

Results for the 2019 business year

Strong year for Swissquote

In 2019 Swissquote increased its net revenues by 7.5 percent year-on-year to CHF 230.6 million. At CHF 44.7 million, net profit was higher than in the previous year despite significantly higher personnel expenses and depreciation. Thanks to a net new money inflow of CHF 4.6 billion, client assets rose to a record CHF 32.2 billion. For 2020, Swissquote is anticipating further growth in net revenues and profit of more than 10%.

Revenues set new record

At CHF 239.9 million, **operating revenues** reached their highest level ever, recording a year-on-year rise of 6.4 percent (previous year: CHF 225.4 million). When adjusted for negative interest rates (– CHF 9.5 million) and fair value adjustments (+CHF 0.3 million), **net revenues** amounted to CHF 230.6 million, 7.5 percent up on the previous year (CHF 214.5 million).

Despite a positive market environment and more than 30,000 new client accounts, **net fee & commission income** declined by 6.6 percent to CHF 92.9 million (CHF 99.5 million), as trading volumes decreased overall from 3.0 million to 2.8 million transactions. The cryptocurrency business contributed CHF 6.3 million (CHF 9.8 million) to fee & commission income. **Net eForex income** rose by 19.0 percent to CHF 85.5 million (CHF 71.8 million). Thanks to substantial investment in the improvement of the trading system efficiency, revenues were up by 19.0 percent while trading volumes rose by just 3.2 percent to USD 1,218 billion (USD 1,180 billion). **Net interest income** increased by 20.7 percent to CHF 40.1 million (CHF 33.2 million). Key drivers of this development included central bank monetary policies and the adjustment of the company's own negative interest policy. Swissquote now imposes negative interest rates on cash amounts of more than CHF/EUR 500,000, although a proportion of this charge is reimbursed to clients in the form of trading credits. **Net trading income** (currency trading excluding eForex) recorded a slight rise of 2.3 percent to CHF 21.4 million (CHF 20.9 million).

Operating expenses in line with expectations

At CHF 180.1 million (CHF 160.8 million), **operating expenses** were 12.0 percent higher than in the previous year. This increase is above all attributable to higher personnel expenses (+CHF 11.0 million), which rose primarily as a result of the integration of Internaxx Bank S.A. and an increase in depreciation (+CHF 5.0 million). Total headcount was up by 60 employees (36 at Internaxx) to 722.

Net profit exceeds expectations

The rise in expenses brought about a 5.9 percent decrease in **pre-tax profit** to CHF 50.6 million (CHF 53.8 million) and resulted in a pre-tax profit margin of 21.9 percent (25.1 percent). Contrary to expectations, the **net profit** figure of CHF 44.7 million slightly surpassed the prior-year figure

(CHF 44.6 million). A positive factor here was the implementation of a new corporate tax regime in Canton of Vaud. The net profit margin amounted to 19.4 percent (20.8 percent).

Solid capital base

The Basel III **capital ratio** remains at a high 21.7 percent (29.0 percent) even after the purchase of Internaxx. Swissquote therefore remains one of Switzerland's best-financed banks. **Total equity** increased by 6.4 percent to CHF 374.8 million (CHF 352.2 million).

Client assets surge by more than a third

Half of the high **net new money inflow** of CHF 4.558 billion (CHF 3.115 billion) relates to organic growth, while the other half derives from the integration of the accounts of Internaxx. A combination of high net new money inflow and general stock market developments in 2019 saw **client assets** rise by 35.3 percent to CHF 32.2 billion (CHF 23.8 billion). As at the end of December 2019, clients held assets of CHF 31.3 billion (+36.3 percent) in trading accounts, CHF 265.5 million (-13.3 percent) in saving accounts, CHF 231.9 million (+21.0 percent) in Robo-Advisory accounts and CHF 447 million (+22.4 percent) in eForex accounts. The **total number of accounts** grew by 30,512 (+9.3 percent) to a record 359,612. The breakdown of accounts is as follows: 281,814 trading accounts (+9.8 percent), 19,717 saving accounts (-9.7 percent), 3,362 Robo-Advisory accounts (+23.1 percent) and 54,719 eForex accounts (+14.1 percent).

Successful expansion in Europe and Asia

Swissquote reached two important milestones in 2019 in the implementation of its long-term growth strategy. On the one hand, it completed the takeover of the Luxembourg-based Internaxx Bank S.A. This institution is being integrated into Swissquote Group under the name **Swissquote Bank Europe SA**. The focus of its activities lies on European private clients. Its revenues from ordinary business activities have been consolidated in the Swissquote figures from April onwards and amounted to CHF 10.0 million for these nine months. In addition, the Monetary Authority of Singapore (MAS) issued a Capital Market Service License (CMSL) to the subsidiary **Swissquote Pte. Ltd**, which was founded the previous year. The first asset managers and institutional clients have already been acquired.

New asset categories for Robo-Advisory

In August, Swissquote expanded its Robo-Advisory offering to include the asset categories of cryptocurrencies and real estate. The Robo-Advisor invests in multi-asset strategies. The offering, which started with equities, fixed income instruments and commodities, now also extends to investments in cryptocurrencies and real estate. The new real estate category comprises ETFs and investment funds that focus on this asset category either directly or via listed companies.

New issuer on Swiss DOTS

In November, Swissquote announced that it would be further expanding its offering on the OTC trading platform Swiss DOTS. The new issuer, BNP Paribas, will be adding some 10,000 leveraged products to the existing offerings of the two founding partners, UBS and Goldman Sachs, and those of Commerzbank and Bank Vontobel. By contrast, Deutsche Bank removed its offering from Swiss DOTS as per the end of 2019.

Expansion of trading with seven new cryptocurrencies

Swissquote is further expanding its offering in the area of cryptocurrencies: Investors can now trade seven new cryptocurrencies. The following virtual currencies will now join the offering: EOS (EOS), Stellar (XLM), Chainlink (LINK), Tezos (XTZ), Ethereum Classic (ETC), Augur (REP) and 0x (ZRX). With a new total of 12 virtual currencies, Swissquote offers the most comprehensive spectrum of cryptocurrencies of any online bank in Switzerland. Furthermore, since the end of March 2019 it has been possible to transfer cryptocurrencies from an external wallet to a Swissquote account, and vice versa. Swissquote therefore offers a secure and technologically fully integrated trading platform as well as acting as a secure Swiss custodian for cryptocurrencies for private and institutional investors.

Swissquote receives Fair-ON-Pay certification for pay equality

At the beginning of 2020, Swissquote was awarded the Fair-ON-Pay certificate. This certificate confirms that women and men enjoy equality of pay according to the criteria defined by the Federal Office for Gender Equality. Thus Swissquote can be regarded as a modern, fair and socially responsible employer.

Outlook for 2020

The first quarter 2020 was marked by a strong increase in trading volumes generated by extreme volatility on financial markets. For 2020, Swissquote is anticipating further growth in net revenues and profit of more than 10%. A more precise outlook is however difficult given current market uncertainties. Swissquote is also experiencing a massive demand in account opening. Several thousand applications are received each week since the beginning of the year. Those requests must be checked in accordance with legal and regulatory standards, which takes time. This explains the current delays in account openings. Swissquote is working hard to clear the backlog.

Distribution of profit to shareholders

In view of the solid result for the year, the Board of Directors is proposing to the Annual General Meeting of Swissquote Group Holding Ltd, to be held on 5 May 2020, that a **dividend of CHF 1.00** per share be distributed to shareholders, as in the previous year.

The complete **2019 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 Swiss Stock Exchange SIX (symbol: SQN).

For further information

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Agenda 2020

05.05.2020 Annual General Assembly

11.08.2020 Presentation of 2020 first half year results

in CHF thousand, except where indicated	12 months ended 31 December				Comparison with previous half year			
	2019	2018	Change	Change in %	H2-2019	H1-2019	Change	Change in %
Net fee & commission income	92,915.0	99,513.7	(6,598.7)	-6.6%	47,274.5	45,640.5	1,634.0	3.6%
Interest income, net ¹	40,093.8	33,204.5	6,889.3	20.7%	18,942.1	21,151.8	(2,209.7)	-10.4%
eForex income, net	85,508.9	71,831.9	13,677.0	19.0%	46,054.4	39,454.5	6,599.9	16.7%
Trading income, net ²	21,361.1	20,871.3	489.8	2.3%	10,417.7	10,943.4	(525.7)	-4.8%
Operating revenues	239,878.8	225,421.4	14,457.4	6.4%	122,688.7	117,190.2	5,498.5	4.7%
Unrealised fair value	309.0	(1,864.4)	2,173.4	116.6%	199.8	109.2	90.6	83.0%
Cost of negative interest rates (excluding FX swaps)	(9,547.3)	(9,033.1)	514.2	5.7%	(4,493.6)	(5,053.8)	(560.2)	-11.1%
Net revenues	230,640.5	214,523.9	16,116.6	7.5%	118,394.9	112,245.6	6,149.3	5.5%
Payroll & related expenses	(84,211.7)	(73,227.1)	10,984.6	15.0%	(43,498.7)	(40,713.0)	2,785.7	6.8%
Other operating expenses	(46,375.2)	(43,840.3)	2,534.9	5.8%	(23,378.8)	(22,996.4)	382.4	1.7%
Depreciation	(26,056.9)	(21,008.7)	5,048.2	24.0%	(13,386.6)	(12,670.3)	716.3	5.7%
Marketing expenses	(23,408.5)	(22,686.8)	721.7	3.2%	(12,643.2)	(10,765.3)	1,877.9	17.4%
Expenses	(180,052.3)	(160,762.9)	19,289.4	12.0%	(92,907.3)	(87,145.0)	5,762.3	6.6%
Pre-tax profit	50,588.2	53,761.0	(3,172.8)	-5.9%	25,487.6	25,100.6	387.0	1.5%
Income taxes	(5,934.6)	(9,157.8)	(3,223.2)	-35.2%	(2,882.1)	(3,052.5)	(170.4)	-5.6%
Net profit	44,653.6	44,603.2	50.4	0.1%	22,605.5	22,048.1	557.4	2.5%
Pre-tax profit margin	21.9%	25.1%			21.5%	22.4%		
Net profit margin	19.4%	20.8%			19.1%	19.6%		
	31.12.2019	31.12.2018	Change	Change in %	31.12.2019	30.06.2019	Change	Change in %
Trading accounts	281,814	256,565	25,249	9.8%	281,814	264,267	17,547	6.6%
Saving accounts	19,717	21,831	(2,114)	-9.7%	19,717	19,962	(245)	-1.2%
eForex accounts	54,719	47,972	6,747	14.1%	54,719	51,974	2,745	5.3%
Robo-Advisory (ePB) accounts	3,362	2,732	630	23.1%	3,362	2,969	393	13.2%
Total number of accounts (units)	359,612	329,100	30,512	9.3%	359,612	339,172	20,440	6.0%
Trading client assets	31,296.5	22,958.5	8,338.0	36.3%	31,296.5	29,587.0	1,709.5	5.8%
Saving client assets	265.5	306.3	(40.8)	-13.3%	265.5	269.7	(4.2)	-1.6%
eForex client assets	447.0	365.2	81.8	22.4%	447.0	439.8	7.2	1.6%
Robo-Advisory (ePB) assets	231.9	191.7	40.2	21.0%	231.9	223.8	8.1	3.6%
Total client assets (CHF m)	32,240.9	23,821.7	8,419.2	35.3%	32,240.9	30,520.3	1,720.6	5.6%
Total assets under custody (CHF m)	31,183.3	22,983.1	8,200.2	35.7%	31,183.3	29,528.5	1,654.8	5.6%
Total net new money (CHF m)	4,558.4	3,115.0	1,443.4	46.3%	1,141.3	3,417.1	(2,275.8)	-66.6%
eForex volume (USD bn)	1,217.8	1,179.8	38.0	3.2%	627.0	590.8	36.2	6.1%
Total equity (CHF m)	374.8	352.2	22.6	6.4%	374.8	356.9	17.9	5.0%
Capital ratio	21.7%	29.0%	-7.3%	-25.2%	21.7%	22.4%	-0.7%	-3.1%
Total headcounts/average headcounts (FTE)	722 / 692	662 / 628	60 / 64	9.1% / 10.2%	722 / 710	698 / 680	24 / 30	3.4% / 4.4%

¹ Net interest income as per Annual Report 2019 of CHF 30.5 million should be read in conjunction with the cost of negative interest rates (excluding FX swaps) of -CHF 9.6 million (CHF 40.1 million less CHF 9.6 million).

² Net trading income as per Annual Report 2019 of CHF 108.9 million should be read in conjunction with eForex income (CHF 85.5 million) and unrealised fair value (CHF 0.3 million). In addition, it includes credit loss expense of CHF 1.7 million presented separately in the Annual report.