

Results for the 2013 business year

Swissquote reports significantly higher revenues

Swissquote increased net revenues by 12.0 percent year-on-year to CHF 124.9 million in 2013. MIG Bank, acquired at the end of September, contributed around CHF 8 million to total net revenues in the 4th quarter. The one-off restructuring costs associated with the acquisition did, however, depress net profit, which was down by 47.0 percent to CHF 11.7 million. At CHF 10.1 billion, assets under custody reached double-digit billion figures for the first time. The number of accounts grew by 7.3 percent.

Sharp rise in share of revenues from forex trading

In 2013, **total net revenues** rose by 12.0 percent year-on-year to CHF 124.9 million (CHF 111.5 million) (unrealised fair value: CHF +0.64 million). **Net fee and commission income** increased by 14.7 percent to CHF 59.3 million (CHF 51.7 million) although trading activity improved by only 11.6 percent. The moderate increase in trading activity to 12.5 transactions per client/year contrasts with the positive market development, which surpassed the optimistic expectations for 2013. Representing almost one quarter of assets under custody, the relatively high cash proportion was a further indicator of the caution exercised by clients. Swissquote's prudent investment policy was reflected in the 11.5 percent decrease in **net interest income** to CHF 15.1 million (CHF 17.1 million). More than half of the balance sheet total (CHF 1.843 billion) is held as deposits with the Swiss National Bank. **Net forex and trading income** (incl. MIG Bank) increased by 19.2 percent to CHF 49.8 million (CHF 41.8 million), corresponding to a 39.9 percent share in total net revenues.

Huge increase in forex trading volume

The significance of forex operations for Swissquote has been evident for some time. This trend has become more pronounced since the takeover of MIG Bank on 25 September 2013. In the 4th quarter of 2013 alone, the forex trading volume rose by 200.9 percent to CHF 226.3 billion (3rd quarter: CHF 75.2 billion). Swissquote has thus consolidated its place among the world's ten largest forex service providers. The volume for 2013 totaled CHF 459.4 billion (CHF 336.6 billion).

MIG Bank was fully merged with Swissquote Bank effective 9 December 2013. The two MIG subsidiaries were renamed Swissquote Ltd in London and Swissquote Asia Ltd in Hong Kong. Whereas the merger has been completed, the process of technical integration will not be fully finished before the second half of 2014. As of then, it will be possible to expand MIG Bank's profit margin from 10 percent to the 25 percent targeted by Swissquote.

One-off acquisition costs depress net profit

Swissquote posted an 8.8 percent increase in pre-tax profit on ordinary business in 2013. This encouraging operating result was impacted by extraordinary one-off costs and provisions, which led to a 47.0 percent drop in net profit. The bulk of the extraordinary expenses of CHF 12.8 million relate to the acquisition of MIG Bank.

At CHF 95.8 million (CHF 84.7 million), **operating expenses** were 13.0 percent higher in 2013 than in the previous year. The increase in operating expenses is also largely due to integration costs and additional payroll and related expenses. Following the acquisition, Swissquote has a total headcount of 507 at its Gland head office and its five subsidiaries. **Pre-tax profit** came to CHF 29.1 million (CHF 26.7 million), and **net profit** – having been reduced by the extraordinary costs – stood at CHF 11.7 million (CHF 22.0 million). The pre-tax profit margin was 23.3 percent (24.0 percent), and the net profit margin 9.3 percent (19.7 percent). **Earnings per share** amounted to CHF 0.82 (CHF 1.52). Although the purchase of MIG Bank was financed entirely with equity capital, the impact on total equity and the common equity ratio was modest: **total equity** rose slightly by 2.2 percent to CHF 247.9 million (CHF 242.6 million); the **core capital ratio** reached 20.6 percent (23.0 percent).

Continued growth in assets under custody and number of clients

The number of clients increased further in 2013. The total number of **accounts** rose by 7.3 percent year-on-year to 216,357 (201,582). The breakdown is 163,486 trading accounts (+2.2 percent), 31,051 saving accounts (+3.5 percent) and 936 ePrivate Banking accounts (+21.9 percent). The 20,884 eForex accounts (+92.1 percent) include the 9,600 MIG clients. Compared with the previous year, **assets under custody** increased by 17.5 percent to CHF 10.083 billion (CHF 8.581 billion). As at end 2013, assets of CHF 9.111 billion were held in trading accounts, CHF 704.9 million in saving accounts, and CHF 33.9 million in ePrivate Banking accounts. Assets under custody held in eForex accounts (incl. MIG clients) amounted to CHF 232.6 million. The increase in assets under custody is due half to growth in the value of the assets and half to net new monies. While **net new monies** in 2013 decreased by 8.7 percent year-on-year to CHF 765.2 million (CHF 838.0 million), they more than doubled in the 4th quarter compared with the 3rd quarter.

Expansion of forex activities outside Switzerland

Swissquote aims to further step up its strategy of expanding forex activities outside Switzerland, in particular at the London, Dubai and Hong Kong offices. An application is pending for a category 4 license for the Malta subsidiary so that it can in future operate as a custodian bank for European funds.

Cautious optimism for 2014

Swissquote's view of the market for 2014 is fundamentally optimistic. Accordingly, revenue growth of 20 percent is assessed as realistic. Net new monies of CHF 1 billion are projected, and a forex volume of CHF 1,000 billion is being targeted. In the ePrivate Banking segment, assets under custody should grow to CHF 100 million and revenues are expected to surpass the one million mark.

Change in reporting practice

As of 2014, Swissquote will no longer be publishing financial reports quarterly but will instead focus on reporting half-yearly and yearly. Past experience has shown that analysts, media and shareholders are not very interested in quarterly results unless they relate to significant occurrences. Consequently, Swissquote has decided to stop the costly practice of producing reports every quarter. Swissquote will, of course, in future continue to report any special developments or changes as and when they happen.

Distribution of profit to shareholders

The Board of Directors will propose to the Annual General Meeting of Swissquote Group Holding Ltd on 7 May 2014 that an unchanged dividend of CHF 0.60 per share be distributed.

The complete **financial report for the 2013 business year** is available at:

<http://www.swissquote.ch – THE COMPANY/Investor Relations/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, eMortgage 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 2014

07.05.2014 Annual General Meeting in Zurich
22.07.2014 Figures for the first half of 2014 (presentation at the SIX Swiss Exchange in Zurich)

CHF'000	Comparison with Previous Year				Comparison with Previous Quarter			
	2013	2012*	Change	Change [%]	Q4-2013	Q3-2013	Change	Change [%]
Net Fee & Commission Income	59'304.0	51'722.0	7'582.0	14.7%	15'414.0	13'909.0	1'505.0	10.8%
Interest Income, net	15'124.9	17'098.9	(1'974.0)	-11.5%	3'628.1	3'662.0	(33.9)	-0.9%
Forex & Trading Income, net	49'803.8	41'764.7	8'039.1	19.2%	17'001.2	10'360.0	6'641.2	64.1%
Total Operating Revenues	124'232.7	110'585.6	13'647.1	12.3%	36'043.3	27'931.0	8'112.3	29.0%
Unrealised Fair Value	638.0	905.9	(267.9)	-29.6%	177.6	499.5	(321.9)	-64.4%
Total Net Revenues	124'870.7	111'491.5	13'379.2	12.0%	36'220.9	28'430.5	7'790.4	27.4%
Payroll & Related Expenses	(45'144.2)	(38'527.8)	(6'616.4)	17.2%	(14'466.6)	(10'960.7)	(3'505.9)	32.0%
Other Operating Expenses (incl. Depr. & Provision)	(38'231.5)	(33'622.3)	(4'609.2)	13.7%	(12'135.1)	(8'874.2)	(3'260.9)	36.7%
Marketing Expenses	(12'400.7)	(12'594.3)	193.6	-1.5%	(2'943.3)	(2'745.0)	(198.3)	7.2%
Total Expenses	(95'776.4)	(84'744.4)	(11'032.0)	13.0%	(29'545.0)	(22'579.9)	(6'965.1)	30.8%
Pre-tax Profit (excl. one-offs items)	29'094.3	26'747.1	2'347.2	8.8%	6'675.9	5'850.6	825.3	14.1%
Income Taxes	(4'588.4)	(4'742.8)	154.4	-3.3%	(661.4)	(905.9)	244.5	-27.0%
Acquisition related costs, net of tax	(838.4)	-	(838.4)	-	-	(838.4)	838.4	-100.0%
Restructuring costs, net of tax	(9'791.2)	-	(9'791.2)	-	-	(9'791.2)	9'791.2	-100.0%
Special tax related costs, net of tax	(2'220.1)	-	(2'220.1)	-	-	(2'220.1)	2'220.1	-100.0%
Net Profit / (Net Loss)	11'656.2	22'004.3	(10'348.1)	-47.0%	6'014.5	(7'905.0)	13'919.5	176.1%
Pre-tax Profit Margin	23.3%	24.0%			18.4%	20.6%		
Net Profit Margin	9.3%	19.7%			16.6%	-27.8%		
Weighted average number of ordinary shares [units]	14'239'826	14'462'730			14'567'044	14'129'555		
Earning per share [CHF]	0.82	1.52	(0.70)	-46.1%	0.41	(0.56)	0.97	173.8%
	31.12.2013	31.12.2012	Change	Change [%]	31.12.2013	30.09.2013	Change	Change [%]
Trading Accounts [units]	163'486	159'942	3'544	2.2%	163'486	162'650	836	0.5%
Saving Accounts [units]	31'051	30'002	1'049	3.5%	31'051	30'930	121	0.4%
eForex Accounts [units]	20'884	10'870	10'014	92.1%	20'884	20'747	137	0.7%
ePrivate Banking Accounts [units]	936	768	168	21.9%	936	910	26	2.9%
Total Number of Accounts	216'357	201'582	14'775	7.3%	216'357	215'237	1'120	0.5%
Trading Assets [CHF m]	9'111.1	7'740.0	1'371.1	17.7%	9'111.1	8'620.8	490.3	5.7%
Saving Assets [CHF m]	704.9	695.1	9.8	1.4%	704.9	698.6	6.3	0.9%
eForex Assets [CHF m]	232.6	123.4	109.2	88.5%	232.6	232.3	0.3	0.1%
ePrivate Banking Assets [CHF m]	33.9	22.6	11.3	50.0%	33.9	30.2	3.7	12.3%
Total Assets under Custody [CHF m]	10'082.5	8'581.1	1'501.4	17.5%	10'082.5	9'581.9	500.6	5.2%
Total Net New Monies [CHF m]	765.2	838.0	(72.8)	-8.7%	264.7	121.0	143.7	118.8%
eForex Volume [CHF bn]	459.4	336.6	122.8	36.5%	226.3	75.2	151.1	200.9%
Total Equity [CHF m]*	247.9	242.6	5.3	2.2%	247.9	241.3	6.6	2.8%
Common Equity Tier 1 ratio [%]**	20.6%	23.0%	-2.4%	-10.4%	20.6%	17.9%	2.7%	15.1%
Total Headcounts / Average Headcounts - FTE	507 / 438	368 / 363	139 / 75	37.8% / 20.7%	507 / 513	519 / 455	(12) / 58	-2.3% / 12.7%

* Impact of revised IAS19 standard on comparative figures (see note 14i of Annual Report)

** At 1st January 2013, Basel III Framework was implemented (Comparative figures in accordance with Basel II).