

Results for the 2010 business year

### **Swissquote revenues exceed CHF 100 million**

**In 2010 overall revenues rose by 6.1 percent year-to-date to CHF 104.6 million (CHF 98.6 million) – revenues increased by 41.3 percent in the 4th quarter alone. Operating expenses rose by 24.5 percent to CHF 70.7 million (CHF 56.8 million). Net profit amounted to CHF 21.2 million. Thanks to solid growth of 19.2 percent in client numbers to 172,091 and the associated record inflows of CHF 1.477 billion in new monies, assets under custody exceeded CHF 8 billion for the first time. In 2011, Swissquote has set itself the target of growing revenues by approx. 50 percent and assets under custody by CHF 2 billion.**

### **Commission business rebounds in 4th quarter**

Compared with the previous year, income in the commission business was appreciably lower in the first 9 months of 2010, before rebounding by 14.9 percent in the 4th quarter. The cause of the decline in the first 9 months was the lower number of transactions, which recovered in the 4th quarter, though without reaching the previous year's level. The 10.7 percent drop in net fee and commission income to CHF 63.1 million (CHF 70.7 million) was more than offset by higher interest income and trading results: interest income rose by 30.7 percent to CHF 12.5 million year-to-year (CHF 9.6 million). Trading results, in which the eForex business predominates, expanded disproportionately by 58.1 percent to CHF 29.0 million (CHF 18.3 million) thanks to organic growth and the acquisition of ACM on 26 October. In the 4th quarter, trading results rose by 129.2 percent. eForex trading volumes rose to CHF 185.4 billion (CHF 77.2 billion) in 2010 and are forecast to grow to about CHF 550 billion in 2011. On the basis of this development, the trading business will account for at least 40 percent of total revenues in future. This will substantially reduce dependence on the commission business.

### **Higher operating expenditure – solid balance sheet**

Whereas revenues rose by 6.1 percent, operating expenses increased by 24.5 percent to CHF 70.7 million (CHF 56.8 million). The addition of 85 ACM employees and the creation of 34 new positions increased payroll expenses by 19.4 percent to CHF 29.3 million (CHF 24.6 million). At the end of 2010 the total headcount was 355 (236). The increase of 22.0 percent in other operating expenses to CHF 29.1 million (CHF 23.8 million) reflects the rapid expansion of the eForex business. Marketing expenses rose by 46.2 percent to CHF 12.3 million (CHF 8.4 million). This increase is attributable on one hand to the below-average level of marketing costs in 2009 and on the other hand to the successful launch of the 'Swissquote ePrivate Banking Magazine' in early 2010 and additional marketing activities associated with ACM. Overall, operating profit declined by 18.9 percent year-to-

year to 33.9 million (CHF 41.8 million). On account of the one-off costs associated with the acquisition of ACM and Tradejet, net profit fell by 39.5 percent to CHF 21.2 million (CHF 35.0 million). Swissquote had an operating profit margin of 32.4 percent (42.4 percent) and a net profit margin of 20.2 percent (35.5 percent).

In 2010 the balance sheet total increased by 24.0 percent to CHF 2.339 billion (CHF 1.885 billion). Shareholders' equity amounted to CHF 199.0 million (CHF 174.2 million). Even after the ACM acquisition the core capital ratio (tier 1) is still a very solid 19.0 percent.

### **Continued strong growth in accounts and inflows of new monies**

As a consequence of the enhanced diversity of its offering, many clients have more than one account. Accordingly, Swissquote has decided to track growth in the number of accounts instead of the number of clients. In 2010, the total number of accounts rose by 19.2 percent year-on-year to 172,091 (144,345). The breakdown is 148,486 trading accounts (+10.3 percent), 14,247 saving accounts (+77.0 percent), 9,020 eForex accounts (+449.0 percent), and 338 ePrivate Banking accounts.

Assets under custody increased by 22.0 percent to CHF 8.030 billion, of which CHF 7.435 billion were held in trading accounts, CHF 437.4 million in saving accounts, CHF 140.2 million in eForex accounts, and CHF 16.9 million in ePrivate Banking accounts.

### **Ambitious growth targets for 2011**

With the assumption that the goal of at least 15 transactions per client and year in the commission business is realized again, Swissquote forecasts an increase in total revenues of approx. 50 percent in 2011. Swissquote plans to increase eForex trading volumes to CHF 550 billion. Assuming a continued recovery in the financial markets and inflows of new monies of at least CHF 1.2 billion, total assets under custody should exceed the CHF 10 billion mark.

ePrivate Banking, which enables individual, electronic, fully automated asset management, was launched in fall 2010 and has been well accepted: 400 satisfied investors are already using the new tool. In 2011 further online tools will be made available, for example the ability to allocate bonds and manage investment funds.

With its new subsidiary office in Dubai, Swissquote is in the process of planning growth outside of Switzerland. It hopes to receive a license from the DFSA (Dubai Financial Services Authority) in 2011, which will allow the bank to offer its services in the Middle East and Asia.

### **Distribution of profit to shareholders**

The Board of Directors proposes that the Annual General Meeting of Swissquote Group Holding AG on 6 May 2011 distribute an unchanged dividend of CHF 0.60 per share to shareholders.

The complete **2010 Financial Report** can be found at:  
<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 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**

05.05.2011 Figures for the 1st quarter of 2011

06.05.2011 Annual General Meeting in Zurich

29.07.2011 Figures for the 1st half of 2011 (presentation at the SIX Swiss Exchange in Zurich)

04.11.2011 Figures for the first 9 months (conference call)

## Key figures for the 2010 business year

CHF'000	Comparison with Previous Year				Comparison with Previous Quarter			
	2010	2009	Change	Change [%]	Q4-2010	Q3-2010	Change	Change [%]
Net Fee & Commission Income	63'133.2	70'716.4	(7'583.2)	-10.7%	16'368.5	14'240.3	2'128.2	14.9%
Interest Income, net	12'514.7	9'577.3	2'937.4	30.7%	3'836.6	3'331.5	505.1	15.2%
Trading Results	28'997.1	18'339.4	10'657.7	58.1%	12'051.8	5'258.4	6'793.4	129.2%
<b>Total Net Revenues</b>	<b>104'645.0</b>	<b>98'633.1</b>	6'011.9	6.1%	<b>32'256.9</b>	<b>22'830.2</b>	9'426.7	41.3%
Payroll & Related Expenses	(29'337.5)	(24'572.0)	(4'765.5)	19.4%	(9'400.8)	(7'087.0)	(2'313.8)	32.6%
Other Operating Expenses (incl. Depr. & Provision)	(29'062.5)	(23'813.4)	(5'249.1)	22.0%	(9'280.2)	(6'389.8)	(2'890.4)	45.2%
Marketing Expenses	(12'309.8)	(8'417.0)	(3'892.8)	46.2%	(4'265.1)	(2'231.8)	(2'033.3)	91.1%
<b>Total Expenses</b>	<b>(70'709.8)</b>	<b>(56'802.4)</b>	(13'907.4)	24.5%	<b>(22'946.1)</b>	<b>(15'708.6)</b>	(7'237.5)	46.1%
<b>Operating Profit</b>	<b>33'935.2</b>	<b>41'830.7</b>	(7'895.5)	-18.9%	<b>9'310.8</b>	<b>7'121.6</b>	2'189.2	30.7%
Income Taxes	(7'696.8)	(8'680.3)	983.5	-11.3%	(2'678.4)	(1'192.5)	(1'485.9)	124.6%
Others, net of tax <sup>1)</sup>	(5'081.8)	1'842.6	(6'924.4)	375.8%	(5'116.1)	-	(5'116.1)	-
<b>Net Profit</b>	<b>21'156.6</b>	<b>34'993.1</b>	(13'836.5)	-39.5%	<b>1'516.3</b>	<b>5'929.1</b>	(4'412.8)	-74.4%
Operating Profit Margin	32.4%	42.4%			28.9%	31.2%		
Net Profit Margin	20.2%	35.5%			4.7%	26.0%		
	<b>31.12.2010</b>	<b>31.12.2009</b>	Change	Change [%]	<b>31.12.2010</b>	<b>30.09.2010</b>	Change	Change [%]
Trading Accounts [units]	148'486	134'654	13'832	10.3%	148'486	145'899	2'587	1.8%
Saving Accounts [units]	14'247	8'048	6'199	77.0%	14'247	13'345	902	6.8%
eForex Accounts [units]	9'020	1'643	7'377	449.0%	9'020	2'662	6'358	238.8%
ePrivate Banking Accounts [units]	338	-	338	-	338	141	197	139.7%
<b>Total Number of Accounts</b>	<b>172'091</b>	<b>144'345</b>	27'746	19.2%	<b>172'091</b>	<b>162'047</b>	10'044	6.2%
Trading Assets [CHF m]	7'435.4	6'314.8	1'120.6	17.7%	7'435.4	6'926.7	508.7	7.3%
Saving Assets [CHF m]	437.4	253.8	183.6	72.3%	437.4	433.8	3.6	0.8%
eForex Assets [CHF m]	140.2	14.1	126.1	894.3%	140.2	25.4	114.8	452.0%
ePrivate Banking Assets [CHF m]	16.9	-	16.9	-	16.9	11.5	5.4	47.0%
<b>Total Assets under Custody [CHF m]</b>	<b>8'029.9</b>	<b>6'582.7</b>	1'447.2	22.0%	<b>8'029.9</b>	<b>7'397.4</b>	632.5	8.6%
Total Net New Monies [CHF m]	1'477.1	1'375.9	101.2	7.4%	383.7	431.4	(47.7)	-11.1%
eForex Volume (Swissquote) [CHF bn]	185.4	77.2	108.2	140.2%	96.4	25.8	70.6	273.6%
Total Balance Sheet [CHF m]	2'338.8	1'885.4	453.4	24.0%	2'338.8	2'285.5	53.3	2.3%
Total Equity [CHF m]	199.0	174.2	24.8	14.2%	199.0	188.1	10.9	5.8%
Equity Surplus [CHF m]	101.7	120.9	(19.2)	-15.9%	101.7	118.8	(17.1)	-14.4%
Total Headcounts	355	236	119	50.4%	355	270	85	31.5%

1) Others consist of: Acquisition costs [fees, impairment, restructuring] (5'081.8 in 2010, nil in 2009) and write-back of provisions on Investment securities (nil in 2010, 1'842.6 in 2009)