

Results for the 2012 business year

Swissquote with solid results for 2012

Swissquote's results for the first nine months indicated the pattern for the year as a whole: the number of clients and assets under custody continue to grow, while revenues and profits stagnate. Although stock market performance in the second half of the year surprised on the upside, investors' high level of uncertainty persisted virtually unchanged through to end of the year. As a result, Swissquote posted a decline in revenues (13.2 percent) and net profit (27.8 percent) in 2012. Swissquote is cautiously optimistic about the outlook for the current year: Revenues and profits are expected to grow again, and the number of clients and net new monies should continue to increase in line with the current trend.

Investor uncertainty decreases

Swissquote's revenue trend in 2012 reflected developments in the global capital and currency markets as well as the related uncertainty and caution on the part of investors. That the latter has hardly declined, despite the positive performance of the stock market in the second half of the year, illustrates the depth and persistence of investors' skepticism toward the financial markets. Only at the beginning of 2013 did the number of transactions start to pick up. In 2012 both the commission business and trading operations contributed to the decline in total net revenues. The only sector to make a positive contribution was the interest business, a significantly smaller operation in terms of volume. Total net revenues of CHF 111.5 million (CHF 128.4 million) fell by 13.2 percent year-on-year.

As a consequence of the significant fall-off in trading activity to only 11.2 transactions per client/year (13.9 transactions), **net fee and commission income** dropped by 20.0 percent to CHF 51.7 million (CHF 64.7 million). Owing to limited volatility in the currency markets, **trading results and other results** fell by 10.6 percent to CHF 42.7 million (CHF 47.7 million). The eForex trading volume decreased by 18.9 percent to CHF 336.6 billion (CHF 414.9 billion). The **interest business** faced another challenging year on account of the currency situation and Swissquote's cautious investment strategy (almost 60 percent of the balance sheet total is held as deposits with the Swiss National Bank). Nevertheless, net interest income rose by 6.4 percent to CHF 17.1 million (CHF 16.1 million).

Profits stable despite decline in client activity

Although operating expenses fell by 5.1 percent to CHF 83.9 million (CHF 88.4 million) in 2012, this did not compensate for the decline in overall revenues. The reduction in expenses is primarily a result of the decrease of CHF 2.0 million in payroll and related expenses – despite a slight increase in the number of employees – and a reduction of CHF 2.3 million in marketing expenses. **Operating profit** fell by 31.1 percent to CHF 27.6 million (CHF 40.0 million). **Net profit** was 27.8 percent lower at CHF 22.7 million (CHF 31.4 million). The operating profit margin reached 24.7 percent (31.2 percent), and the net profit margin stood at 20.3 percent (24.5 percent). **Earnings per share** amounted to CHF 1.57 (CHF 2.18). The **balance sheet total** grew by 9.0 percent to CHF 2.820 billion (CHF 2.586 billion), and **total equity** was 5.6 percent higher at CHF 242.6 million (CHF 229.7 million). The **core capital ratio** (tier 1) stood at 23.2 percent.

Number of accounts exceeds 200,000

In contrast to the decrease in revenues and profits, Swissquote recorded another year of customer growth in 2012. In 2012 the total number of accounts rose by 7.5 percent year-on-year to 201,582. The breakdown is 159,942 trading accounts (+0.9 percent), 30,002 saving accounts (+70.7 percent), 10,870 eForex accounts

(+1.0 percent), and 768 ePrivate Banking accounts (+20.2 percent). Compared to the previous year, **assets under custody** rose by 13.9 percent to reach CHF 8.581 billion (CHF 7.537 billion). At the end of 2012, assets of CHF 7.740 billion were held in trading accounts, CHF 695.1 million in saving accounts, CHF 123.4 million in eForex accounts, and CHF 22.6 million in ePrivate Banking accounts. **Net new monies** decreased by 9.5 percent year-on-year to CHF 838.0 million (CHF 926.1 million).

Strategic expansion abroad

As part of its policy of cautious expansion, Swissquote opened an office in Malta in October 2012, its second location outside Switzerland. The Malta Financial Service Authorities (MFSA) granted Swissquote a Cat. 3 license. Thanks to the EU passporting rules, Swissquote can now offer its forex services in all EU member states without restriction. Swissquote Europe has a team of four working in Malta; the operating business is handled by Swissquote Bank Ltd. in Switzerland. The two foreign locations in Malta and Dubai (cat. 4 license) will enable Swissquote to rapidly establish a foothold in European markets as well as in the Middle East and Asia, and to generate revenues accordingly.

Explosive growth in mobile banking

In 2012 for the first time more than 50 percent of people who accessed the internet in Switzerland did so from mobile devices and not computers. Swissquote's figures confirm this trend: already more than 10 percent of all transactions in 2012 were executed using mobile devices – and the figure is rising fast. Swissquote took an early decision to make its service offering available on all mobile platforms via regularly updated attractive and efficient applications. Swissquote expects that in a few years more than half of all transactions will be conducted using mobile devices.

Success with new products

The volume of the Swissquote Swiss DOTS (Swiss Derivatives OTC Trading System), which Swissquote launched in cooperation with Goldman Sachs and UBS at the end of May 2012, is increasing steadily. More than 8,300 transactions were executed in November alone, which is equal to 16.6 percent of all transactions in leverage products executed on Scoach. Today clients can choose from more than 38,000 leverage products on the Swissquote platform. The rapid development confirms on the one hand that Swiss DOTS meets a genuine need among investors and on the other that in Switzerland there is certainly room for such an offering in addition to Scoach. Swiss DOTS generates significant additional volume for Swissquote, without negatively impacting the volume traded on Scoach.

For the past year, Swissquote has partnered with the Basellandschaftliche Kantonalbank (BLKB) to offer **online mortgages**. Demand is rising steadily. To date the partnership has originated CHF 160 million in loans. The two partners plan to expand existing services in order to accelerate growth.

Cautiously optimistic about 2013

Based on various indicators, Swissquote's assessment of developments in the current year is cautiously optimistic. For instance, in the first two months of the 2013 the commission business experienced an upward trend in the number of transactions, which, on account of the higher number of clients, will automatically leverage revenues and profits. Although it is too early to speak of a trend reversal in the interest business, the signs indicate to an upturn. In the trading business 2013 brings relief from the EU's tight regulatory restrictions, as henceforth Swissquote's new Malta office can market Swissquote's forex services in all EU member states.

Once again, Swissquote targets for the year are an increase in the number of clients of between 5 and 10 percent and net new monies in the region of CHF 1 billion.

Distribution of profit to shareholders

The Board of Directors proposes that the Annual General Meeting of Swissquote Group Holding Ltd. on 7 May 2013 distributes a dividend of CHF 0.60 per share.

The complete **financial report for the 2012 business year** is available 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, eMortgages, 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

Marc Bürki, CEO Swissquote Bank AG, Chemin de la Crétaux 33, CH-1196 Gland

Tel. +41 22 999 98 50, fax +41 22 999 94 54, mobile +41 79 413 41 45

marc.burki@swissquote.ch

Nadja Keller, Assistant to CEO

Tel. +41 44 825 88 01, nadja.keller@swissquote.ch

Agenda 2013

06.05.2013	Figures for the 1st quarter of 2013 (conference call)
07.05.2013	Annual General Meeting in Zurich
26.07.2013	Figures for the first half of 2013 (presentation at the SIX Swiss Exchange in Zürich)
05.11.2013	Figures for the first nine months of 2013 (conference call)

CHF'000	Comparison with Previous Year				Comparison with Previous Quarter			
	2012	2011	Change	Change [%]	Q4-2012	Q3-2012	Change	Change [%]
Net Fee & Commission Income	51'722.0	64'665.6	(12'943.6)	-20.0%	12'968.1	12'300.2	667.9	5.4%
Interest Income, net	17'098.9	16'065.5	1'033.4	6.4%	3'975.0	4'493.9	(518.9)	-11.5%
Trading Results and other results	42'670.6	47'713.0	(5'042.4)	-10.6%	9'237.2	11'212.1	(1'974.9)	-17.6%
Total Net Revenues	111'491.5	128'444.1	(16'952.6)	-13.2%	26'180.3	28'006.2	(1'825.9)	-6.5%
Payroll & Related Expenses	(37'707.8)	(39'743.0)	2'035.2	-5.1%	(8'946.2)	(9'358.6)	412.4	-4.4%
Other Operating Expenses (incl. Depr. & Provision)	(33'622.3)	(33'780.2)	157.9	-0.5%	(8'382.9)	(8'142.4)	(240.5)	3.0%
Marketing Expenses	(12'594.3)	(14'907.8)	2'313.5	-15.5%	(3'547.1)	(2'885.0)	(662.1)	22.9%
Total Expenses	(83'924.4)	(88'431.0)	4'506.6	-5.1%	(20'876.2)	(20'386.0)	(490.2)	2.4%
Operating Profit	27'567.1	40'013.1	(12'446.0)	-31.1%	5'304.1	7'620.2	(2'316.1)	-30.4%
Income Taxes	(4'903.5)	(8'606.1)	3'702.6	-43.0%	(927.9)	(1'359.6)	431.7	-31.8%
Net Profit	22'663.6	31'407.0	(8'743.4)	-27.8%	4'376.2	6'260.6	(1'884.4)	-30.1%
Operating Profit Margin	24.7%	31.2%			20.3%	27.2%		
Net Profit Margin	20.3%	24.5%			16.7%	22.4%		
Weighted average number of ordinary shares	14'462'730	14'394'858	67'872	0.5%	14'463'461	14'464'240	(779)	0.0%
Earning per share	1.57	2.18	(0.61)	-28.1%	0.30	0.43	(0.13)	-29.6%
	31.12.2012	31.12.2011	Change	Change [%]	31.12.2012	30.09.2012	Change	Change [%]
Trading Accounts [units]	159'942	158'516	1'426	0.9%	159'942	159'803	139	0.1%
Saving Accounts [units]	30'002	17'576	12'426	70.7%	30'002	30'012	(10)	0.0%
eForex Accounts [units]	10'870	10'766	104	1.0%	10'870	10'779	91	0.8%
ePrivate Banking Accounts [units]	768	639	129	20.2%	768	763	5	0.7%
Total Number of Accounts	201'582	187'497	14'085	7.5%	201'582	201'357	225	0.1%
Trading Assets [CHF m]	7'740.0	6'941.7	798.3	11.5%	7'740.0	7'705.4	34.6	0.4%
Saving Assets [CHF m]	695.1	450.8	244.3	54.2%	695.1	716.9	(21.8)	-3.0%
eForex Assets [CHF m]	123.4	122.5	0.9	0.7%	123.4	125.9	(2.5)	-2.0%
ePrivate Banking Assets [CHF m]	22.6	21.8	0.8	3.7%	22.6	23.6	(1.0)	-4.2%
Total Assets under Custody [CHF m]	8'581.1	7'536.8	1'044.3	13.9%	8'581.1	8'571.8	9.3	0.1%
Total Net New Monies [CHF m]	838.0	926.1	(88.1)	-9.5%	32.7	157.4	(124.7)	-79.2%
eForex Volume [CHF bn]	336.6	414.9	(78.3)	-18.9%	74.7	110.3	(35.6)	-32.3%
Total Balance Sheet [CHF m]	2'819.6	2'585.7	233.9	9.0%	2'819.6	2'945.2	(125.6)	-4.3%
Total Equity [CHF m]	242.6	229.7	12.9	5.6%	242.6	237.7	4.9	2.1%
Equity Surplus [CHF m]	144.2	130.2	14.0	10.8%	144.2	135.6	8.6	6.4%
Total Headcounts - FTE	368	358	10	2.8%	368	362	6	1.7%