

Results for the 1st half of 2020

## Swissquote expects a pre-tax profit of CHF 100 million in 2020

In the first half of 2020, Swissquote surpassed all expectations: compared to the prior-year period, net revenues increased by 43.2 percent and pre-tax profit by 132.8 percent; 57,258 new clients accounts were opened, and net new money inflow was CHF 3.0 billion. For the year as a whole, Swissquote has revised its forecasts sharply upwards: it anticipates a pre-tax profit of CHF 100 million on revenues of CHF 300 million.

### Revenues up by nearly half

Operating revenues reached a new record level of CHF 162.7 million (CHF 117.2 million) – an increase of 38.9 percent compared to the prior-year period. When adjusted for negative interest rates (–CHF 1.9 million) and fair value adjustments (–CHF 0.1 million), **net revenues** amounted to CHF 160.7 million, 43.2 percent up from the previous year (CHF 112.2 million).

The continuing massive influx of new clients since the beginning of the year, combined with the high volatility on the financial markets, led to a significant increase in transactions (3,018,239 transactions) and trading volumes in the first half of the year. This trend generated very large increases in revenues in the two most important segments – fee & commission income and eForex. Thus, **net fee & commission income** climbed by 82.7 percent to CHF 83.4 million (CHF 45.6 million). Business with cryptocurrencies contributed CHF 4.8 million (CHF 3.1 million) to fee & commission income. **Net eForex income** increased by 52.2 percent to CHF 60.0 million (CHF 39.5 million) on a trading volume of USD 690.4 billion. The interest business continues to be dominated by negative interest rates, and in the first half of the year it was additionally affected by the announcement of an interest rate cut on the USD. The SNB's negative interest rates nevertheless showed a positive trend: the interest-free allowance increased from CHF 840 million to CHF 1.7 billion. This reduced the negative interest burden by CHF 3.1 million to CHF 1.9 million despite an 8.9 percent increase in the balance sheet to CHF 7.0 billion. Total **net interest income** nevertheless fell by 21.7 percent to CHF 16.6 million (CHF 21.2 million). **Net trading income** amounted to CHF 2.8 million (CHF 10.9 million).

### **Net profit more than doubled**

At CHF 102.3 million, **operating expenses** were 17.4 percent higher than in the first half of 2019 (CHF 87.1 million). The increase was mainly due to higher personnel costs (+CHF 9.4 million), half of this being attributable to the increase in the variable remuneration provision and the remainder to 65 additional employees. The 43.2 percent increase in net revenues combined with the rise in operating expenses of just 17.4 percent resulted in absolute record profit figures. **Pre-tax profit** rose by 132.8 percent to CHF 58.4 million (CHF 25.1 million), while the pre-tax profit margin reached 36.4 percent (22.4 percent). At CHF 50,4 million (CHF 22,0 million), **net profit** was up 128.5 percent year-on-year, with a net profit margin of 31.4 percent (19.6 percent).

Even after the purchase of Internaxx and payment of the dividend, the Basel III **core capital ratio** remains high at 20.8 percent (22.4 percent). Swissquote therefore remains one of Switzerland's best-financed banks. **Total equity** increased by 15.3 percent to CHF 411.4 million (CHF 356.9 million).

### **More than 50,000 new accounts**

**Net new money inflow** from purely organic growth also hit a new record and came in at CHF 3.0 billion (previous period: CHF 1.2 billion from organic growth and CHF 2.2 billion from the integration of Internaxx Bank). Despite difficult market conditions in the first half of the year, **client assets** grew by 9.7 percent to CHF 33.5 billion (CHF 30.5 billion). As at the end of June 2020, clients held assets of CHF 32.6 billion (+10.2 percent) in trading accounts, CHF 255.3 million (−5.3 percent) in savings accounts, CHF 235.6 million (+5.3 percent) in Robo-Advisory accounts and CHF 384.9 million (−12.5 percent) in eForex accounts. The **total number of accounts** grew by 57,258 (+16.9 percent) to a record 396,430. The breakdown of accounts is as follows: 315,185 trading accounts (+19.3 percent), 19,279 savings accounts (−3.4 percent), 4,147 Robo-Advisory accounts (+39.7 percent) and 57,819 eForex accounts (+11.2 percent).

### **Steady expansion of service offering**

In the first half of 2020, Swissquote implemented various projects, all of which were designed to expand and improve its range of services. For example, all customers at **Swissquote Bank Europe SA** in Luxembourg were successfully migrated to Swissquote's new eTrading platform. **Société Générale** became a new issuer on Swiss DOTS.

Since March 2020, the following seven new cryptocurrencies have been tradable on Swissquote: EOS (EOS), Stellar (XLM), Chainlink (LINK), Tezos (XTZ), Ethereum Classic (ETC), Augur (REP) and Ox (ZRX). Online trading was also introduced for four additional stock exchanges: Australia, Singapore, Spain and Hong Kong.

**Pre-tax profit of CHF 100 million expected in 2020**

The continuation of the gratifying business trend and strong growth in new customers also led to good results in July. Pre-tax profit for the month of July 2020 came to CHF 10 million. For the year as a whole, Swissquote is now expecting a pre-tax profit of CHF 100 million on revenues of CHF 300 million.

The complete **financial report for the 1st half of 2020** is available at:

<https://www.swissquote.com> - Company/Investor Relations/Financial 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 Forex, Robo-Advisory and Mortgage. 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).

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**Agenda 2021**

18.03.2021      Presentation of 2020 results

06.05.2021      Annual General Assembly

in CHF thousand, except where indicated	6 months ended 30 June				Comparison with previous half year			
	2020	2019	Change	Change in %	H1-2020	H2-2019	Change	Change in %
Net fee & commission income	83,379.4	45,640.5	37,738.9	82.7%	83,379.4	47,274.5	36,104.9	76.4%
Interest income, net <sup>1</sup>	16,561.7	21,151.8	(4,590.1)	-21.7%	16,561.7	18,942.1	(2,380.4)	-12.6%
eForex income, net	60,030.8	39,454.5	20,576.3	52.2%	60,030.8	46,054.4	13,976.4	30.3%
Trading income, net <sup>2</sup>	2,756.7	10,943.4	(8,186.7)	-74.8%	2,756.7	10,417.7	(7,661.0)	-73.5%
<b>Operating revenues</b>	<b>162,728.6</b>	<b>117,190.2</b>	<b>45,538.4</b>	<b>38.9%</b>	<b>162,728.6</b>	<b>122,688.7</b>	<b>40,039.9</b>	<b>32.6%</b>
Unrealised fair value	(87.5)	109.2	(196.7)	-180.1%	(87.5)	199.8	(287.3)	-143.8%
Cost of negative interest rates (excluding FX swaps)	(1,919.6)	(5,053.8)	(3,134.2)	-62.0%	(1,919.6)	(4,493.6)	(2,574.0)	-57.3%
<b>Net revenues</b>	<b>160,721.5</b>	<b>112,245.6</b>	<b>48,475.9</b>	<b>43.2%</b>	<b>160,721.5</b>	<b>118,394.9</b>	<b>42,326.6</b>	<b>35.8%</b>
Payroll & related expenses	(50,070.5)	(40,713.0)	9,357.5	23.0%	(50,070.5)	(43,498.7)	6,571.8	15.1%
Other operating expenses	(27,065.8)	(22,996.4)	4,069.4	17.7%	(27,065.8)	(23,378.8)	3,687.0	15.8%
Depreciation	(14,210.0)	(12,670.3)	1,539.7	12.2%	(14,210.0)	(13,386.6)	823.4	6.2%
Marketing expenses	(10,936.9)	(10,765.3)	171.6	1.6%	(10,936.9)	(12,643.2)	(1,706.3)	-13.5%
<b>Expenses</b>	<b>(102,283.2)</b>	<b>(87,145.0)</b>	<b>15,138.2</b>	<b>17.4%</b>	<b>(102,283.2)</b>	<b>(92,907.3)</b>	<b>9,375.9</b>	<b>10.1%</b>
<b>Pre-tax profit</b>	<b>58,438.3</b>	<b>25,100.6</b>	<b>33,337.7</b>	<b>132.8%</b>	<b>58,438.3</b>	<b>25,487.6</b>	<b>32,950.7</b>	<b>129.3%</b>
Income taxes	(8,051.8)	(3,052.5)	4,999.3	163.8%	(8,051.8)	(2,882.1)	5,169.7	179.4%
<b>Net profit</b>	<b>50,386.5</b>	<b>22,048.1</b>	<b>28,338.4</b>	<b>128.5%</b>	<b>50,386.5</b>	<b>22,605.5</b>	<b>27,781.0</b>	<b>122.9%</b>
Pre-tax profit margin	36.4%	22.4%			36.4%	21.5%		
Net profit margin	31.4%	19.6%			31.4%	19.1%		
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>Change</b>	<b>Change in %</b>	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>Change</b>	<b>Change in %</b>
Trading accounts	315,185	264,267	50,918	19.3%	315,185	281,814	33,371	11.8%
Saving accounts	19,279	19,962	(683)	-3.4%	19,279	19,717	(438)	-2.2%
eForex accounts	57,819	51,974	5,845	11.2%	57,819	54,719	3,100	5.7%
Robo-Advisory (ePB) accounts	4,147	2,969	1,178	39.7%	4,147	3,362	785	23.3%
<b>Total number of accounts (units)</b>	<b>396,430</b>	<b>339,172</b>	<b>57,258</b>	<b>16.9%</b>	<b>396,430</b>	<b>359,612</b>	<b>36,818</b>	<b>10.2%</b>
Trading client assets	32,618.4	29,587.0	3,031.4	10.2%	32,618.4	31,296.5	1,321.9	4.2%
Saving client assets	255.3	269.7	(14.4)	-5.3%	255.3	265.5	(10.2)	-3.8%
eForex client assets	384.9	439.8	(54.9)	-12.5%	384.9	447.0	(62.1)	-13.9%
Robo-Advisory (ePB) assets	235.6	223.8	11.8	5.3%	235.6	231.9	3.7	1.6%
<b>Total client assets (CHF m)</b>	<b>33,494.2</b>	<b>30,520.3</b>	<b>2,973.9</b>	<b>9.7%</b>	<b>33,494.2</b>	<b>32,240.9</b>	<b>1,253.3</b>	<b>3.9%</b>
Total balance sheet (CHF m)	7,028.9	6,452.3	576.6	8.9%	7,028.9	6,472.7	556.2	8.6%
Total net new money (CHF m)	2,998.1	3,417.1	(419.0)	-12.3%	2,998.1	1,141.3	1,856.8	162.7%
eForex volume (USD bn)	690.4	590.8	99.6	16.9%	690.4	627.0	63.4	10.1%
Total equity (CHF m)	411.4	356.9	54.5	15.3%	411.4	374.8	36.6	9.8%
Capital ratio	20.8%	22.4%	-1.6%	-7.1%	20.8%	21.7%	-0.9%	-4.1%

<sup>1</sup> Net interest income as per Condensed Consolidated Interim Financial Statements of CHF 14.6 million should be read in conjunction with the cost of negative interest rates (excluding FX swaps) of -CHF 1.9 million (CHF 16.5 million less CHF 1.9 million).

<sup>2</sup> Net trading income as per Condensed Consolidated Interim Financial Statements of CHF 86.5 million should be deducted by credit loss expense of -CHF 23.8 million (that are presented separately in the Consolidated Financial Statements). The resulting balance is presented here in three separate items: eForex income, Trading income net (including credit loss expense) and Unrealised fair value.