

Results for 1st half of 2010

### **Swissquote's revenues rise again**

**In the first half of 2010, Swissquote increased overall revenues by 2.5 percent year-on-year to CHF 49.6 million. Compared to the same period in the previous year, operating profit and net profit fell by 13.9 percent on the back of a 14.5 percent increase in operating expenditure. In the first half of 2010 the inflow of new funds rose by 24.7 percent to CHF 662.0 million and the number of clients exceeded the 150,000 mark for the first time. Swissquote reiterates its growth targets for 2010 as a whole: Client number growth in the region of 20 percent and an inflow of new funds well in excess of CHF 1 billion.**

### **Revenue growth year-on-year and quarter-on-quarter**

Overall revenues rose year-on-year by 2.5 percent to CHF 49.6 million (CHF 48.3 million) – the quarter-on-quarter increase was 11.8 percent. Higher revenues are due first and foremost to robust growth of 30.9 percent in trading operations (primarily eForex) to CHF 11.7 million (CHF 8.9 million). This increase more than compensated the slight year-on-year decrease in both commission revenues, which fell 3.8 percent to CHF 32.5 million (CHF 33.8 million), and interest revenues, which fell 4.8 percent to CHF 5.3 million (CHF 5.6 million). The cause of slightly lower income in the commission business was the below-average number of transactions per client of 15 in the first half of the year, which mirrored the general fall-off in stock market transactions. The development in the interest business continues to reflect the global money market situation, which only now in 2010 is showing signs of a modest recovery.

### **Strong organic growth**

At the end of the first half of 2010 the number of clients stood at 153,912 (131,834), for the first time it exceeded the 150,000 mark. Of the total of 22,078 new clients, 14,841 were trading clients (+11.7 percent) and 7,237 savings clients (+148.1 percent). Assets rose by 24.0 percent to CHF 6.8 billion (CHF 5.5 billion), a record level. Savings clients' assets amounted to CHF 386.1 million, equivalent to year-on-year growth of 181.6 percent.

**Tradejet acquisition to be finalized at the end of July**

These figures do not include the approximately 3,000 clients that Swissquote acquired with its complete takeover of Tradejet AG on 7 June 2010 or their assets totaling CHF 200 million, as Tradejet's trading platform is scheduled to be merged with that of Swissquote only on 31 July 2010. The transfer of the Tradejet accounts from Bank Maerki Baumann & Co. AG (the custodian bank of Tradejet) to Swissquote Bank will take place on the same date. The final figures relating to the acquisition will be reported in the financial results for the first nine months of this year. In compliance with IFRS 3, the negative goodwill (gain on acquisition) related to the acquisition of Tradejet and the integration costs are already included in the results for the first half of 2010. All seven employees of Tradejet AG have been taken over by Swissquote and employed in comparable functions. The former CEO of Tradejet, Christoph Hartgens, will fill the newly created position of Head ePrivate Banking at Swissquote.

**Stable earnings, solid balance sheet**

In comparison with the previous year, operating expenditure increased by 14.5 percent to CHF 32.1 million (CHF 28.0 million). Personnel expenses rose by CHF 0.7 million and other operating expenditure increased by CHF 1.5 million, mainly as a result of higher direct costs in the eForex business. Marketing expenses were CHF 1.8 million higher. This increase of 45.5 percent in marketing expenses is attributable to two factors: on the one hand, the comparable figure for 2009 was CHF 1 million lower than usual owing to the financial crisis and, on the other, the figure for the first half of 2010 included not only normal marketing and branding expenses, but also the costs for the launch and production of the first three issues of the 'Swissquote ePrivate Banking Magazine'.

As a result of higher expenditure, operating profit in the first half of 2010 amounted to CHF 17.5 million (CHF 20.3 million), with net profit of CHF 13.7 (CHF 15.9 million). Margins stood at 35.3 percent (42.1 percent) for operating profit and 27.7 percent (33.0 percent) for net profit. Swissquote's stable earnings situation forms the foundation of its solid balance sheet: a BIS core capital ratio (tier 1) of 22.1 percent, shareholders' equity of CHF 183.1 million (CHF 152.4 million), and surplus funds of CHF 115.2 million (CHF 100.6 million).

**ePrivate Banking launched**

The complex development of Swissquote's innovative ePrivate Banking platform for individual asset management was completed on schedule and the new tool went online on Swissquote this week. ePrivate Banking is an electronic investment advisor that communicates interactively with the client. The simple step-by-step process enables clients to create a personal risk profile, formulate investment preferences, and then examine the specific proposals drawn up by the virtual investment advisor for each client's investment portfolio. Clients can change, complement, or reprocess the proposal until they are fully satisfied and ready to submit the order to the system for execution. ePrivate Banking is a new, additional service for sophisticated clients who are interested in benefiting from highly



professional yet easy-to-use assistance in personally managing their portfolio. The charge for ePrivate Banking is made up of a 0.5 percent management fee (minimum CHF 50.00) and commission of 0.1 percent (minimum 9.00, maximum 99.00).

### **Swissquote Magazine wins gold**

Although it was only at the beginning of March this year that the 'Swissquote ePrivate Banking Magazine' was launched as an in-depth supplement to Swissquote's greatly expanded range of electronic information services, the first three issues have not only proved very popular with Swissquote clients, the kiosk trade, and advertisers, but also managed to convince a prominent jury of experts. The prize winners for Europe's largest competition (attracting some 600 entries) for the best corporate publications were announced in Hamburg at the end of June. The 'Swissquote ePrivate Banking Magazine' won gold in the finance and insurance section.

The complete **Financial Report for the 1st half of 2010** is available at <http://www.swissquote.ch> – THE COMPANY/Investor Relations/Reporting

### **Swissquote – Swiss leader in online trading**

*Swissquote has 260 employees in Gland (Vaud) and Zurich. In addition to low-cost stock market access for private individuals and portfolio managers, Swissquote offers clients an eForex trading platform and a very attractive savings account. Swissquote Group Holding AG shares (SQN) are quoted on the SIX Swiss Exchange.*

### **For further information**

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### **Agenda 2010**

05.11.2010 Key figures for the first nine months of 2010 (conference call)

**Key figures 1H 2010**

CHF'000	Comparison with Previous Year				Comparison with Previous Quarter			
	H1-2010	H1-2009	Change	Change [%]	Q2-2010	Q1-2010	Change	Change [%]
Net Fee & Commission Income	32'524.4	33'807.4	(1'283.0)	-3.8%	16'623.3	15'901.1	722.2	4.5%
Interest Income, net	5'346.7	5'613.9	(267.2)	-4.8%	3'038.9	2'307.7	731.2	31.7%
Trading Results	11'686.9	8'926.7	2'760.2	30.9%	6'493.6	5'193.3	1'300.3	25.0%
<b>Total Net Revenues</b>	<b>49'558.0</b>	<b>48'348.0</b>	1'210.0	2.5%	<b>26'155.9</b>	<b>23'402.1</b>	2'753.8	11.8%
Payroll & Related Expenses	(12'849.7)	(12'144.6)	(705.1)	5.8%	(6'549.3)	(6'300.4)	(248.9)	4.0%
Other Operating Expenses (incl. Depr. & Provision)	(13'392.6)	(11'865.1)	(1'527.5)	12.9%	(6'795.6)	(6'596.9)	(198.7)	3.0%
Marketing Expenses	(5'812.9)	(3'994.3)	(1'818.6)	45.5%	(2'758.3)	(3'054.6)	296.3	-9.7%
<b>Total Expenses</b>	<b>(32'055.2)</b>	<b>(28'004.0)</b>	(4'051.2)	14.5%	<b>(16'103.2)</b>	<b>(15'951.9)</b>	(151.3)	0.9%
<b>Operating Profit</b>	<b>17'502.8</b>	<b>20'344.0</b>	(2'841.2)	-14.0%	<b>10'052.6</b>	<b>7'450.2</b>	2'602.4	34.9%
Income Taxes	(3'825.9)	(4'410.8)	584.9	-13.3%	(2'170.5)	(1'655.4)	(515.1)	31.1%
Integration costs Tradejet, net of taxes	(743.0)	-	(743.0)	-	(743.0)	-	(743.0)	-
Gain on acquisition of Tradejet (IFRS3)	777.3	-	777.3	-	777.3	-	777.3	-
<b>Net Profit</b>	<b>13'711.2</b>	<b>15'933.2</b>	(2'222.0)	-13.9%	<b>7'916.4</b>	<b>5'794.8</b>	2'121.6	36.6%
Operating Profit Margin	35.3%	42.1%			38.4%	31.8%		
Net Profit Margin	27.7%	33.0%			30.3%	24.8%		
	<b>30.06.2010</b>	<b>30.06.2009</b>	Change	Change [%]	<b>30.06.2010</b>	<b>31.03.2010</b>	Change	Change [%]
Total number of Trading Clients [units] (Swissquote)	141'790	126'949	14'841	11.7%	141'790	138'666	3'124	2.3%
Total number of Saving Clients [units]	12'122	4'885	7'237	148.1%	12'122	10'611	1'511	14.2%
Total Number of Clients	153'912	131'834	22'078	16.7%	153'912	149'277	4'635	3.1%
Trading Assets [CHF m] (Swissquote)	6'417.0	5'347.9	1'069.1	20.0%	6'417.0	6'757.5	(340.5)	-5.0%
Saving Assets [CHF m]	386.1	137.1	249.0	181.6%	386.1	336.2	49.9	14.8%
Assets under Custody [CHF m]	6'803.1	5'485.0	1'318.1	24.0%	6'803.1	7'093.7	(290.6)	-4.1%
Total Net New Monies [CHF m]	662.0	530.9	131.1	24.7%	308.1	353.9	(45.8)	-12.9%
Total Headcounts	260	227	33	14.5%	260	253	7	2.8%
Total Balance Sheet [CHF m]	2'141.3	1'647.3	494.0	30.0%	2'141.3	2'053.9	87.4	4.3%
Total Equity [CHF m]	183.1	152.4	30.7	20.1%	183.1	181.8	1.3	0.7%
Equity Surplus [CHF m]	115.2	100.6	14.6	14.5%	115.2	122.9	-7.7	-6.3%