

Results for the 2017 business year

Swissquote more successful than ever

Swissquote has posted record-breaking results for 2017. Compared with the previous year, total net revenues increased by 25.0 percent to CHF 187.8 million while net profit grew by 88.8 percent to CHF 39.2 million and client assets were up 29.9 percent at CHF 24.1 billion. For 2018, Swissquote is expecting net revenues and earnings to continue growing by approximately 10 percent.

Revenues up by 25%

Net revenues of CHF 187.8 million (CHF 150.2 million) were once again impacted by negative interest rates (-CHF 7.5 million). All four divisions contributed to the exceptional result. Thanks to a year-on-year increase in the number of transactions by 310,000 to 2.6 million, **net fee & commission income** grew by 22.5 percent to CHF 85.2 million (CHF 69.5 million). The number of transactions per customer per year remained stable at 11.0. However, other factors that contributed to the pleasing results included the growing importance of robo-advisory services (ePrivate Banking), successful trading in derivative products via Swiss DOTS, and trading in cryptocurrencies. **eForex income** increased by 26.2 percent to CHF 66.7 million (CHF 52.8 million). The strong growth is explained by the significant increase in new clients (+29.0 percent) and the significant increase in client assets belonging to eForex clients (+45.5 percent). **Net trading income** (currency trading excluding eForex) grew by 32.7 percent to CHF 22.3 million (CHF 16.8 million). **Net interest income** increased by 27.8 percent to CHF 19.7 million (CHF 15.4 million) owing to growth in Lombard loans issued and steadily rising US short-term interest rates.

Near doubling of earnings

At CHF 142.0 million (CHF 127.0 million), **operating expenses** were 11.8 percent higher in 2017 than in the previous year. The increase in expenses was mainly due to continuing heavy investment in technology, marketing and staff, whose numbers grew by 43 to 593. While operating expenses increased by CHF 14.9 million, net revenues rose by CHF 37.5 million. In line with this trend of expenses and revenues, all earnings figures rose sharply: **pre-tax profit** jumped by 97.3 percent to CHF 45.8 million (CHF 23.2 million), the pre-tax profit margin increased to 24.4 percent (15.4 percent), **net profit** surged by 88.8 percent to CHF 39.2 million (CHF 20.8 million) and the net profit margin climbed to 20.9 percent (13.8 percent). The **capital**

ratio (CET 1) stood at 26.1 percent (24.5 percent). This means that Swissquote remains one of Switzerland's best-financed banks. **Total Equity** amounted to CHF 295.1 million (CHF 280.8 million).

Record level of client assets

2017 also saw **client assets** increase by a substantial 29.9 percent to CHF 24.1 billion (CHF 18.6 billion). The **net new money inflow** amounted to CHF 2.7 billion. As at the end of 2017, assets of CHF 23.0 billion (+31.6 percent) were held in trading accounts, CHF 600.6 million (-20.8 percent) in saving accounts, CHF 203.1 million (+75.2 percent) in Robo-Advisory accounts and CHF 328.9 million (+45.5 percent) in eForex accounts.

The **total number of accounts** grew by 6,511 (+2.2 percent) to 309,286 (302,775). The breakdown is as follows: 236,861 trading accounts (+0.3 percent), 28,955 saving accounts (-11.9 percent), 1,898 Robo-Advisory accounts (+22.3 percent) and 41,572 eForex accounts (+29.0 percent).

Major success in cryptocurrency trading

From mid-2017, Swissquote became the first European online bank to offer its clients the opportunity to invest in cryptocurrencies and trade in them against the EUR or USD. The service was initially confined to Bitcoin, but since December Bitcoin Cash, Ether, Litecoin and Ripple have also been available. With five leading cryptocurrencies, Swissquote now has a larger offering of virtual currencies than any other bank. Clients invest and trade in cryptocurrencies through their ordinary Swissquote trading account in the same way as with any other currencies, shares or funds. The sharp increase in interest in cryptocurrencies, particularly in the fourth quarter of 2017 (revenues of CHF 5.6 million in 2017), led to a flood of new accounts being opened towards the end of year. The impact of the new accounts on revenues will only be clearly noticeable in the figures for the first half of 2018.

Shareholders to benefit from higher dividend

In light of the very good business results, the Board of Directors will propose to the Annual General Meeting of Swissquote Group Holding Ltd, to be held on 4 May 2018, a distribution of CHF 0.90 per share of which CHF 0.86 as a dividend and CHF 0.04 as a reimbursement of Reserves from capital contributions.

The complete **2017 Financial Report** is available at:

<https://en.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 eForex, ePrivate Banking 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 SIX Swiss Exchange (symbol: SQN).

For further information

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Agenda 2018

4 May 2018 Annual General Meeting in Zurich

31 July 2018 Presentation of figures for the first half of 2018 in Zurich

in CHF thousand, except where indicated	12 months ended 31 December				Comparison with previous half year			
	2017	2016	Change	Change in %	H2-2017	H1-2017	Change	Change in %
Net fee & commission income	85,204.1	69,543.2	15,660.9	22.5%	46,294.9	38,909.2	7,385.7	19.0%
Interest income, net	19,748.5	15,450.4	4,298.1	27.8%	11,120.7	8,627.8	2,492.9	28.9%
eForex income, net	66,675.7	52,821.7	13,854.0	26.2%	34,033.4	32,642.3	1,391.1	4.3%
Trading income, net	22,320.6	16,821.9	5,498.7	32.7%	11,958.7	10,361.9	1,596.8	15.4%
Operating revenues	193,948.9	154,637.2	39,311.7	25.4%	103,407.7	90,541.2	12,866.5	14.2%
Unrealised fair value	1,320.7	(243.2)	1,563.9	643.1%	170.3	1,150.4	(980.1)	-85.2%
Cost of negative interest rates (excluding FX swaps)	(7,513.9)	(4,148.7)	3,365.2	81.1%	(4,899.3)	(2,614.6)	2,284.7	87.4%
Net revenues	187,755.7	150,245.3	37,510.4	25.0%	98,678.7	89,077.0	9,601.7	10.8%
Payroll & related expenses	(64,645.2)	(57,047.7)	7,597.5	13.3%	(34,186.3)	(30,458.9)	3,727.4	12.2%
Other operating expenses	(38,358.9)	(33,572.9)	4,786.0	14.3%	(20,351.1)	(18,007.8)	2,343.3	13.0%
Depreciation	(18,544.0)	(16,745.6)	1,798.4	10.7%	(9,538.0)	(9,006.0)	532.0	5.9%
Marketing expenses	(20,425.6)	(19,669.0)	756.6	3.8%	(10,240.5)	(10,185.1)	55.4	0.5%
Expenses	(141,973.7)	(127,035.2)	14,938.5	11.8%	(74,315.9)	(67,657.8)	6,658.1	9.8%
Pre-tax profit	45,782.0	23,210.1	22,571.9	97.3%	24,362.8	21,419.2	2,943.6	13.7%
Income taxes	(6,597.1)	(2,457.6)	4,139.5	168.4%	(3,065.6)	(3,531.5)	(465.9)	-13.2%
Net profit	39,184.9	20,752.5	18,432.4	88.8%	21,297.2	17,887.7	3,409.5	19.1%
Pre-tax profit margin	24.4%	15.4%			24.7%	24.0%		
Net profit margin	20.9%	13.8%			21.6%	20.1%		
	31.12.2017	31.12.2016	Change	Change in %	31.12.2017	31.12.2016	Change	Change in %
Trading accounts	236,861	236,118	743	0.3%	236,861	233,421	3,440	1.5%
Saving accounts	28,955	32,884	(3,929)	-11.9%	28,955	30,103	(1,148)	-3.8%
eForex accounts	41,572	32,221	9,351	29.0%	41,572	37,879	3,693	9.7%
Robo-Advisory (ePB) accounts	1,898	1,552	346	22.3%	1,898	1,652	246	14.9%
Total number of accounts (units)	309,286	302,775	6,511	2.2%	309,286	303,055	6,231	2.1%
Trading client assets	22,979.1	17,457.4	5,521.7	31.6%	22,979.1	20,039.8	2,939.3	14.7%
Saving client assets	600.6	758.0	(157.4)	-20.8%	600.6	614.5	(13.9)	-2.3%
eForex client assets	328.9	226.1	102.8	45.5%	328.9	347.5	(18.6)	-5.4%
Robo-Advisory (ePB) assets	203.1	115.9	87.2	75.2%	203.1	166.8	36.3	21.8%
Total client assets (CHF m)	24,111.7	18,557.4	5,554.3	29.9%	24,111.7	21,168.6	2,943.1	13.9%
Total assets under custody (CHF m)	23,240.0	17,863.5	5,376.5	30.1%	23,240.0	20,301.1	2,938.9	14.5%
Total net new money (CHF m)	2,714.0	6,072.8	(3,358.8)	-55.3%	1,201.0	1,513.0	(312.0)	-20.6%
eForex volume (USD bn)	1,090.6	807.3	283.3	35.1%	596.2	494.4	101.8	20.6%
Total equity (CHF m)	295.1	280.8	14.3	5.1%	295.1	271.5	23.6	8.7%
Capital ratio	26.1%	24.5%	1.6	6.5%	26.1%	20.5%	5.6	27.2%
Total headcounts/average headcounts (FTE)	593/572	550/537	43/35	7.8%/6.5%	593/582	570/560	23/22	4.0%/3.9%