LEONTEQ
SWISS INVESTMENT ENGINE

PRESS RELEASE | LEONTEQ ANNOUNCES SOLID HALF-YEAR 2015 RESULTS AND STRATEGIC PROGRESS WITH PLATFORM PARTNER BUSINESS

Zurich, 23 July 2015

- **Leonteq AG (SIX: LEON), the Zurich-based independent technology and service provider for investment solutions, today announced solid results and strong strategic progress for the first half of 2015.**
- **Group net profit increased 45% to CHF 38.9 million compared to the first half of 2014, on turnover of CHF 10.7 billion (up 14%) and total operating income of CHF 111.6 million (up 26%). All of Leonteq's regions contributed to the growth of the business. The finteq ratio (share of turnover generated by Leonteq's platform partners) rose from 50% to 58%, and cost per unit dropped further by 2% year-on-year.**
- **In the first half of 2015, Leonteq further strengthened its regional offices, continued investments into its automated platform, and completed the implementation of Avaloq's standalone-adapter "Leonteq Direct". Furthermore, Leonteq, Avaloq, DBS, and Numerix started to develop an integrated multi-issuer investment products distribution system (IPDS) with an initial focus on the Asia Pacific region.**
- **Turnover with DBS, a leading financial services group in Asia announced as a platform partner in November 2014, reached CHF 950 million in the first half of 2015, from more than 800 DBS products issued through Leonteq's platform. Leonteq today also announced the intention to launch a cooperation with new, renowned platform partners including J.P. Morgan, Deutsche Bank, Bank of Montreal, and Raiffeisen Switzerland from the banking sector, and Swiss Life from the insurance sector.**
- **Jan Schoch and Lukas Ruflin family interests have communicated that they will not be selling any shares for the foreseeable future. In addition, they have agreed to enter into a further lock-up with Raiffeisen in relation to two thirds of their currently locked-up shares until October 2020.**
- **Peter Forstmoser, chairman of the Leonteq board of directors since 2012, has announced that he will be stepping down from the board at the 2016 annual general meeting. His designated successor as chairman is the current vice-chairman Pierin Vincenz. Founding partner and board member Lukas Ruflin has been appointed vice-chairman with immediate effect.**

CHF million, for the six months ended 30 June	2015	2014	Change in %
Net fee income	108.8	77.1	41%
Net trading income	4.3	11.9	(64%)
Net interest income	(1.5)	(0.7)	114%
Total operating income	**111.6**	**88.3**	**26%**
Personnel expenses	(47.9)	(37.7)	27%
Other operating expenses	(17.6)	(13.6)	29%
Depreciation	(6.9)	(5.7)	21%
Total operating expenses	**(72.4)**	**(57.0)**	**27%**
Profit before taxes	**39.2**	**31.3**	**25%**
Taxes	(0.3)	(4.5)	(93%)
Group net profit	**38.9**	**26.8**	**45%**

On the back of overall good demand for structured investment products and a challenging economic environment, Leonteq achieved solid results in the first half of 2015, with good progress versus the first six months of 2014 and stable development compared to the second half of last year.

Leonteq's platform assets (outstanding product volume on Leonteq's platform) increased to CHF 8.0 billion as at 30 June 2015, from CHF 7.6 billion as at 31 December 2014. Leonteq's own products stood at CHF 3.3 billion as at 30 June 2015, compared to CHF 3.7 billion at year-end 2014. In addition, Leonteq's platform partners accounted for an outstanding product volume of CHF 4.7 billion as at 30 June 2015, versus CHF 3.9 billion at year-end 2014, reflecting an increased share of partner products volume from 51% to 59%.

Leonteq's turnover rose 14% to CHF 10.7 billion compared to the first half of 2014. The finteq ratio (share of turnover generated by Leonteq's platform partners) rose from 50% to 58%. Total margin on turnover improved 11% to 104 basis points, and the finteq margin (margin on turnover generated by Leonteq's platform partners) rose 11% to 101 basis points.

Total operating income increased 26% year-on-year to CHF 111.6 million. Net fee income rose 41% to CHF 108.8 million, while net trading income was down 64% to CHF 4.3 million.

Total operating expenses stood at CHF 72.4 million in the first half of 2015, up 27% compared to the same period last year (in line with expectations announced with the rights offering in July 2014). Personnel expenses rose 27% to CHF 47.9 million, reflecting hires (from 323 to 391 full-time equivalents compared to a year ago) and performance-related compensation accruals. Other operating expenses rose 29% to CHF 17.6 million, mainly in the context of regional expansion and as a result of the increased business volume and staff base. Cost-income ratio remained stable year-on-year, at 65%. Reflecting the operating leverage of the platform, cost per unit (total operating expenses from the *Banking Platform Partners* and *Leonteq Production* segments per issued product) decreased further to CHF 6,936, down 2% compared to the first half of 2014 and down 73% since 2009.

Profit before taxes rose 25% to CHF 39.2 million. Group net profit for the first half of 2015 was CHF 38.9 million, representing a 45% increase compared to the same period last year.

SEGMENT RESULTS

Leonteq's *Banking Platform Partners* segment showed a strong rise in total operating income (up 54% to CHF 50.0 million) and pre-tax profit (up 71% to CHF 28.7 million). Total operating income of the *Insurance Platform Partners* segment increased 19% to CHF 12.4 million, and pre-tax profit rose 27% to CHF 8.1 million. The *Leonteq Production* segment increased total operating income by 8% to CHF 49.2 million, and pre-tax profit by 13% to CHF 20.2 million.

REGIONAL DEVELOPMENT

After the grant of a capital markets license in Singapore in June 2014, the start of the cooperation with DBS in November 2014 as well as significant new hires, Leonteq's business in Asia picked up in the first half of 2015, increasing total operating income by 15% to CHF 10.8 million. Europe posted total operating income of CHF 48.0 million (up 22%) in the first half of 2015, and total operating income in Switzerland increased 33% to CHF 52.8 million.

CAPITAL AND RISK DEVELOPMENT

Leonteq's total eligible capital stood at CHF 370.6 million as at 30 June 2015, compared to CHF 352.6 million as at 31 December 2014. Impacted by considerable market and political uncertainty towards the end of the reporting period, BIS total capital ratio was 23.0% as at 30 June 2015, versus 30.2% as at 31 December 2014. Leonteq's return on equity was 20% as at 30 June 2015, versus 33% a year ago. Average value-at-risk (VaR) stood at CHF 1.7 million in the first half of 2015, compared to CHF 1.2 million in the first half of 2014.

STRATEGIC PROGRESS – EXPANSION OF LEONTEQ'S PLATFORM PARTNERS NETWORK

Leonteq further strengthened its regional offices, continued investments into its automated platform and executed various strategic initiatives in the first half of 2015. Among other projects, Leonteq completed the implementation of Avaloq's standalone-adapter "Leonteq Direct" – an upgradable interface, first announced in June 2014, between the Avaloq Banking Suite and the Leonteq platform, which provides far-reaching automation in the offering and handling of structured investment products. In March 2015, Leonteq, Avaloq, DBS, and Numerix announced plans to develop an integrated multi-issuer investment products distribution system (IPDS) with an initial focus on the Asia Pacific region, which is based on a buy-side approach and will provide real-time, analytics-based product structuring and pricing.

The cooperation with DBS, a leading financial services group in Asia, is developing well, with turnover of CHF 950 million in the first half of 2015, from more than 800 DBS products issued through Leonteq's platform. In the context of its platform strategy, Leonteq aims to accelerate the expansion of its partners' network in the origination and distribution of structured investment products. As a result, clients will benefit from a broader, more diversified offering in terms of issuers, products and geographies. Leonteq plans to initiate cooperation with the following new, renowned partners:

Banks

- **J.P. Morgan**: JPMorgan Chase & Co. provides global financial services and retail banking. The Company provides services such as investment banking, treasury and securities services, asset management, private banking, card member services, commercial banking, and home finance. JPMorgan Chase serves business enterprises, institutions, and individuals. Through the planned cooperation, Leonteq and its clients will benefit from J.P. Morgan's reputation and brand recognition. J.P. Morgan aims to benefit from the automated value chain of Leonteq. Additionally, Leonteq envisages leveraging J.P. Morgan's risk management capabilities in order to increase the scalability of its platform.
- **Deutsche Bank**: The cooperation for the origination and distribution of structured investment products with Deutsche Bank (DB) will allow Leonteq to expand its services to clients by offering them access to the products of a global investment bank on its automated platform. DB will in turn gain exposure to new client segments where Leonteq has an established presence. The synergies between the two firms are multiple and cover many aspects of the structured investment products value chain. Leonteq will benefit from DB's broad capabilities in investment banking, while offering DB access to its extensive experience in customized, flow-oriented products. First offerings of DB's investment products on Leonteq's platform are planned to be available in the second half of 2015, while implementation of the full cooperation set-up is expected to take approx. 15 months. Deutsche Bank is a leading client-centric global universal bank serving 28 million clients worldwide. DB provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals. DB is Germany's leading bank, with an A3 rating from Moody's and a strong position in Europe and a significant presence in the Americas and Asia Pacific. Its shares are listed on the Frankfurt and New York stock exchanges.
- **Bank of Montreal (BMO)**: With total assets of CAD 633 billion (approx. CHF 475 billion) as of April 30, 2015, and more than 47,000 employees serving over 12 million customers, Bank of Montreal is a highly diversified financial services provider based in North America. BMO's long-term senior debt is rated Aa3 by Moody's (S&P A+, Fitch AA-), Bank of Montreal was established in 1817 and is listed on the Toronto and New York stock exchanges. Through a new cooperation agreement, Leonteq will leverage BMO's expertise in institutional solutions, while offering BMO access to Leonteq's extensive client relationships in Europe and Asia.
- **Raiffeisen Switzerland**: The existing cooperation with the Raiffeisen Group, under which Raiffeisen Switzerland (Moody's A2) acts as guarantor, Notenstein Private Bank as issuer, and Leonteq as services provider, will be extended in that Raiffeisen, headquartered in St. Gallen, will also issue its own investment products in the future. The first offering of Raiffeisen products is planned to be available on Leonteq's platform in the course of the first half of 2016. The number three in the Swiss banking market, the Raiffeisen group of banks has combined total assets of CHF 189 billion.

Insurance

- **Swiss Life**: Zurich-based Swiss Life Group, founded in 1857 and listed on the SIX Swiss Exchange, is one of Europe's leading comprehensive life and pensions and financial solutions providers with total assets of CHF 193 billion. Swiss Life AG in Zurich has an A rating from Standard & Poor's. Leonteq and Swiss Life are currently exploring possibilities for cooperation in the development of investment and pension products.

INFORMATION ON SHAREHOLDERS

Under the terms of the Leonteq initial public offering in October 2012, the four founding partners agreed to subject their shares to a phased lock-up of five years, to expire in three tranches, on a linear basis from the end of year three (October 2015). In this context, founding partner Michael Hartweg, who has not held a management position at the company since October 2014, has informed the Company that he intends to sell the first tranche of his shares (equivalent to one-third of his holdings at the IPO). Michael Hartweg has also decided to leave Leonteq to devote himself to the promotion of sports and young talent, and start-up incubation. The board of directors and executive committee would like to thank him for his substantial contribution to building the Leonteq business, and wish him all the best for the future.

In addition, executive committee member and founding partner Sandro Dorigo informed Leonteq that he intends to sell roughly half of the first tranche of his shares. Raiffeisen Switzerland intends to acquire the shares that Michael Hartweg and Sandro Dorigo intend to sell, amounting to 2.4% of the outstanding Leonteq shares. The lead manager of the IPO has agreed to waive the lock-up for the first tranche of shares (that would expire in October 2015) with respect to transfers from Michael Hartweg and Sandro Dorigo to Raiffeisen Switzerland.

The shareholder group around the founding partners and the Raiffeisen Group will continue to hold a total of 48.1% in Leonteq, and the composition of the shareholder group will remain unchanged. As for its role as a strategic shareholder, Raiffeisen has stated that it will continue to work to ensure Leonteq's independence going forward, and in this light would be willing to sell, in consultation with Leonteq, parts of its interest to potential additional strategic investors in the future.

Jan Schoch, CEO, and Thabatseka LP* do not intend to sell any of their Leonteq shares in the foreseeable future. With regard to their second and third tranches of locked-up shares (corresponding to a total of 8.4% of outstanding Leonteq shares) due for release in October 2016 and October 2017, they have agreed with Raiffeisen to a further lock-up running until 19 October 2020.

NEW CHAIRMAN OF LEONTEQ DESIGNATED

Peter Forstmoser, who has chaired the Leonteq board of directors since September 2012, will step down from the board at the 2016 annual general meeting. He has had a lasting influence on the board in a crucial phase of development, during which Leonteq went public, introduced corresponding governance structures, and made the transition from a small business to an established mid-cap company. Pierin Vincenz, currently vice-chairman, has been designated the new chairman subject to election by the AGM. Founding partner and board member Lukas Ruflin has been appointed vice-chairman with immediate effect.

OUTLOOK

Leonteq will continue to invest in its growth strategy, with a focus on regional expansion, further development of the platform and accelerated buildout of the necessary capabilities for the onboarding of new platform partners. Investments and spending since the completion of the rights offering in August 2014, on an annualized basis, will result in a higher cost-base going forward. Leonteq is optimistic for the further development of its business, but remains mindful of potential challenges given the fragile macro-economic, currency and regulatory environment.

Jan Schoch, CEO of Leonteq: "We made good progress in the first half of the year, both in financial terms and with regard to the implementation of our strategy. We are particularly pleased with the agreements reached with a number of highly respected, established institutions relating to intended collaboration on our platform. We will place a strong focus on both prudent and swift integration of new platform partners, so clients will be able to benefit from our broadened offering. We regret to see Michael, our founding partner, leave and are thankful for his enormous contribution in building Leonteq from ground up to what it is today."

*Thabatseka LP is held by a trust of which founding partner Lukas Ruflin is the settlor.

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LEONTEQ
Leonteq is a leading engineering and infrastructure partner for investment solutions. The firm is headquartered in Zurich and has offices in Geneva, Monaco, Guernsey, Frankfurt, Paris, London, Singapore and Hong Kong. Leonteq's team of highly experienced specialists operates a proprietary IT and investment service platform designed to maximize flexibility, innovation, transparency and service for its platform and distribution partners. Its registered shares (LEON) are listed on the SIX Swiss Exchange.
www.leonteq.com

LEONTEQ HALF-YEAR 2015 RESULTS PRESS AND ANALYST CONFERENCE TODAY

A press and analyst conference with Jan Schoch, CEO, and Roman Kurmann, CFO, will be held on Thursday, 23 July 2015, at **09.30 am CEST**, at the SIX Swiss Exchange, Convention Point, Selnaustrasse 30, 8021 Zurich.

Should you wish to participate by telephone, please use the following dial-in details.
- Dial-in number Switzerland: +41 58 310 50 00
- Dial-in number UK: +44 203 059 58 62

Please call 10-15 minutes before the start of the presentation and ask for "Leonteq half-year results 2015".

The press release, the half-year 2015 results presentation for press and analysts, and the Half-Year Report 2015 are available on www.leonteq.com.

A digital playback of the telephone conference will be available approximately one hour after the conference call for 48 hours at the following numbers:
- Switzerland: +41 91 612 43 30
- UK: +44 207 108 62 33
- USA: +1 631 982 45 66

Please enter access code 15967 followed by the # sign.