.6 million in ePrivate Banking accounts. At CHF 805.3 million (CHF 799.3 million), **net new monies** in the first nine months of 2012 were 0.8 percent higher than in the first nine months of 2011.

Swiss DOTS meets investor need

The Swiss DOTS (Swiss Derivatives OTC Trading System) segment launched at the end of May 2012 by Swissquote in cooperation with Goldman Sachs and UBS is witnessing a continual increase in volumes. 7,600 transactions were executed in October alone, representing 15 percent of all transactions with leveraged products on Scoach. Given the successful start, the offering is to be expanded and the platform opened to further issuers and clients. This means that in future non-Swissquote clients will also be able to benefit from the Swiss DOTS offering. Today clients already have access to a range of more than 33,000 leveraged products on the Swissquote platform (Scoach: 23,000 leveraged products). The rapid development confirms not only that Swiss DOTS meets a genuine investor need but also that Switzerland is large enough to accommodate such an offering in addition to the Scoach products. Swiss DOTS produces a significant additional volume for Swissquote without any reduction in the volume settled with Scoach.

Demand for online mortgages growing

For just over a year now, Swissquote has been offering online mortgages under a cooperative venture with Basellandschaftliche Kantonalbank (BLKB). The demand for these products is rising continually. The mortgage loan portfolio currently totals CHF 100 million. The two partners plan to expand existing services in order to accelerate growth.

Swissquote Europe opened in Malta

In line with its cautious policy of expansion, in October Swissquote opened an office in Malta, its second location outside Switzerland. The Malta Financial Services Authorities (MFSA) have given Swissquote Europe a category 3 license, which, under the EU passporting rules, allows it to market its forex services in all EU member states without restriction. Swissquote Europe has a team of five working in Malta; the operating business is handled by Swissquote Bank Ltd. in Switzerland. The two foreign locations in Malta and Dubai (cat. 4 license) will enable Swissquote to rapidly establish a foothold in European markets as well as in the Middle East and Asia, and to generate revenues accordingly.

The complete **Financial Report for the first nine months of 2012** can be found at:
<http://www.swissquote.ch> – THE COMPANY/Investor Relations/Reporting

Swissquote - Banking. Self-made.

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 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 2013

26.02.2013	Presentation of 2012 results in Zurich (SIX Swiss Exchange)
06.05.2013	Figures for the 1st quarter of 2013 (conference call)
07.05.2013	Annual General Meeting in Zurich

CHF'000	Comparison with Previous Year				Comparison with Previous Quarter			
	2012	2011	Change	Change [%]	Q3-2012	Q2-2012	Change	Change [%]
Net Fee & Commission Income	38'754.0	50'227.3	(11'473.3)	-22.8%	12'300.2	12'321.7	(21.5)	-0.2%
Interest Income, net	13'123.9	11'640.9	1'483.0	12.7%	4'493.9	4'386.6	107.3	2.4%
Trading & other Results ⁽¹⁾	33'433.3	38'370.6	(4'937.3)	-12.9%	11'212.1	11'403.9	(191.8)	-1.7%
Total Net Revenues	85'311.2	100'238.8	(14'927.6)	-14.9%	28'006.2	28'112.2	(106.0)	-0.4%
Payroll & Related Expenses	(28'761.6)	(29'638.3)	876.7	-3.0%	(9'358.6)	(9'464.0)	105.4	-1.1%
Other Operating Expenses (incl. Depr. & Provision) ⁽²⁾	(25'239.4)	(25'725.0)	485.6	-1.9%	(8'142.4)	(8'862.0)	719.6	-8.1%
Marketing Expenses	(9'047.2)	(11'209.4)	2'162.2	-19.3%	(2'885.0)	(3'051.1)	166.1	-5.4%
Total Expenses	(63'048.2)	(66'572.7)	3'524.5	-5.3%	(20'386.0)	(21'377.1)	991.1	-4.6%
Operating Profit	22'263.0	33'666.1	(11'403.1)	-33.9%	7'620.2	6'735.1	885.1	13.1%
Income Taxes	(3'975.6)	(7'366.5)	3'390.9	-46.0%	(1'359.6)	(1'009.6)	(350.0)	34.7%
Net Profit	18'287.4	26'299.6	(8'012.2)	-30.5%	6'260.6	5'725.5	535.1	9.3%
Operating Profit Margin	26.1%	33.6%			27.2%	24.0%		
Net Profit Margin	21.4%	26.2%			22.4%	20.4%		
Weighted average number of ordinary shares	14'459'276	14'400'216	59'060	0.4%	14'464'240	14'466'953	(2'713)	0.0%
Earning per share	1.26	1.83	(0.56)	-30.7%	0.43	0.40	0.04	9.4%
	30.09.2012	30.09.2011	Change	Change [%]	30.09.2012	30.06.2012	Change	Change [%]
Trading Accounts [units]	159'803	156'196	3'607	2.3%	159'803	159'500	303	0.2%
Saving Accounts [units]	30'012	17'167	12'845	74.8%	30'012	29'490	522	1.8%
eForex Accounts [units]	10'779	10'464	315	3.0%	10'779	10'542	237	2.2%
ePrivate Banking Accounts [units]	763	616	147	23.9%	763	712	51	7.2%
Total Number of Accounts	201'357	184'443	16'914	9.2%	201'357	200'244	1'113	0.6%
Trading Assets [CHF m]	7'945.6	6'658.0	1'287.6	19.3%	7'945.6	7'505.5	440.1	5.9%
Saving Assets [CHF m]	476.7	470.0	6.7	1.4%	476.7	495.7	(19.0)	-3.8%
eForex Assets [CHF m]	125.9	130.4	(4.5)	-3.5%	125.9	136.2	(10.3)	-7.6%
ePrivate Banking Assets [CHF m]	23.6	21.5	2.1	9.8%	23.6	22.7	0.9	4.0%
Total Assets under Custody [CHF m]	8'571.8	7'279.9	1'291.9	17.7%	8'571.8	8'160.1	411.7	5.0%
Total Net New Monies [CHF m]	805.3	799.3	6.0	0.8%	157.4	111.3	46.1	41.4%
eForex Volume [CHF bn]	261.9	313.6	(51.7)	-16.5%	110.3	84.4	25.9	30.7%
Total Balance Sheet [CHF m]	2'945.2	2'603.5	341.7	13.1%	2'945.2	2'795.9	149.3	5.3%
Total Equity [CHF m]	237.7	224.1	13.6	6.1%	237.7	229.9	7.8	3.4%
Equity Surplus [CHF m]	135.6	129.2	6.4	5.0%	135.6	129.4	6.2	4.8%
Total Headcounts	362	355	7	2.1%	362	365	(3)	-0.7%