

Results for the 2020 financial year

## **Swissquote: Record result and profit to double by 2024**

2020 was an exceptional year in a large number of respects. Swissquote achieved strong and fundamental growth and can for the first time report over 400,000 client accounts. Client assets rose to a record CHF 39.8 billion on the back of an organic net new money inflow of CHF 5.3 billion. Net revenues rose by 37.6 percent compared with the previous year to CHF 317.3 million, while pre-tax profit more than doubled year-on-year to CHF 105.6 million. Profitability remained at a high level, with the pre-tax profit margin at 33.3 percent. Not only was the revised forecast for 2020 exceeded by a significant margin, but the medium-term targets for 2022 had already been met by year-end. Swissquote is aiming for significant growth in the coming years. For 2021 specifically, it anticipates an increase in revenues by more than 15 percent and pre-tax profit by 23 percent.

### **Revenues set new records year after year**

At CHF 321.8 million (CHF 239.9 million), **operating revenues** were at their highest level to date, having risen by 34.2 percent year-on-year. Adjusted for negative interest rates of CHF 4.7 million and fair value adjustments of CHF 0.2 million, **net revenues** were up by 37.6 percent on the previous year to CHF 317.3 million (CHF 230.6 million). **Net fee and commission income** (excluding cryptocurrencies) rose by 68.5 percent to CHF 146.0 million (CHF 86.6 million) due to the strong growth in trading accounts and the increased trading activity on those accounts. The cryptocurrency business increased by 154.3 percent to CHF 16.0 million (CHF 6.3 million). Client assets in cryptocurrencies now amount to CHF 1.0 billion.

**Net eForex income** climbed by 25.5 percent to CHF 107.3 million (CHF 85.5 million) thanks to positive growth in eForex volumes.

As expected, **net interest income** dropped by 35.9 percent to CHF 25.7 million (CHF 40.1 million) due to the decrease in the USD interest rate. During the year under review, Swissquote did not alter its negative interest rate policy on cash accounts denominated in EUR and CHF. The leasing programme launched with electric cars at the end of 2020 got off to a promising start.

**Net trading income** (currency trading excluding eForex but including credit loss expense) rose by 25.5 percent to CHF 26.8 million (CHF 21.4 million).

### **Operating expenses in line with expectations**

At CHF 211.7 million (CHF 180.1 million), **operating expenses** were 17.6 percent higher than in the previous year, due mainly to the rise in payroll and related expenses (+CHF 20.7 million). At the end of 2020, Swissquote had a workforce of 805 employees (+11.5 percent).

### **Net profit exceeds expectations**

The combination of expenses and revenues brought a 108.8 percent increase in **pre-tax profit** to CHF 105.6 million (CHF 50.6 million) and resulted in a pre-tax profit margin of 33.3 percent (21.9 percent) for 2020. **Net profit** doubled year-on-year to CHF 91.0 million (CHF 44.7 million), exceeding expectations. This was due to strong organic growth and to the rise in average client assets, which Swissquote was able to leverage with its operational strengths and its ability to improve profitability at a high level. High-end technology and innovation are two other factors that contributed greatly to these record figures.

### **Solid capital base**

Swissquote succeeded in combining record profitability and organic growth with a stable and solid Basel III **capital ratio** of 23.0 percent (21.7 percent). So although Swissquote is growing fast, it remains one of Switzerland's best-capitalised banks. **Total equity** increased by 17.4 percent to CHF 440.2 million (CHF 374.8 million).

### **Total number of accounts sets new record**

The high **net new money inflow** of CHF 5.275 billion (CHF 4.558 billion, not only organic) is attributable on the one hand to the faster pace of customer acquisition and, on the other, to the greater adoption of digital services in Switzerland and the increased interest in those services.

**Client assets** rose by 23.4 percent in 2020 to CHF 39.8 billion (CHF 32.2 billion) due to the client growth and the 8.1 percent rise in average client assets. Per customer, this equates to an average of approximately CHF 100,000. As at the end of December 2020, clients held assets of CHF 38.7 billion (+23.8 percent) in trading accounts, CHF 251.1 million (–5.4 percent) in savings accounts, CHF 334.1 million (+44.1 percent) in Robo-Advisory accounts and CHF 439.7 million (–1.6 percent) in eForex accounts.

The **total number of accounts** grew by 50,636 (+14.1 percent) to a record 410,248. The breakdown of accounts is as follows: 338,330 trading accounts (+20.1 percent), 19,037 savings accounts (–3.4 percent), 4,540 Robo-Advisory accounts (+35.0 percent) and 48,341 eForex accounts (–11.7 percent).

### **Acceleration of European strategy**

Acquired in 2019, Internaxx Bank S.A. was rebranded Swissquote Bank Europe SA following the successful migration of customers to the Swissquote technology. Since then, the expansion of the product offering has positioned Swissquote as a partner of choice for European customers. At migration, online trading for new stock exchanges and new products was introduced. Since the end of February this year, Swissquote Bank Europe has also been among the first banks in the euro zone to make cryptocurrency trading available to clients.

### **Car leasing service for electric cars**

In December 2020, Swissquote launched a new online leasing offering with Tesla that is the first of its kind in Switzerland. It is thus expanding its lending activities and responding to the current interest rate environment. While leasing is a popular option in Switzerland for new vehicle buyers, Swissquote is concentrating on a clear market trend towards e-mobility.

### **Expansion of market position in cryptocurrency trading**

Swissquote continues to expand its role as a pioneer in cryptocurrency trading. Since July 2017 it has been possible for private clients to make investments using cryptocurrencies. From summer 2020 on, Swissquote extended its range of services for institutional clients to include professional crypto trading while also offering custodian bank services. The portfolio currently comprises the 12 major cryptocurrencies (from Bitcoin and Ether to Tesos). Swissquote's efforts in the institutional sphere are focused on asset managers, hedge funds, private banks and family offices.

### **Swissquote and PostFinance enter into joint venture**

Swissquote and PostFinance are Switzerland's leading providers of online financial services and have been collaborating successfully on online trading for several years now. In November 2020 they decided to expand this partnership: the two companies intend to establish a joint venture and launch a digital banking app before the end of the first half of 2021.

### **Swissquote publishes an annual sustainability (ESG) report**

In addition to financial reporting, Swissquote is now for the first time publishing a sustainability report. People in a wide variety of roles and interests are responsible for Swissquote's achievements and future performance. In the newly designed reporting, this diversity is reflected in the stakeholder approach. This meets the greatly increased need for non-financial information, to which investors in particular are giving ever greater consideration in their investment decisions. Today's publication of the first sustainability report is a clear expression of Swissquote's long-standing awareness of ESG considerations. This new report complies with the well-known and stringent GRI standards.

### **Guidance for 2021 and mid-term outlook**

For 2021, Swissquote is expecting to record about 15 percent growth in revenues and 23 percent growth in pre-tax profit thanks to high net new money inflow and positive trading activity since the beginning of the year. Net revenues and pre-tax profit are predicted to come in at CHF 365 million and CHF 130 million respectively. This growth momentum should persist in the next few years thanks to an ambitious expansion strategy. Now that the initial medium-term targets for 2022 have been exceeded two years early, Swissquote aims to post further growth records: for 2024 it is targeting revenues of CHF 500 million and pre-tax profit of CHF 200 million.

## **Changes to the Board of Directors and Executive Management of Swissquote**

Swissquote wants to adapt its organisation to its strong growth and business development and is therefore making the following changes to the Executive Management as of 1 April 2021:

- Michael Ploog, CIO, is leaving the Executive Management; at this year's Annual General Meeting, the Board of Directors will propose that he be elected as a new member of the Board. Yvan Cardenas, CFO, will take over responsibility as CIO in addition to his existing role.
- Paolo Buzzi, founding partner and CTO, will assume the newly created position of Deputy CEO. He will also be responsible for special projects.
- Alexandru Craciun, Director and long-time member of management, will be appointed CTO and member of the Executive Management.

Markus Dennler, Chairman of the Board of Directors, says: "In the context of Swissquote's strong growth, we would like to further strengthen the Board of Directors. I am convinced that we have found the right person in Michael Ploog. The Board of Directors and the company will benefit greatly from his extensive experience in the financial industry and his broad knowledge in the areas of finance, governance, human resources, digitalisation and risk management."

## **50 percent increase in distribution of profit to shareholders**

In light of the very sound business performance and solid capital ratio, the Board of Directors will propose to the Annual General Meeting of 6 May 2021 that the dividend be increased by 50 percent from CHF 1.00 to CHF 1.50 per share.

## **Amendments to the Articles of Incorporation**

In addition to the ordinary agenda items and the vote regarding the dividend payment of CHF 1.50 per share, the Board of Directors will also put motions to the shareholders for various amendments to the Articles of Incorporation designed to improve the company's corporate governance and strengthen shareholders' rights. The Board will in particular propose redefining the level of the authorised capital: it will propose that this capital, which currently amounts to a maximum of 2 million shares (or 13.0 percent of the company's stated share capital) and expires on 5 May 2022, be reduced to a maximum of 1.5 million shares (or 9.8 percent of the company's stated share capital) and that the expiration date be extended to 6 May 2023. Such amendments to the Articles of Incorporation will mitigate possible dilutions of the share capital while still ensuring an appropriate degree of financial flexibility.

The complete **2020 Financial Report** is available at:

<https://en.swissquote.com/company/investors/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, Robo-Advisory and eMortgages. In addition to a low-cost service for private clients, Swissquote offers specialised 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 Swiss Stock Exchange SIX (symbol: SQN).

**For further information**

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**Agenda 2021**

06.05.2021      Annual General Assembly

06.08.2021      Presentation of 2021 first half year results

in CHF thousand, except where specified	12 months ended 30 December				Comparison with previous half year			
	2020	2019	Change	Change in %	H2-2020	H1-2020	Change	Change in %
Net fee & commission income (excl. crypto.)	145,981.9	86,622.0	59,359.8	68.5%	67,447.6	78,534.2	-11,086.6	-14.1%
Cryptocurrencies income	16,005.6	6,293.0	9,712.7	154.3%	11,160.5	4,845.2	6,315.3	130.3%
Interest income, net <sup>1</sup>	25,690.1	40,093.8	-14,403.7	-35.9%	9,128.5	16,561.7	-7,433.2	-44.9%
eForex income, net	107,343.4	85,508.9	21,834.5	25.5%	47,312.6	60,030.8	-12,718.2	-21.2%
Trading income, net <sup>2</sup>	26,812.4	21,361.1	5,451.3	25.5%	24,055.7	2,756.7	21,299.0	772.6%
<b>Operating revenues</b>	<b>321,833.4</b>	<b>239,878.8</b>	<b>81,954.6</b>	<b>34.2%</b>	<b>159,104.9</b>	<b>162,728.6</b>	<b>-3,623.7</b>	<b>-2.2%</b>
Unrealised fair value	207.7	309.0	-101.3	-32.8%	295.2	-87.5	382.7	-437.4%
Cost of negative interest rates (excl. FX swaps)	-4,731.7	-9,547.3	-4,815.6	-50.4%	-2,812.2	-1,919.6	892.6	46.5%
<b>Net revenues</b>	<b>317,309.4</b>	<b>230,640.5</b>	<b>86,668.9</b>	<b>37.6%</b>	<b>156,587.9</b>	<b>160,721.5</b>	<b>-4,133.6</b>	<b>-2.6%</b>
Payroll & related expenses	-104,913.9	-84,211.7	20,702.2	24.6%	-54,843.4	-50,070.5	4,772.9	9.5%
Other operating expenses	-54,844.0	-46,375.2	8,468.8	18.3%	-27,778.2	-27,065.8	712.4	2.6%
Depreciation	-29,082.2	-26,056.9	3,025.3	11.6%	-14,872.2	-14,210.0	662.2	4.7%
Marketing expenses	-22,827.7	-23,408.5	-580.8	-2.5%	-11,890.8	-10,936.9	953.9	8.7%
<b>Expenses</b>	<b>-211,667.8</b>	<b>-180,052.3</b>	<b>31,615.5</b>	<b>17.6%</b>	<b>-109,384.6</b>	<b>-102,283.2</b>	<b>7,101.4</b>	<b>6.9%</b>
<b>Pre-tax profit</b>	<b>105,641.6</b>	<b>50,588.2</b>	<b>55,053.4</b>	<b>108.8%</b>	<b>47,203.3</b>	<b>58,438.3</b>	<b>-11,235.0</b>	<b>-19.2%</b>
Income taxes	-14,620.8	-5,934.6	8,686.2	146.4%	-6,569.0	-8,051.7	-1,482.7	-18.4%
<b>Net profit</b>	<b>91,020.8</b>	<b>44,653.6</b>	<b>46,367.2</b>	<b>103.8%</b>	<b>40,634.3</b>	<b>50,386.6</b>	<b>-9,752.3</b>	<b>-19.4%</b>
Pre-tax profit margin	33.3%	21.9%			30.1%	36.4%		
Net profit margin	28.7%	19.4%			25.9%	31.4%		

  

in CHF thousand, except where specified	31.12.2020	31.12.2019	Change	Change in %	31.12.2020	30.06.2020	Change	Change in %
Trading accounts	338,330	281,814	56,516.0	20.1%	338,330	315,185	23,145.0	7.3%
Saving accounts	19,037	19,717	-680.0	-3.4%	19,037	19,279	-242.0	-1.3%
eForex accounts	48,341	54,719	-6,378.0	-11.7%	48,341	57,819	-9,478.0	-16.4%
Robo-Advisory accounts	4,540	3,362	1,178.0	35.0%	4,540	4,147	393.0	9.5%
<b>Total number of accounts (units)</b>	<b>410,248</b>	<b>359,612</b>	<b>50,636.0</b>	<b>14.1%</b>	<b>410,248</b>	<b>396,430</b>	<b>13,818.0</b>	<b>3.5%</b>
Trading client assets	38,747.7	31,296.5	7,451.2	23.8%	38,747.7	32,618.4	6,129.3	18.8%
Saving client assets	251.1	265.5	-14.4	-5.4%	251.1	255.3	-4.2	-1.6%
eForex client assets	439.7	447.0	-7.3	-1.6%	439.7	384.9	54.8	14.2%
Robo-Advisory assets	334.1	231.9	102.2	44.1%	334.1	235.6	98.5	41.8%
<b>Total client assets (CHF m)</b>	<b>39,772.6</b>	<b>32,240.9</b>	<b>7,531.7</b>	<b>23.4%</b>	<b>39,772.6</b>	<b>33,494.2</b>	<b>6,278.4</b>	<b>18.7%</b>
Assets under custody (CHF m)	38,507.9	31,183.3	7,324.6	23.5%	38,507.9	32,301.9	6,206.0	19.2%
Net new money (CHF m)	5,274.6	4,558.4	716.2	15.7%	2,276.5	2,998.1	-721.6	-24.1%
eForex volume (USD bn)	1,368.6	1,217.8	150.8	12.4%	678.3	690.4	-12.1	-1.8%
Total equity (CHF m)	440.2	374.8	65.4	17.4%	440.2	411.4	28.8	7.0%
Capital ratio (%)	23.0%	21.7%	1.3%	6.0%	23.0%	20.8%	2.2%	10.6%
Total headcounts / average headcounts (FTE)	805 / 763	722 / 692	83 / 71	11.5% / 10.3%	805 / 786	768 / 745	37 / 41	4.8% / 5.5%

<sup>1</sup> Net interest income as per Swissquote Annual Report 2020 of CHF 21 million should be read in conjunction with the cost of negative interest rates (excluding FX swaps) of CHF -4.7 million.

<sup>2</sup> Net trading income as per Swissquote Annual Report 2020 of CHF 158.4 million should be read in conjunction with eForex income, net amounting CHF 107.3 million and unrealised fair value amounting CHF 0.21 million. In addition, it includes credit loss expense of CHF -24 million presented separately in the Annual report.