

Results for the first nine months of 2010

Swissquote posts record inflow of new funds

The inflow of new funds reached CHF 1.1 billion in the first nine months of 2010, 4.5 percent up on the year-back period. Lower net fee and commission income could not be fully offset by sharply higher interest income and trading results. Total net revenues were down 3.1 percent at CHF 72.4 million (CHF 74.7 million). Operating expenses, on the other hand, climbed 13.3 percent to CHF 47.8 million (CHF 42.2 million). Accordingly, operating profit declined to CHF 24.6 million (CHF 32.6 million) and net profit to CHF 19.6 million (CHF 26.9 million).

Increased independence from fee and commission business

Net fee and commission income in the first nine months of 2010 was 13.1 percent lower than in the year-back period at CHF 46.8 million (CHF 53.8 million) and equivalent to a 64.6 percent share of total revenues. The reason for the decline was a fall in the number of transactions. In view of the stock market environment and associated factors of uncertainty, clients adopted a more conservative approach and retained their positions for longer periods of time. The growing number of clients and the acquisition of Tradejet in June 2010 also failed to compensate for the cautious mood. The lower net fee and commission income contrasted with significant increases in interest income and trading results.

Despite the persistently fraught situation on financial markets, interest income continually improved over the past five quarters thanks to the inflow of new funds to savings accounts (+ 130.6 percent) and strict policy on investing these funds. Revenues were up 16.1 percent at CHF 8.7 million (CHF 7.5 million).

Revenues from trading operations, which are dominated by forex trading, increased 26.1 percent to CHF 16.9 million (CHF 13.4 million). As a result of the ACM acquisition, this area of the business suddenly acquires much greater significance from the 4th quarter onwards. Having previously represented 23.4 percent of total revenues, the business is expected to account for a share of at least 40 percent in future.

Profit margins remain at a high level

The reduced profit figures are a reflection of the slightly lower revenues and the CHF 5.6 million rise in operating expenses. Profit margins nevertheless remain at a very high level: 34.0 percent in terms of operating profit and 27.1 percent at the net profit level. The primary reason for the higher operating expenses was a rise in marketing costs (+ CHF 2.0 million) owing to the launch of new services; the increase in other operating expenses (+ CHF 2.0 million) was due to higher direct costs in relation to the fast-growing eForex arm.

New reporting structure to reflect growth

In light of the growing diversity of its product line-up, Swissquote has decided to adopt a reporting structure that better reflects this new situation and provides a more transparent picture of the company's growth. Therefore, growth is no longer shown in terms of the number of clients but in terms of the number of accounts, as some clients – albeit in rare instances – have more than one account. All in all, the number of accounts rose by 17.2 percent in the first nine months to 162,047. This breaks down into 145,899 trading accounts (+11.7 percent), 13,345 saving accounts (+110.5 percent), 2,662 eForex accounts (+109.4 percent), and – only a few weeks after launch – as many as 141 ePrivate Banking accounts.

Assets under custody increased by 16 percent in overall terms to CHF 7.4 billion. CHF 7 billion of this was held in trading and eForex accounts, CHF 433.8 million in saving accounts, and CHF 11.5 million in ePrivate Banking accounts. Forex trading volume rose by 63.6 percent to USD 89.0 billion.

Forex business massively expanded by ACM acquisition

Swissquote's announcement of its acquisition of Advanced Currency Markets (ACM) – one of the world's largest forex trading firms – on October 26 was welcomed by clients and partners of ACM alike. ACM is very well positioned in the institutional clients business in particular. In recent months, however, some of these clients have been unsettled by the discussion about obtaining a banking license. "We aim to restore trust in the ACM brand through our solidity and strength, together with the banking license we have held for 10 years, and to rapidly expand business with institutional clients," says Swissquote CEO Marc Bürki. The merger of the two firms will be completed by the 2nd quarter of 2011 at the latest. The services previously provided by ACM will continue to be offered under the ACM label and developed as part of a battery of strategic projects. A totally new ACM internet platform will go live before the end of November, for instance, and ACM's offices in Geneva, Zurich (Bahnhofstrasse 64) and Dubai will be retained for the time being.

Despite the uncertainty in connection with the banking license, ACM generated revenue of CHF 27 million in the first nine months of 2010. It had a total trading volume of USD 300 billion, which compares with a figure of USD 89 billion for Swissquote during the same period.

Swissquote lounge in Berne gets off to a successful start

The second Swissquote lounge – which opened recently in the very heart of Berne (Schauplatzgasse 9) – is already proving very popular. Every week, Swissquote talks with more than one hundred clients and potential clients. This opportunity to experience Swissquote not just virtually but also directly at first hand clearly meets a need. Anyone wishing to stay in touch with the financial markets is welcome to visit the Swissquote lounges. There they can access the latest stock market information, study the financial press, swap stock market experiences with like-minded people, find out more about the services Swissquote is offering, or open an account right then and there. Visitors can take advantage of free Wi-Fi access and can also test the Swissquote platform at the internet-connected workstations provided.

The complete **Financial Report for the first nine months of 2010** can be found at:

<http://www.swissquote.ch> – THE COMPANY/Investor Relations/Reporting

Swissquote – Swiss leader in online trading

Swissquote has 270 employees in Gland (Vaud) and Zurich. In addition to low-cost stock market access for private clients and portfolio managers, Swissquote offers a forex trading platform (FXBook), an attractive saving account as well as an electronic asset manager (ePrivate Banking). Swissquote Group Holding AG shares (SQN) are quoted on the SIX Swiss Exchange.

For further information

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Agenda 2011

25.02.2011 Presentation of 2010 results in Zürich (SIX Swiss Exchange)

05.05.2011 Figures for the 1st quarter of 2011

06.05.2011 Annual General Meeting in Zurich

Key figures for the first nine months of 2010

CHF'000	Comparison with Previous Year				Comparison with Previous Quarter			
	9m-2010	9m-2009	Change	Change [%]	Q3-2010	Q2-2010	Change	Change [%]
Net Fee & Commission Income	46'764.8	53'828.4	(7'063.6)	-13.1%	14'240.3	16'623.3	(2'383.0)	-14.3%
Interest Income, net	8'678.2	7'475.0	1'203.2	16.1%	3'331.5	3'038.9	292.6	9.6%
Trading Results	16'945.3	13'433.5	3'511.8	26.1%	5'258.4	6'493.6	(1'235.2)	-19.0%
Total Net Revenues	72'388.3	74'736.9	(2'348.6)	-3.1%	22'830.2	26'155.8	(3'325.6)	-12.7%
Payroll & Related Expenses	(19'936.8)	(18'369.8)	(1'567.0)	8.5%	(7'087.0)	(6'549.3)	(537.7)	8.2%
Other Operating Expenses (incl. Depr. & Provision)	(19'782.3)	(17'784.5)	(1'997.8)	11.2%	(6'389.8)	(6'795.6)	405.8	-6.0%
Marketing Expenses	(8'044.7)	(6'012.0)	(2'032.7)	33.8%	(2'231.8)	(2'758.3)	526.5	-19.1%
Total Expenses	(47'763.8)	(42'166.3)	(5'597.5)	13.3%	(15'708.6)	(16'103.2)	394.6	-2.5%
Operating Profit	24'624.5	32'570.6	(7'946.1)	-24.4%	7'121.6	10'052.6	(2'931.0)	-29.2%
Income Taxes	(5'018.4)	(6'788.2)	1'769.8	-26.1%	(1'192.5)	(2'170.5)	978.0	-45.1%
Others, net of tax ¹⁾	34.3	1'141.6	(1'107.3)	-97.0%	-	34.3	(34.3)	-
Net Profit	19'640.4	26'924.0	(7'283.6)	-27.1%	5'929.1	7'916.4	(1'987.3)	-25.1%
Operating Profit Margin	34.0%	43.6%			31.2%	38.4%		
Net Profit Margin	27.1%	36.0%			26.0%	30.3%		
	30.09.2010	30.09.2009	Change	Change [%]	30.09.2010	30.06.2010	Change	Change [%]
Trading Accounts [units]	145'899	130'645	15'254	11.7%	145'899	141'790	4'109	2.9%
Saving Accounts [units]	13'345	6'339	7'006	110.5%	13'345	12'122	1'223	10.1%
eForex Accounts (Swissquote) [units]	2'662	1'271	1'391	109.4%	2'662	2'357	305	12.9%
ePrivate Banking Accounts [units]	141	-	141	-	141	-	141	-
Total Number of Accounts/Clients	162'047	138'255	23'792	17.2%	162'047	156'269	5'778	3.7%
Trading & eForex Assets [CHF m]	6'952.1	6'189.9	762.2	12.3%	6'952.1	6'417.0	535.1	8.3%
Saving Assets [CHF m]	433.8	188.1	245.7	130.6%	433.8	386.1	47.7	12.4%
ePrivate Banking Assets [CHF m]	11.5	-	11.5	-	11.5	-	11.5	-
Total Assets under Custody [CHF m]	7'397.4	6'378.0	1'019.4	16.0%	7'397.4	6'803.1	594.3	8.7%
Total Net New Monies [CHF m]	1'093.4	1'046.0	47.4	4.5%	431.4	308.1	123.3	40.0%
eForex Volume (Swissquote) [USD bn]	89.0	54.4	34.6	63.6%	25.8	34.3	(8.5)	-24.8%
Total Balance Sheet [CHF m]	2'285.5	1'814.0	471.5	26.0%	2'285.5	2'141.3	144.2	6.7%
Total Equity [CHF m]	188.1	165.5	22.6	13.7%	188.1	183.1	5.0	2.7%
Equity Surplus [CHF m]	118.8	114.7	4.1	3.6%	118.8	115.2	3.6	3.1%
Total Headcounts	270	232	38	16.4%	270	260	10	3.8%

1) Others consist of: Provision on Investment Securities (nil in 2010 and 1'141.6 in 2009); Tradejet Integration costs (-743.0 in 2010, nil in 2009); Gain on Tradejet acquisition (777.3 in 2010, nil in 2009)