

Results for the 2018 business year

Swissquote confirms record figures for 2018

As previously announced in January, Swissquote achieved record absolute figures in 2018 compared to the previous year: net revenues rose by 14.3 percent to CHF 214.5 million, while net profit rose by 13.8 percent to CHF 44.6 million. The net new money inflow increased by 14.8 percent to CHF 3.115 billion. Total equity increased by 19.3 percent to CHF 352.2 million.

Revenues surpass CHF 200 million mark for first time

Operating revenues rose by 16.2 percent to CHF 225.4 million (CHF 194.0 million). This figure was reduced by negative interest rates (-CHF 9.0 million) and unrealised fair value (-CHF 1.9 million), resulting in a 14.3 percent increase in **net revenues** to CHF 214.5 million (CHF 187.8 million). With one exception, all four business areas contributed to the record result.

Net fee & commission income rose on the back of higher trading activity (11.9 compared to 11.0 transactions per year/client) by 16.8 percent to CHF 99.5 million (CHF 85.2 million). Successful trading in derivative products via Swiss DOTS and trading in cryptocurrencies both contributed to the good result. **Net eForex income** rose by 7.7 percent to CHF 71.8 million (CHF 66.7 million). This growth was attributable to the large number of new clients (+15.4 percent to 47,972), the increase in client assets (+11.0 percent to 365.2 million), and a higher volume of transactions (+8.2 percent to USD 1.180 billion). **Net interest income** increased sharply by 68.1 percent to CHF 33.2 million (CHF 19.8 million) as a result of the steady rise in short-term interest rates in the US and the growing volume of client assets in foreign currencies. By contrast, **net trading income** (currency trading excluding eForex) declined slightly by 6.5 percent to CHF 20.9 million (CHF 22.3 million).

Further increase in profitability

At CHF 160.8 million, **operating expenses** were 13.2 percent higher than the previous year (CHF 142.0 million). This rise in expenditure was above all attributable to persistently high investment in technology, marketing and employees, with headcount rising by 69 to 662. While operating expenses rose by CHF 18.8 million, net revenues increased by CHF 26.8 million. In keeping with this expenditure/income development, all profit figures rose sharply: **pre-tax profit** was up by 17.4 percent to CHF 53.8 million (CHF 45.8 million) while the pre-tax profit margin advanced to 25.1 percent (24.4 percent); **net profit** rose by 13.8 percent to

CHF 44.6 million (CHF 39.2 million) with the net profit margin remaining stable at 20.8 percent (20.9 percent). The **capital ratio** amounted to 29.0 percent (26.1 percent). Accordingly, Swissquote remains one of Switzerland's best-financed banks. **Total equity** increased by 19.3 percent to CHF 352.2 million (CHF 295.1 million). Of this amount, EUR 27.7 million will be withdrawn as the purchase price for Luxembourg's **Internaxx Bank S.A.**, which was acquired in August 2018. The transaction was approved by the Luxembourg and European supervisory authorities on 6 March 2019. The completion of the transaction should take formal effect before the end of the first quarter of 2019.

High new money inflow of more than CHF 3 billion

Despite a high **net new money inflow** of CHF 3.115 billion (CHF 2.714 billion), **client assets** declined slightly by 1.2 percent to CHF 23.822 billion (CHF 24.112 billion) as a result of general market developments. As at the end of 2018, clients held assets of CHF 22.959 billion (- 0.1 percent) in trading accounts, CHF 306.3 million (-49.0 percent) in saving accounts, CHF 191.7 million (-5.6 percent) in Robo-Advisory accounts and CHF 365.2 million (+11.0 percent) in eForex accounts. The **total number of accounts** grew by 19,814 (+6.4 percent) to 329,100 (309,286). The breakdown of accounts is as follows: 256,565 trading accounts (+8.3 percent), 21,831 saving accounts (-24.6 percent), 2,732 Robo-Advisory accounts (+43.9 percent) and 47,972 eForex accounts (+15.4 percent).

Outlook for 2019

Swissquote is expecting to record 5–10 percent growth in operating revenues in 2019. However, owing partly to a slow start in trading this year, but most of all to one-off investments in geographical expansion, pre-tax profit is predicted to fall by CHF 10 million from the 2018 figure. On the one hand, the Luxembourg-based Bank Internaxx will be integrated (new platform, additional products, Brexit contingency plan, additional marketing expenses). On the other, Swissquote Pte Ltd. was founded in Singapore, in respect of which a CMSL (capital markets services licence) is to be sought from the MAS (Monetary Authority of Singapore) before the end of 2019. At the same time, 14 new Asian trading exchanges are to be activated on the Swissquote platform for trading in real time.

Fully integrated trading platform and depository for cryptocurrencies

Following the successful start to cryptocurrency trading in mid-2017, this new service was then expanded further at the end of 2017. Ever since, it has been possible to trade the five largest cryptocurrencies easily and securely via the Swissquote platform. In an additional step, this service will be further enhanced from 21 March 2019, at which point it will be possible to transfer cryptocurrencies from external wallets to a Swissquote account and vice versa. Swissquote will therefore become a secure and technologically fully integrated cryptocurrency trading platform and depository for private and institutional clients alike. For this purpose, Swissquote will use the services of the fintech company Crypto Storage AG.

Shareholders benefit from higher dividend

In light of the very good development of business, the Board of Directors is proposing that the Annual General Meeting of Swissquote Group Holding AG of 10 May 2019 distribute a dividend of CHF 1.00 per share (CHF 0.90) to shareholders.

Strengthening of the Executive Management

As a result of the strong growth of both business and organization in recent years, Swissquote is further strengthening its Executive Management. **Michael Ploog** (b.1960), who has been Chief Financial Officer (CFO) of Swissquote since 1999, will be appointed Chief Investment Officer (CIO). The following will be joining the hitherto five-strong Executive Management: **Yvan Cardenas** (b.1980), who has been with Swissquote since 2010, will become CFO. **Lino Finini** (b.1965), who joined Swissquote in 2001, will be appointed Chief Operating Officer (COO), and **Jan De Schepper** (b.1976), who joined Swissquote in 2015, will be appointed Chief Sales and Marketing Officer (CSO).

New Chairman of Board of Directors

Mario Fontana, who has been Chairman of the Board of Directors since 2002, is no longer standing for re-election at the upcoming Annual General Meeting, having successfully served in this capacity for 17 years. He commented as follows: "I have experienced some fascinating times with Swissquote, and have been fortunate to have played a part in the company's impressive development over the years. I am pleased that a long-standing member of the Board of Directors will be taking on this role, thereby ensuring continuity." **Dr Markus Dennler** will assume the role of Chairman following this year's Annual General Meeting. He has been a member of the Board of Directors since 2005.

The complete 2018 Financial Report is available at:

<https://en.swissquote.com/> - Company/Investor Relations/Financial Reports

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 eMortgages. In addition to a low-cost service for private clients, Swissquote offers specialized services for independent asset managers and corporate clients. Swissquote Bank Ltd holds a banking license issued by its supervisory authority, the Swiss Financial Market Supervisory Authority (FINMA), and is a member of the Swiss Bankers Association. Its parent company, Swissquote Group Holding Ltd, is listed on the SIX Swiss Exchange (symbol: SQN).

For further information

Marc Bürki, CEO Swissquote Group Holding Ltd / CEO Swissquote Bank Ltd

Tel. +41 22 999 98 50, Mobile +41 79 413 41 45, marc.burki@swissquote.ch

Nadja Keller, Assistant to CEO / Media Relations Manager

Tel. +41 44 825 88 01, nadja.keller@swissquote.ch

Agenda 2019

10.05.2019 Annual General Assembly

06.08.2019 Presentation of 2019 first half year results

in CHF thousand, except where indicated	12 months ended 31. December				Comparison with previous half year			
	2018	2017	Change	Change in %	H2-2018	H1-2018	Change	Change in %
Net fee & commission income	99,513.7	85,204.1	14,309.6	16.8%	43,948.4	55,565.3	(11,616.9)	-20.9%
Interest income, net	33,204.5	19,748.5	13,456.0	68.1%	17,631.4	15,573.1	2,058.3	13.2%
eForex income, net	71,831.9	66,675.7	5,165.2	7.7%	36,749.2	35,082.7	1,666.5	4.8%
Trading income, net & others ¹	20,871.3	22,320.6	(1,449.3)	-6.5%	9,123.2	11,748.1	(2,624.9)	-22.3%
Operating revenues	225,421.4	193,948.9	31,472.5	16.2%	107,452.2	117,969.2	(10,517.0)	-8.9%
Unrealised fair value	(1,864.4)	1,320.7	(3,185.1)	-241.2%	(821.0)	(1,043.4)	222.4	21.3%
Cost of negative interest rates (excluding FX swaps)	(9,033.1)	(7,513.9)	1,519.2	20.2%	(4,863.1)	(4,170.0)	693.1	16.6%
Net revenues	214,523.9	187,755.7	26,768.2	14.3%	101,768.1	112,755.8	(10,987.7)	-9.7%
Payroll & related expenses	(73,227.1)	(64,645.2)	8,581.9	13.3%	(35,870.2)	(37,356.9)	(1,486.7)	-4.0%
Other operating expenses	(43,840.3)	(38,358.9)	5,481.4	14.3%	(21,213.0)	(22,627.3)	(1,414.3)	-6.3%
Depreciation	(21,008.7)	(18,544.0)	2,464.7	13.3%	(10,864.0)	(10,144.7)	719.3	7.1%
Marketing expenses	(22,686.8)	(20,425.6)	2,261.2	11.1%	(10,809.9)	(11,876.9)	(1,067.0)	-9.0%
Expenses	(160,762.9)	(141,973.7)	18,789.2	13.2%	(78,757.1)	(82,005.8)	(3,248.7)	-4.0%
Pre-tax profit	53,761.0	45,782.0	7,979.0	17.4%	23,011.0	30,750.0	(7,739.0)	-25.2%
Income taxes	(9,157.8)	(6,597.1)	2,560.7	38.8%	(4,147.4)	(5,010.4)	(863.0)	-17.2%
Net profit	44,603.2	39,184.9	5,418.3	13.8%	18,863.6	25,739.6	(6,876.0)	-26.7%
Pre-tax profit margin	25.1%	24.4%			22.6%	27.3%		
Net profit margin	20.8%	20.9%			18.5%	22.8%		
	31.12.2018	31.12.2017	Change	Change in %	31.12.2018	30.06.2018	Change	Change in %
Trading accounts	256,565	236,861	19,704	8.3%	256,565	249,699	6,866	2.7%
Saving accounts	21,831	28,955	(7,124)	-24.6%	21,831	26,968	(5,137)	-19.0%
eForex accounts	47,972	41,572	6,400	15.4%	47,972	42,986	4,986	11.6%
Robo-Advisory (ePB) accounts	2,732	1,898	834	43.9%	2,732	2,379	353	14.8%
Total number of accounts (units)	329,100	309,286	19,814	6.4%	329,100	322,032	7,068	2.2%
Trading client assets	22,958.5	22,979.1	(20.6)	-0.1%	22,958.5	24,479.7	(1,521.2)	-6.2%
Saving client assets	306.3	600.6	(294.3)	-49.0%	306.3	496.5	(190.2)	-38.3%
eForex client assets	365.2	328.9	36.3	11.0%	365.2	328.6	36.6	11.1%
Robo-Advisory (ePB) assets	191.7	203.1	(11.4)	-5.6%	191.7	228.3	(36.6)	-16.0%
Total client assets (CHF m)	23,821.7	24,111.7	(290.0)	-1.2%	23,821.7	25,533.1	(1,711.4)	-6.7%
Total assets under custody (CHF m)	22,983.1	23,240.0	(256.9)	-1.1%	22,983.1	24,657.5	(1,674.4)	-6.8%
Total net new money (CHF m)	3,115.0	2,714.0	401.0	14.8%	694.2	2,420.8	(1,726.6)	-71.3%
eForex volume (USD bn)	1,179.8	1,090.6	89.2	8.2%	585.4	594.4	(9.0)	-1.5%
Total equity (CHF m)	352.2	295.1	57.1	19.3%	352.2	325.7	26.5	8.1%
Capital ratio	29.0%	26.1%	2.9%	11.1%	29.0%	27.5%	1.5%	5.5%
Total headcounts/average headcounts (FTE)	662/628	593/572	69/56	11.6%/9.8%	662/648	633/613	29/35	4.6%/5.7%

¹ Further to the introduction of IFRS 9 on 1 January 2018, it includes credit loss expense of CHF 8.5 million.