

Results for 1st half of 2012

Swissquote remains on track for growth

Swissquote has turned in a solid performance despite the continuing difficult economic environment. Although the company reported a year-on-year decline in both revenues and earnings in the first half of 2012, it also saw the number of accounts rise to more than 200,000, while the inflow of net new monies increased by two thirds. For the year as a whole, Swissquote expects revenues of the order of CHF 120 million.

Positive interest business

The development of Swissquote's revenues in the 1st half of 2012 reflects the situation on the global capital and currency markets as well as the general uncertainty and reticence that this has caused among investors. 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 57.3 million (CHF 67.5 million), total net revenues in the 1st half of 2012 were 15.1 percent lower than in the 1st half of 2011.

As a consequence of a significant fall-off in trading activity to only 11.8 transactions per client/year (13.9 transactions), **net fee and commission income** declined by 20.5 percent to CHF 26.5 million (CHF 33.3 million). Because of the low volatility on the foreign exchange markets, **trading and other results** (eForex) declined by 15.7 percent to CHF 22.2 million (CHF 26.4 million). The eForex trading volume decreased by 25.6 percent to CHF 151.6 billion (CHF 203.9 billion). Although **interest business** was still not easy in the 1st quarter of 2012 in light of the monetary situation and the cautious investment strategy pursued by Swissquote, net interest income rose by 10.1 percent to CHF 8.6 million (CHF 7.8 million).

Decrease in expenses and profit

The 1st half of 2012 saw operating expenses fall 3.8 percent year-on-year to CHF 42.7 million (CHF 44.3 million), but this was not sufficient to compensate for significantly weaker total net revenues. At CHF 14.6 million (CHF 23.1 million), **operating profit** was down 36.7 percent. **Net profit** was 32.5 percent lower at CHF 12.0 million (CHF 17.8 million). The operating profit margin reached 25.6 percent (34.3 percent), and the net profit margin stood at 21.0 percent (26.4 percent). **Earnings per share** amounted to CHF 0.83 (CHF 1.24). The **balance sheet total** grew by 11.1 percent to CHF 2.796 billion, and **total equity** was 5.1 percent higher at CHF 229.9 million (CHF 218.7 million). The **core capital ratio** (tier 1) was at 21.2 percent.

Further growth in client numbers and net new monies

The decline in revenues and profit as a result of prevailing conditions contrasts with gratifying growth in client numbers. Once the market environment improves again, or at least stabilizes, the growth in the client base will provide leverage for the future development of Swissquote's revenues and profit. In the 1st half of 2012, the total number of **accounts** rose by 11.4 percent year-on-year to 200,244. The breakdown is 159,500 trading accounts (+4.3 percent), 29,490 saving accounts (+81.4 percent), 10,542 eForex accounts (+6.5 percent), and 712 ePrivate Banking accounts (+28.5 percent). At CHF 8.160 billion (CHF 7.720 billion), **assets under custody** were 5.7 percent higher than in the 1st half of 2011. At the end of the 1st half of 2012, assets of CHF 7.506 billion were held in trading accounts, CHF 495.7 million in saving accounts, CHF 136.2 million in eForex accounts, and CHF 22.7 million in ePrivate Banking accounts. Totalling CHF 647.9 million (CHF 387.3 million), the **inflow of new funds** was 67.3 percent higher than the previous year.

Swiss DOTS gets off to a successful start

At the end of May 2012, Swissquote launched Swiss DOTS (Swiss Derivatives OTC Trading System). This new service for trading in derivatives in Switzerland was set up in cooperation with Goldman Sachs and UBS. Only a few weeks after the launch, investors now have access to a range of more than 20,000 leveraged products on the Swissquote platform. Investors' response to the new range has been extremely positive as they can now choose which platform they would like to use to trade leveraged products. Other attractive features include extended trading hours (Monday to Friday, 8 a.m. to 10 p.m.), low fees, transparent trading and narrow spreads. This makes Swiss DOTS an ideal complement to the existing offering via Scoach. Prior to the launch of Swiss DOTS, Swissquote already held a share of some 35 percent of the market for retail derivatives trading.

Additional growth in the Middle East and Asia

A few days ago, Swissquote received a category 4 license from the DFSA (Dubai Financial Services Authority) for its subsidiary in Dubai. The license permits Swissquote to actively offer its bank's services in the Middle East and Asia with immediate effect. The aim is to rapidly gain a foothold in these important markets and generate corresponding revenues.

The complete **financial report for the first half of 2012** is available on:

<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 2012

06.11.2012 Figures for the first 9 months of 2012 (conference call)

CHF'000	Comparison with Previous Year				Comparison with Previous Quarter			
	2012	2011	Change	Change [%]	Q2-2012	Q1-2012	Change	Change [%]
Net Fee & Commission Income	26'453.7	33'263.3	(6'809.6)	-20.5%	12'321.7	14'132.0	(1'810.3)	-12.8%
Interest Income, net	8'630.1	7'840.8	789.3	10.1%	4'386.6	4'243.5	143.1	3.4%
Trading & other Results ⁽¹⁾	22'221.2	26'365.4	(4'144.2)	-15.7%	11'403.9	10'817.3	586.6	5.4%
Total Net Revenues	57'305.0	67'469.5	(10'164.5)	-15.1%	28'112.2	29'192.8	(1'080.6)	-3.7%
Payroll & Related Expenses	(19'403.0)	(19'717.3)	314.3	-1.6%	(9'464.0)	(9'939.0)	475.0	-4.8%
Other Operating Expenses (incl. Depr. & Provision) ⁽²⁾	(17'096.9)	(17'159.6)	62.7	-0.4%	(8'862.0)	(8'234.9)	(627.1)	7.6%
Marketing Expenses	(6'162.2)	(7'469.1)	1'306.9	-17.5%	(3'051.1)	(3'111.1)	60.0	-1.9%
Total Expenses	(42'662.1)	(44'346.0)	1'683.9	-3.8%	(21'377.1)	(21'285.0)	(92.1)	0.4%
Operating Profit	14'642.9	23'123.5	(8'480.6)	-36.7%	6'735.1	7'907.8	(1'172.7)	-14.8%
Income Taxes	(2'616.1)	(5'309.3)	2'693.2	-50.7%	(1'009.6)	(1'606.5)	596.9	-37.2%
Net Profit	12'026.8	17'814.2	(5'787.4)	-32.5%	5'725.5	6'301.3	(575.8)	-9.1%
Operating Profit Margin	25.6%	34.3%			24.0%	27.1%		
Net Profit Margin	21.0%	26.4%			20.4%	21.6%		
Weighted average number of ordinary shares	14'459'713	14'422'551	37'162	0.3%	14'466'953	14'461'990	4'963	0.0%
Earning per share	0.83	1.24	(0.41)	-33.1%	0.40	0.44	(0.04)	-9.1%
	30.06.2012	30.06.2011	Change	Change [%]	30.06.2012	31.03.2012	Change	Change [%]
Trading Accounts [units]	159'500	152'987	6'513	4.3%	159'500	159'592	(92)	-0.1%
Saving Accounts [units]	29'490	16'258	13'232	81.4%	29'490	28'840	650	2.3%
eForex Accounts [units]	10'542	9'899	643	6.5%	10'542	11'023	(481)	-4.4%
ePrivate Banking Accounts [units]	712	554	158	28.5%	712	685	27	3.9%
Total Number of Accounts	200'244	179'698	20'546	11.4%	200'244	200'140	104	0.1%
Trading Assets [CHF m]	7'505.5	7'118.0	387.5	5.4%	7'505.5	7'855.2	(349.7)	-4.5%
Saving Assets [CHF m]	495.7	451.6	44.1	9.8%	495.7	479.5	16.2	3.4%
eForex Assets [CHF m]	136.2	128.0	8.2	6.4%	136.2	121.1	15.1	12.5%
ePrivate Banking Assets [CHF m]	22.7	22.7	-	0.0%	22.7	22.6	0.1	0.4%
Total Assets under Custody [CHF m]	8'160.1	7'720.3	439.8	5.7%	8'160.1	8'478.4	(318.3)	-3.8%
Total Net New Monies [CHF m]	647.9	387.3	260.6	67.3%	111.3	536.6	(425.3)	-79.3%
eForex Volume [CHF bn]	151.6	203.9	(52.3)	-25.6%	84.4	67.2	17.2	25.6%
Total Balance Sheet [CHF m]	2'795.9	2'516.1	279.8	11.1%	2'795.9	2'714.6	81.3	3.0%
Total Equity [CHF m]	229.9	218.7	11.2	5.1%	229.9	238.2	(8.3)	-3.5%
Equity Surplus [CHF m]	129.4	125.4	4.0	3.2%	129.4	135.1	(5.7)	-4.2%
Total Headcounts	365	352	13	3.7%	365	358	7	2.0%

(1) The contingent consideration of CHF 0.6m agreed during ACM Advanced Currency Markets Ltd business combination was released in the income statement

(2) An impairment loss of CHF 0.6m on intangible assets was recognised during Q2-2012