

Report to the shareholders

Dear shareholders,

With an operating income of CHF 408.1 million, an operating profit of CHF 186.4 million and net new monies of CHF 7.7 billion, Swissquote is reporting robust and qualitatively strong numbers for 2022. Both the operating income and operating profit reached the second-highest levels in history and highlight the strong customer base and product mix in a challenging market environment. The diversification of revenue streams enabled Swissquote to benefit specifically from the change in short term interest rates. In 2022, 51,099 new client accounts (+10.5 percent) contributed to further growth, while total client assets reached CHF 52.2 billion (including CHF 9.2 billion in cash deposits). Swissquote anticipates a promising 2023 with new records in revenues and profit targeted.

Swissquote is reporting robust and qualitatively strong numbers for 2022

Second-highest operating income

Operating income totalled CHF 408.1 million, a decrease of 13.5 percent compared with the previous year (CHF 471.8 million), reflecting the difficult market conditions, but still amount to the second-highest result ever.

Net fee and commission income (excluding crypto assets) decreased by 7.6 percent as the share of non-transaction based revenues was able to compensate for the slowdown in trading activity. Net crypto assets income was impacted significantly by the crypto market turmoil, declining 72.9 percent to CHF 27.7 million (6.8 percent of operating income). Net trading income decreased by 18.0 percent as a result of lower eForex trading volume and lower turnover in asset classes traded in foreign currencies. On the other hand, net interest income increased by 364.7 percent due to rising interest rates across major currencies. Specifically, the CHF policy rate moved from a negative 0.75 percent to a positive 1.0 percent reference rate at the end of 2022.

Overall, Swissquote's operating income show resilience and diversification of revenue sources.



Markus Dennler
Chairman of the Board
of Directors



Marc Bürki
Chief Executive Officer

Operating profit margin of 45.7 percent reflecting cost flexibility

At CHF 215.0 million, operating expenses were 13.2 percent lower than in the previous year (CHF 247.5 million), reflecting cost management discipline over several months. As at 31 December 2022, total headcount was up by 104 FTE (of which 14 FTE inorganic) to 1,056 FTE. Half of the recruitment occurred in technology-related fields. Operating profit decreased by 16.5 percent to 186.4 million (CHF 223.3 million), while the operating profit margin remained at a high level of 45.7 percent (47.3 percent) despite a 13.5 percent decline in operating income. Net profit decreased to CHF 157.4 million (CHF 193.1 million), and net profit margin to 38.6 percent (40.9 percent).

Customer growth is uninterrupted

51,099 new client accounts were opened in 2022 (of which 8,000 inorganic), most of them trading accounts, bringing the total number of clients above the 500k threshold for the first time. 60 percent of the net new monies came from outside of Switzerland, showing the growing penetration of the Swissquote brand. Thanks to the UEFA sponsorship, the Swissquote brand is broadcasted in over 200 countries globally, across hundreds channels, with millions views.

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The total number of accounts reached 538,946 (+10.5 percent) by the end of 2022, with deposits averaging almost CHF 100,000 per customer. Strong net new monies of CHF 7.7 billion (of which 1.7 billion inorganic) partly compensated for the market-generated decrease in client assets from CHF 55.9 billion to CHF 52.2 billion (down 6.6 percent). Generally, all asset classes saw decreases in value in 2022, but the customer base remained steadily invested even in high-risk asset classes. As of 31 December 2022, total crypto assets under custody declined to CHF 1.0 billion (CHF 2.8 billion) despite the fact that customers have increased their holdings in major crypto assets (5.7 percent increase).

538,946

Total number of accounts

Dividend, equity and further growth

As of 31 December 2022, the balance sheet remained strong and all regulatory ratios were solid (e.g. liquidity ratio at 496%). Thanks to its capital ratio of 24.8 percent (26.2 percent), well above the regulatory limit of 11.2 percent, Swissquote is well-positioned to capture internal and external growth opportunities (as it did with the acquisition of Keytrade Bank Luxembourg SA in 2022). The Board of Directors will propose to the Annual General Meeting an unchanged dividend of CHF 2.20 per share, corresponding to 21 percent of the net profit for 2022.

Growth opportunities

Thanks to the initiatives taken in 2022, Swissquote sees the following growth opportunities for this year:

- European market: In early 2023, Swissquote Bank Europe SA received its depositary fund licence in Luxembourg, further expanding its market access to the B2B sector. This concludes various product and expansion initiatives enabling Swissquote to provide a similar offering and with similar target customers to those in Switzerland.
- Crypto assets: Swissquote's own crypto exchange SQX was successfully launched in September 2022. It is likely that the crypto industry may face an important period of transition with increased regulation. Swissquote sees itself uniquely positioned with SQX.
- Yuh: The mobile finance app already has more than 100,000 users (2022: + 65,000 users) and will further expand its products and services offering in 2023 (e.g. Pillar 3A). For 2023, the growth in accounts should be of a similar magnitude to 2022.

Non-financial reporting upgrades duly rewarded

To continue to serve shifting expectations, Swissquote introduced and implemented a wide range of ESG initiatives in favour of various stakeholders. First, customers can now not only analyse their portfolios with sustainability criteria with the support of innovative new ESG tools but as well invest in new impact investing certificates. Secondly, a fresh new "We are all in" employer value proposition was rolled out in order to position Swissquote as a recognised employer brand in the labour market. Early in 2023, Swissquote was ranked among the best employers in Switzerland (#16) and best in the banking sector by Handelszeitung, le Temps and Statista.

On the non-financial reporting side, Swissquote's Sustainability Report 2022, which is an integral part of Swissquote's Annual Report, provides independent assurance on quantitative data for the first time. In 2022, Swissquote's MSCI ESG rating improved from BBB to AA and Inrate zRating ranked Swissquote as showing the best corporate governance in Switzerland for the financial services industry.

In 2022, the Board of Directors set a series of ESG-related objectives within the framework of the Executive Management Short-Term Incentive Plan (STIP) and gave a 15% overall weight to such objectives. Moreover, the alignment of the objectives set to the Executive Management with the ESG materiality matrix is now further specified. These developments confirm the importance of sustainability for Swissquote's strategy.

Corporate Governance and compensation

During the year, Swissquote further intensified its dialogue with shareholders and had the opportunity to discuss topics such as corporate governance, remuneration and sustainability. Shareholders appreciated the responses to the comments made previously, in particular regarding the vesting period of the stock options granted as part of the Executive Management's Long-Term Incentive Plan. Shareholders also valued, among other things, the enhanced disclosure (for example, with respect to the Executive Management's objectives set as part of the Short-Term Incentive Plan) and the adoption of limits to cover all remuneration components. All the points raised by shareholders were reviewed and evaluated, and, on this basis, further improvements were made to disclosures, including in relation to the Executive Management's objectives and the CEO pay-ratio.

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The Board of Directors has already resolved to make a number of future improvements. For example, in next year's Remuneration Report, the metrics of the Executive Management's objectives set for 2023 will be disclosed; this will provide further transparency on these important elements and, as a result, satisfy what may be the most important expectation expressed by shareholders with respect to the Executive Management's STIP. The Board of Directors also decided that, in the future, a portion of the Executive Management's bonus will be paid in blocked shares; this will further confirm the alignment of the interests of Executive Management members with those of the shareholders.

Swissquote greatly appreciated the time and active participation of our shareholders and would like to maintain this exchange in the future.

Upcoming changes in the corporate organisation and AGM

Swissquote announces the following changes to its corporate organisation:

- Esther Finidori will be proposed as a new member of the Board of Directors at the upcoming Annual General Meeting. She is currently Vice President Strategy at Schneider Electric, where she is in particular in charge of sustainability. Esther Finidori has developed a strong expertise in sustainability in general and in environmental aspects and digital transformation specifically, of which Swissquote's Board of Directors will highly benefit in case she is elected.
- Lino Finini, who currently holds the position of Chief Operating Officer, will be stepping down as a member of the Executive Management effective 31 December 2023 to take retirement. On behalf of the Board of Directors and Executive Management, we thank Lino Finini for his significant contributions over his career at Swissquote in delivering a number of major initiatives that supported Swissquote's growth.

The 2023 Annual General Meeting will be held at the Swissquote headquarters, in Gland. On this occasion, the Board of Directors will propose a series of revisions to the Articles of Association, to bring them into line with the revised Swiss Code of Obligations that entered into force on 1 January 2023. The Board of Directors will in particular propose the creation of a capital band valid for a period of five years, which will replace under similar terms the current authorised capital. The latter will expire on 6 May 2023 and is no longer renewable under the revised Swiss Code of Obligations.

Guidance for 2023 and medium-term outlook 2025

Swissquote targets an operating income of CHF 495 million (plus 21 percent) and an operating profit of CHF 230 million (plus 23 percent) for 2023. Despite a cautious stance, Swissquote expects to deliver all-time high results in 2023.

Swissquote's medium-term target for 2025, i.e. an operating profit at CHF 350 million, is confirmed.

Thanks

On behalf of the Board of Directors and Executive Management, we would like to thank our clients for their loyalty and contribution to Swissquote's success and long-term solidity. Thanks to their informed feedback, suggestions and requests, we continuously improve and innovate to deliver exceptional and refreshing banking experiences. Furthermore, we thank our shareholders for the trust they place in us, and all our employees for their hard work and personal commitment to push the boundaries time after time. And finally, we extend our thanks to our cooperation partners for their collaboration and unfailing expertise in helping us to grow our business.



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