

Results for the 1st half of 2011

### **Swissquote sees marked increase in revenues and profit in the 1st half**

**Despite the tense global economic situation and the fairly un motivating stock market climate in recent months, Swissquote succeeded in lifting revenues year-on-year by 36.1 percent to CHF 67.5 million and net profit by 29.9 percent to CHF 17.8 million in the first half of 2011. The number of clients grew by 15.0 percent, which was in line with expectations. In light of the uncertain economic situation and the associated general mistrust toward the financial markets, Swissquote is cautiously optimistic about growth for the full year: revenues are likely to be around CHF 135 million, and net new monies should reach CHF 1 billion.**

#### **Differing levels of growth from the three revenue segments**

All segments contributed to the marked increase in total net revenues, but they witnessed varying developments. In the 1st half of 2011, net fee and commission income rose year-on-year by only 2.3 percent to CHF 33.3 million. One of the main reasons for the modest increase was the low volume of trading activity on the part of clients – in the 2nd quarter, the number of transactions per client/year decreased to 11.1 (previous quarter 16.3). On the other hand, the strong CHF impacted revenue growth since some 50 percent of revenues are settled in foreign currencies – above all in USD and EUR. Interest income rose by 46.6 percent to CHF 7.8 million. The above-average growth in trading operations (eForex) is attributable in particular to ACM, which was acquired in fall 2010 and has been fully merged with Swissquote Bank Ltd. since 10 June of the current year. Revenues increased by 125.6 percent to CHF 26.4 million, contributing 40 percent to total net revenues despite the fact that trading income realized in USD is presently under heavy pressure from the strong CHF. The eForex trading volume came to CHF 203.9 billion in the 1st half.

#### **Profit figures reflect encouraging trend**

Revenues grew by 36.1 percent to CHF 67.5 million and operating expenses by 38.3 percent to CHF 44.3 million. At CHF 23.1 million, the resulting operating profit is 32.1 percent higher than the previous year's figure. The increase in operating expenses is due mainly to the rise in headcount (+35.4 percent) as a consequence of the ACM acquisition. In the 1st half, the operating profit margin stood at 34.3 percent (35.3 percent) and the net profit margin at 26.4 percent (27.7 percent), both figures practically reaching the prior-year level. The balance sheet total increased by 17.5 percent to

CHF 2.516 billion and total equity by 19.4 percent to CHF 218.7 million. The core capital ratio (tier 1) stood at 22.30 percent.

#### **Weakened growth in number of accounts and volume of assets under custody in 2nd quarter**

Compared with the corresponding year-back period, the total number of accounts rose by 15.0 percent to 179,698. The breakdown is 152,987 trading accounts (+7.9 percent), 16,258 saving accounts (+34.1 percent), 9,899 eForex accounts (+320.0 percent), and 554 ePrivate Banking accounts. Although the increase was generally in line with Swissquote's targets, the moderate growth posted in the 2nd quarter (+1.6 percent quarter-on-quarter) was clearly below expectations. The weaker growth can be explained by the uncertain economic situation and the associated general mistrust toward the financial markets. Assets under custody saw a similar development: year-on-year growth of 13.5 percent to CHF 7.720 billion, and a 7.9 percent slowdown quarter-on-quarter. Net new monies of CHF 94 million in the 2nd quarter only partly offset the market-related decline in the value of the portfolios. As at 30 June, assets of CHF 7.118 billion were held in trading accounts, CHF 451.6 million in saving accounts, CHF 128.0 million in eForex accounts, and CHF 22.7 million in ePrivate Banking accounts. At CHF 387.3 million (CHF 662.0 million), the volume of net new monies compared with the previous six months was clearly below expectations.

#### **Cooperative ventures with major potential**

On 7 June, Swissquote announced a cooperative venture with Basellandschaftliche Kantonalbank (BLKB), under which online mortgages at attractive conditions are offered. Mortgage queries will be processed and settled completely online on the Swissquote platform. This new service marks a first for Swissquote.

Just one week later, Swissquote announced a strategic partnership with Swiss Life in the area of bank products. Swissquote will handle the settlement and management of saving and investment products on the Swiss market for Swiss Life and thus become the latter's new partner in the field of assurbanking, the distribution of banking solutions via insurance channels. In concrete terms, starting 1 January 2012, Swissquote Bank Ltd. will act as custodian bank for Swiss Life. As a result, the approximately 20,000 accounts – saving, time deposit and fund accounts – representing some CHF 450 million in assets under custody will be transferred to Swissquote. Going forward, cooperation between the two companies is to be intensified mainly in the development of innovative products and online services for pension clients.

Decisive factors for both cooperative ventures were Swissquote's highly innovative approach, cutting-edge technology and range of efficient services.

The complete **financial report for the first half of 2011** 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 2011**

04.11.2011      Figures for the first 9 months of 2011 (conference call)

**Key figures for the 1st half of 2011**

CHF'000	Comparison with Previous Year				Comparison with Previous Quarter			
	2011	2010	Change	Change [%]	Q2-2011	Q1-2011	Change	Change [%]
Net Fee & Commission Income	33'263.3	32'524.4	738.9	2.3%	14'353.3	18'910.0	(4'556.7)	-24.1%
Interest Income, net	7'840.8	5'346.7	2'494.1	46.6%	3'958.6	3'882.2	76.4	2.0%
Trading Results	26'365.4	11'686.9	14'678.5	125.6%	12'694.1	13'671.3	(977.2)	-7.1%
<b>Total Net Revenues</b>	<b>67'469.5</b>	<b>49'558.0</b>	17'911.5	36.1%	<b>31'006.0</b>	<b>36'463.5</b>	(5'457.5)	-15.0%
Payroll & Related Expenses	(19'717.3)	(12'849.7)	(6'867.6)	53.4%	(9'688.5)	(10'028.9)	340.4	-3.4%
Other Operating Expenses (incl. Depr. & Provision)	(17'159.6)	(13'392.6)	(3'767.0)	28.1%	(8'271.2)	(8'888.3)	617.1	-6.9%
Marketing Expenses	(7'469.1)	(5'812.9)	(1'656.2)	28.5%	(3'547.3)	(3'921.7)	374.4	-9.5%
<b>Total Expenses</b>	<b>(44'346.0)</b>	<b>(32'055.2)</b>	(12'290.8)	38.3%	<b>(21'507.0)</b>	<b>(22'838.9)</b>	1'331.9	-5.8%
<b>Operating Profit</b>	<b>23'123.5</b>	<b>17'502.8</b>	5'620.7	32.1%	9'499.0	<b>13'624.6</b>	(4'125.6)	-30.3%
Income Taxes	(5'309.3)	(3'825.9)	(1'483.4)	38.8%	(2'339.7)	(2'969.6)	629.9	-21.2%
Others, net of tax <sup>1)</sup>	-	34.3	(34.3)	-	-	-	-	-
<b>Net Profit</b>	<b>17'814.2</b>	<b>13'711.2</b>	4'103.0	29.9%	7'159.3	<b>10'655.0</b>	(3'495.7)	-32.8%
Operating Profit Margin	34.3%	35.3%			30.6%	37.4%		
Net Profit Margin	26.4%	27.7%			23.1%	29.2%		
Weighted average number of ordinary shares	14'422'551	14'118'025	304'526	2.2%	14'435'893	14'348'308	87'585	0.6%
Earning per share	1.24	0.97	0.26	27.2%	0.50	0.74	(0.25)	-33.2%
	<b>30.06.2011</b>	<b>30.06.2010</b>	Change	Change [%]	<b>30.06.2011</b>	<b>31.03.2011</b>	Change	Change [%]
Trading Accounts [units]	152'987	141'790	11'197	7.9%	152'987	151'555	1'432	0.9%
Saving Accounts [units]	16'258	12'122	4'136	34.1%	16'258	15'455	803	5.2%
eForex Accounts [units]	9'899	2'357	7'542	320.0%	9'899	9'438	461	4.9%
ePrivate Banking Accounts [units]	554	-	554	-	554	484	70	14.5%
<b>Total Number of Accounts</b>	<b>179'698</b>	<b>156'269</b>	23'429	15.0%	<b>179'698</b>	<b>176'932</b>	2'766	1.6%
Trading Assets [CHF m]	7'118.0	6'393.6	724.4	11.3%	7'118.0	7'765.5	(647.5)	-8.3%
Saving Assets [CHF m]	451.6	386.1	65.5	17.0%	451.6	448.4	3.2	0.7%
eForex Assets [CHF m]	128.0	23.4	104.6	447.0%	128.0	146.5	(18.5)	-12.6%
ePrivate Banking Assets [CHF m]	22.7	-	22.7	-	22.7	22.5	0.2	1.0%
<b>Total Assets under Custody [CHF m]</b>	<b>7'720.3</b>	<b>6'803.1</b>	917.2	13.5%	<b>7'720.3</b>	<b>8'382.9</b>	(662.6)	-7.9%
Total Net New Monies [CHF m]	387.3	662.0	(274.7)	-41.5%	94.0	293.3	(199.3)	-68.0%
eForex Volume [CHF bn]	203.9	63.2	140.7	222.6%	102.1	101.9	0.2	0.1%
Total Balance Sheet [CHF m]	2'516.1	2'141.3	374.8	17.5%	2'516.1	2'398.0	118.1	4.9%
Total Equity [CHF m]	218.7	183.1	35.6	19.4%	218.7	211.1	7.6	3.6%
Equity Surplus [CHF m]	125.4	115.2	10.2	8.9%	125.4	115.3	10.1	8.8%
Total Headcounts	352	260	92	35.4%	352	350	2	0.6%

1) Others consist of: Acquisition costs [fees impairment restructuring]