

Results for the 2014 business year

Swissquote reports significantly higher net revenues and net profit

2014 was a very successful year for Swissquote: net revenues increased by 16.5 percent year-on-year, net profit was up by 101.8 percent, and – due in part to net new monies of more than CHF 1 billion – assets under custody grew to CHF 11.562 billion. The number of new accounts rose by 2.6 percent. For 2015, Swissquote expects net revenues to continue growing (+15 percent), with net new monies exceeding CHF 1 billion. However, net profit for 2015 will be impacted by the CHF 25 million provision communicated on 16 January 2015.

Solid, diversified revenue structure

Total net revenues reached a new record high, up 16.5 percent to CHF 145.5 million (CHF 124.9 million). The impact of the unrealised fair value was a modest +CHF 0.04 million. With the exception of interest operations, all business areas contributed to revenue growth. Swissquote's net revenues are solidly diversified, with the two main areas (fees & commissions and eForex) generating approximately 40 percent each, and trading and interest operations around 10 percent each. Despite a slight decrease in trading activity (11.8 transactions per client/year), and with 3,455 new clients, **net fee & commission income** rose by 6.1 percent to CHF 62.9 million (CHF 59.3 million). **Net eForex income** increased by 43.9 percent to CHF 54.8 million (CHF 38.1 million). At USD 1,014 billion, the eForex volume met the target for 2014.

The full integration of MIG Bank, acquired on 25 September 2013, was completed in 2014. Swissquote can now focus fully on organic growth and locking into further synergies in the eForex segment. As a result of low (even negative) interest rates, **net interest income** decreased by 3.4 percent to CHF 14.6 million (CHF 15.1 million). **Trading income** primarily comprises earnings from trading with currencies (in the conventional sense without leveraging). It was up by 12.1 percent to CHF 13.1 million (CHF 11.7 million).

Exceptionally high increase in net profit

At CHF 117.3 million (CHF 95.8 million), **operating expenses** were 22.5 percent higher in 2014 than in the previous year. As with net revenues, the bulk of the increase in expenses is due to the integration of MIG Bank, above all in respect of payroll and related expenses. At CHF 28.2 million (CHF 29.1 million), **pre-tax profit** was just below the previous year's level. By contrast, **net profit** saw an exceptionally high rise of 101.8 percent to CHF 23.5 million (CHF 11.7 million). The sharp upturn can be explained by restructuring costs associated with the acquisition of MIG Bank (CHF 12.8 million) that were charged to the previous year's accounts. The pre-tax profit margin was 19.4 percent (23.3 percent), and the net profit margin 16.2 percent (9.3 percent). **Earnings per share** amounted to CHF 1.56 (CHF 0.82). **Total equity** grew by 10.7 percent to CHF 274.4 million (CHF 247.9 million); the **core capital ratio** (Tier 1) reached a solid 23.3 percent (20.6 percent).

More than CHF 1 billion in net new monies

The number of customers continued to grow. The **total number of accounts** rose by 2.6 percent year-on-year to 221,922 (216,357). The breakdown is 166,941 trading accounts (+2.1 percent), 31,612 saving accounts (+1.8 percent), 1,210 ePrivate Banking accounts (+29.3 percent) and 22,159 eForex accounts (+6.1 percent). Compared with the previous year, **assets under custody** increased by 14.7 percent to CHF 11.562 billion (CHF 10.083 billion), marking a new record. As at end 2014, assets of CHF 10.500 billion were held in trading accounts, CHF 751.1 million in saving accounts, CHF 69.9 million in ePrivate Banking accounts, and CHF 241.0 million in eForex accounts. **Net new monies** grew by 41.2 percent year-on-year to CHF 1.081 billion (CHF 765.2 million).

Successful leading-edge ePrivate Banking platform

Launched last summer, version 2.0 of Swissquote's ePrivate Banking tool is one of the foremost leading-edge fintech platforms in the world. The new version facilitates automated investment in various currencies and various investment categories. The Swissquote Quant Swiss Equity Fund, which is managed using the same technology, was the third-best performing Swiss fund in the Swiss equities category in 2014¹. The success of the new platform is also reflected in the ePrivate Banking figures, showing strong increases in the number of clients (+29.3 percent) and assets under custody (+106.2 percent) in 2014.

Outlook on the 2015 financial year

Swissquote is expecting to see net revenue growth in the region of 15 percent and net new monies in excess of CHF 1 billion again in 2015. In addition, the long-term strategic partnership with **PostFinance** in the area of online trading, as announced in May 2014, will be launched in fall 2015. Transfer of the approx. 60,000 customers and CHF 4 billion in custody assets will be completed in May 2016. As announced, Swissquote will operate as the trading platform for PostFinance and will handle stock exchange orders placed by PostFinance customers. The two companies intend to join forces to develop the online brokerage market. Swissquote also expects its global multi-year partnership with **Manchester United** to have a positive impact on future growth. Working with one of the world's most popular and successful soccer clubs will give Swissquote access to a fan database with more than 650 million members. These encouraging prospects for the current financial year are, however, clouded by the CHF 25 million in provisions to be charged to the 2015 accounts, as announced on 16 January 2015. These provisions have been set aside to cover the negative balances of clients surprised by the SNB's decision to abandon the minimum exchange rate of CHF 1.20 against the Euro. Swissquote Bank is aiming to reduce the amount of the effective write-off in the next few quarters. Any increase in the provisions already made can, at all events, be ruled out. The solidity of Swissquote Bank will not be impaired even if the amount of CHF 25 million is written off in full – the core capital ratio will remain at a minimum of 20 percent.

Distribution of profit to shareholders

The Board of Directors will propose to the Annual General Meeting of Swissquote Group Holding Ltd on 7 May 2015 that an unchanged dividend of CHF 0.60 per share be distributed.

The complete **financial report for the 2014 business year** is available at:

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

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, 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 Bank Ltd holds a banking license issued by its supervisory authority the Swiss Federal Financial Market Supervisory Authority (FINMA) and is a member of the Swiss Bankers Association. Its mother company, Swissquote Group Holding Ltd, is listed on the SIX Swiss Exchange (symbol: SQN).

For further information

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Agenda 2015

07.05.2015 Annual General Meeting in Zurich

28.07.2015 Figures for the first half of 2015 (presentation at the SIX Swiss Exchange in Zurich)

¹ Source: e-fundresearch.com Data GmbH

<http://ch.e-fundresearch.com/funds/artikel/24018-die-besten-schweiz-aktienfonds-2014>

CHF'000	12 months ended 31 December				Comparison with Previous Half Year			
	2014	2013	Change	Change [%]	Actual H2-2014	Actual H1-2014	Change	Change [%]
Net Fee & Commission Income	62'942.0	59'304.0	3'638.0	6.1%	31'996.8	30'945.2	1'051.6	3.4%
Interest Income, net	14'612.3	15'124.9	(512.6)	-3.4%	7'413.1	7'199.2	213.9	3.0%
eForex Income, net	54'794.4	38'083.6	16'710.8	43.9%	29'011.9	25'782.5	3'229.4	12.5%
Trading Income, net	13'134.9	11'720.2	1'414.7	12.1%	6'758.7	6'376.2	382.5	6.0%
Total Operating Revenues	145'483.6	124'232.7	21'250.9	17.1%	75'180.5	70'303.1	4'877.4	6.9%
Unrealised Fair Value	40.8	638.0	(597.2)	-93.6%	11.7	29.1	(17.4)	-59.8%
Total Net Revenues	145'524.4	124'870.7	20'653.7	16.5%	75'192.2	70'332.2	4'860.0	6.9%
Payroll & Related Expenses	(57'987.3)	(45'144.2)	(12'843.1)	28.4%	(29'122.5)	(28'864.8)	(257.7)	0.9%
Other Operating Expenses (incl. Depr. & Provision)	(44'294.4)	(38'231.5)	(6'062.9)	15.9%	(22'449.1)	(21'845.3)	(603.8)	2.8%
Marketing Expenses	(15'022.5)	(12'400.7)	(2'621.8)	21.1%	(8'566.8)	(6'455.6)	(2'111.2)	32.7%
Total Expenses	(117'304.2)	(95'776.4)	(21'527.8)	22.5%	(60'138.4)	(57'165.7)	(2'972.7)	5.2%
Pre-tax Profit	28'220.2	29'094.3	(874.1)	-3.0%	15'053.8	13'166.5	1'887.3	14.3%
Income Taxes	(4'698.9)	(4'588.4)	(110.5)	2.4%	(2'635.7)	(2'063.2)	(572.5)	27.7%
One-offs items*	-	(12'849.7)	12'849.7	-100.0%	-	-	-	-
Net Profit	23'521.3	11'656.2	11'865.1	101.8%	12'418.1	11'103.3	1'314.8	11.8%
Pre-tax Profit Margin [%]	19.4%	23.3%			20.0%	18.7%		
Net Profit Margin [%]	16.2%	9.3%			16.5%	15.8%		
	31.12.2014	31.12.2013	Change	Change [%]	31.12.2014	30.06.2014	Change	Change [%]
Trading Accounts [units]	166'941	163'486	3'455	2.1%	166'941	165'143	1'798	1.1%
Saving Accounts [units]	31'612	31'051	561	1.8%	31'612	31'451	161	0.5%
eForex Accounts [units]	22'159	20'884	1'275	6.1%	22'159	21'515	644	3.0%
ePrivate Banking Accounts [units]	1'210	936	274	29.3%	1'210	1'068	142	13.3%
Total Number of Accounts [units]	221'922	216'357	5'565	2.6%	221'922	219'177	2'745	1.3%
Trading Assets [CHF m]	10'499.6	9'111.1	1'388.5	15.2%	10'499.6	9'822.3	677.3	6.9%
Saving Assets [CHF m]	751.1	704.9	46.2	6.6%	751.1	718.9	32.2	4.5%
eForex Assets [CHF m]	241.0	232.6	8.4	3.6%	241.0	236.5	4.5	1.9%
ePrivate Banking Assets [CHF m]	69.9	33.9	36.0	106.2%	69.9	57.4	12.5	21.8%
Total Assets under Custody [CHF m]	11'561.6	10'082.5	1'479.1	14.7%	11'561.6	10'835.1	726.5	6.7%
Total Net New Monies [CHF m]	1'080.8	765.2	315.6	41.2%	624.4	456.4	168.0	36.8%
eForex Volume [USD bn]	1'014.2	510.4	503.8	98.7%	576.5	437.7	138.8	31.7%
Total Equity [CHF m]	274.4	247.9	26.5	10.7%	274.4	271.3	3.1	1.1%
Common Equity Tier 1 ratio [%]	23.3%	20.6%	2.7%	13.1%	23.3%	23.1%	0.2%	0.9%
Total Headcounts / Average Headcounts - [FTE]	532 / 520	507 / 438	25 / 82	4.9% / 18.7%	532 / 523	513 / 510	19 / 13	3.7% / 2.5%

* One-off items comprise of acquisition, restructuring and special tax related costs.