

PRESS RELEASE | LEONTEQ ANNOUNCES ROBUST FULL-YEAR 2015 RESULTS AND STRONG STRATEGIC PROGRESS

Zurich, 4 February 2016

Leonteq AG (SIX: LEON), the independent technology and service provider for investment solutions, today announced robust results for the year 2015 and strong progress in expanding its platform partner (“Finteq”) business.

- **Total operating income up 10% to CHF 219.7 million, pre-tax profit up 15% to CHF 69.2 million, group net profit up 10% to CHF 68.6 million, all driven by growth in Leonteq’s Finteq business.**
- **Cost per unit continued to drop to CHF 7,209 (down 10%); operating leverage maintained, with cost-income ratio down 1 percentage point to 69%.**
- **Cooperation (pre-announced during 2015) with Deutsche Bank and Bank of Montreal went live as of today. Standard Chartered and Aargauische Kantonalbank today announced as new envisaged platform partners. Pipeline of further potential platform partners across Europe and Asia continues to expand.**
- **DBS and Leonteq ceased cooperation due to diverging interests regarding business models and exclusivity; financial impact expected to be non-material compared to 2015.**
- **Board of directors to propose a shareholder distribution of CHF 1.75 (2014: CHF 1.50) per share.**
- **David Schmid, currently CEO Asia, appointed head of sales and member of Leonteq’s executive committee with immediate effect.**

CHF million for the year ended 31 December	2015	2014	Change in %
Net fee income	228.7	181.1	26%
Net trading income	(4.1)	20.6	(120%)
Net interest income	(4.9)	(1.7)	188%
Total operating income	219.7	200.0	10%
Personnel expenses	(94.4)	(85.6)	10%
Other operating expenses	(41.5)	(41.9)	(1%)
Depreciation	(14.6)	(12.3)	19%
Total operating expenses	(150.5)	(139.8)	8%
Profit before taxes	69.2	60.2	15%
Taxes	(0.6)	2.4	(125%)
Group net profit	68.6	62.6	10%

Jan Schoch, CEO of Leonteq: “2015 was a year of special focus on initiatives and investments to further build our platform partner network, and we are on track to achieve our goal of 30+ partners within the next five years. Financial results for 2015 were robust, although somewhat below management expectations. Our platform partner strategy has started to pay off well, with the Finteq business being the key driver for our top- and bottom-line growth. We will continue to substantially invest into our partner network in 2016. At the same time we will drive the business forward with our increased sales force, and new automation tools that will enhance client experience on both the buy- and sell-side. We have had a very good start to 2016, and are optimistic for the further development of our business in the years to come, despite prevalent geo-strategic risks.”

The outstanding volume of Leonteq’s platform partner products came to CHF 4.7 billion as at 31 December 2015, up 21% compared to year-end 2014. In line with the firm’s strategy, outstanding volume of Leonteq’s own products declined by 14% to CHF 3.2 billion as at year-end 2015.

Leonteq’s turnover was CHF 20.5 billion in 2015, largely unchanged versus 2014 (CHF 20.4 billion). This flat development was mainly due to lower demand for low-margin and high turnover dual currency deposit (DCD) business with platform partners, which at the same time resulted in an overall increase in average margin on

turnover to 107 bps (up 9%). Other platform partner products (excluding DCD business) contributed strongly to overall turnover, with CHF 10.4 billion in 2015 (up 41%). The Finteq ratio (share of turnover generated by Leonteq's platform partners) rose to 58%, from 55% in 2014.

Total operating income rose 10% year-on-year to CHF 219.7 million, primarily driven by a 26% increase in net fee income to CHF 228.7 million. Net trading income was CHF -4.1 million in 2015, compared to CHF 20.6 million in 2014. This decline was due to lower contributions from hedging activities, which did not compensate the negative treasury carry (resulting from the firm's ongoing policy of investing proceeds into a low-risk portfolio) on Leonteq's own products in 2015. Net interest income dropped to CHF -4.9 million in 2015, from CHF -1.7 million in 2014, due to higher margin financing costs charged by counterparties.

Thanks to strict cost management, total operating expenses rose only moderately by 8% to CHF 150.5 million in 2015, mainly in the context of regional expansion and an increased staff base. Personnel expenses rose 10% to CHF 94.4 million, mainly reflecting key hires in IT and sales as strategic growth areas. Other operating expenses decreased by 1% to CHF 41.5 million. The cost-income ratio stood at 69%, compared to 70% in 2014. 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) fell to CHF 7,209, down 10% compared to 2014.

Profit before taxes rose 15% to CHF 69.2 million, while group net profit increased 10% to CHF 68.6 million, compared to 2014. The board of directors of Leonteq will propose a dividend of CHF 1.75 (2014: CHF 1.50) per share – in the form of a shareholder distribution against capital contribution reserves which is not subject to Swiss withholding tax – at its annual general meeting on 24 March 2016.

SEGMENT RESULTS

Both the Banking Platform Partners segment and the Insurance Platform Partners segment substantially drove Leonteq's top- and bottom-line growth in 2015. Specifically, the Banking Platform Partner segment showed an increase of 20% in total operating income to CHF 99.7 million in 2015, and an increase of 25% in pre-tax profit to CHF 55.3 million. The total operating income of the Insurance Platform Partners segment rose by 19% to CHF 25.7 million, and pre-tax profit by 26% to CHF 17.0 million. The Leonteq Production segment showed a decline in total operating income, down 1% to CHF 94.3 million, and an increase in pre-tax profit, up 7% to CHF 34.8 million.

REGIONAL DEVELOPMENT

Total operating income in Asia rose 28% to CHF 23.9 million year-on-year. Europe performed steadily in 2015, with total operating income up 2% to CHF 95.9 million. Total operating income in Switzerland increased by 14% to CHF 99.9 million. In line with its international growth strategy, Leonteq significantly expanded its staff based outside Switzerland by 38%, and moved into new premises in Paris, Hong Kong and London. During 2016, the firm will relocate to new headquarters at Europaallee in Zurich in order to accommodate all Zurich-based employees under one roof and allow for further staff growth.

CAPITAL AND RISK DEVELOPMENT

Leonteq's total eligible capital stood at CHF 388.2 million as of 31 December 2015, compared to CHF 352.6 million as of 31 December 2014. The BIS total capital ratio was 26.2% as of 31 December 2015, versus 30.2% at year-end 2014. FINMA-required capital rose by 27% to CHF 118.3 million. This was due to a change in product mix, mainly an increase in credit linked notes and higher market volatility levels at year-end 2015.

END OF COOPERATION WITH DBS

Leonteq, DBS, Avaloq and Numerix have ceased cooperation on the partnership to develop and implement an integrated multi-issuer investment products distribution system due to diverging interests on some business model and exclusivity discussions. Leonteq will continue to implement buy-side automation initiatives on its own and with partners such as Avaloq.

In addition, the cooperation between DBS and Leonteq on the distribution of equity-linked structured investment products has ended. With DBS contributing 6% to overall turnover in 2015, the financial impact on Leonteq's results is expected to be non-material compared to the prior year.

Whilst Leonteq regrets that the cooperation with DBS has come to an end, Leonteq is convinced that its open platform, the essence of its business model, addresses the specific needs of a broad variety of current and prospective partners.

PLATFORM PARTNERS

Overall, Leonteq made strong progress in further expanding its platform partner network for the origination and distribution of structured investment products in 2015. In addition, Leonteq extended its distribution network to 904 counterparties trading actively on its platform in 2015, from 802 in 2014 (up 13%).

Agreements have now been concluded and cooperation has started with the following platform partners (pre-announced during 2015):

- **Deutsche Bank**

Deutsche Bank structured investment products are now available on Leonteq's platform for distribution in Europe and Switzerland, and discussions are ongoing about possible expansion to Asia. The cooperation will allow Leonteq clients to benefit from the wide range of structured investment products offered by Deutsche Bank, as well as from the multiple services offered on the Leonteq platform, such as automatic structuring, documentation, live execution and product launch, after-sales information services, and quotation. Deutsche Bank will in turn gain exposure to additional client segments in the area of customized, flow-oriented products, where Leonteq has an established presence. The full automation of the cooperation set-up is expected to be implemented in the course of 2016.

- **Bank of Montreal (BMO)**

Bank of Montreal investment products are now available on Leonteq's platform for distribution in Switzerland and other selected countries in Europe and Asia. Through this cooperation, Leonteq is leveraging BMO's expertise in institutional solutions, while offering BMO access to Leonteq's extensive client network.

The integration of J.P. Morgan as an issuer on Leonteq's platform progressed during H2 2015. Leonteq intends to leverage J.P. Morgan's risk management capabilities in order to increase the scalability of the platform. Preparations to initiate cooperation with Malayan Banking Berhad (Maybank), Raiffeisen Switzerland, Swiss Life and Swiss Mobiliar (all pre-announced during 2015) continue to progress.

Furthermore, Leonteq today announced that it intends to initiate cooperation with the following envisaged platform partners:

- **Standard Chartered**

The cooperation in the area of structured investment products allows Leonteq to expand its services to clients by offering them access to products issued by Standard Chartered Bank, one of the world's most international banks with USD 695 billion (approx. CHF 695 billion) in total assets and a Standard and Poor's A+ LT issuer credit rating, as well as a Moody's Aa2 LT banks deposits rating, by leveraging Standard Chartered Bank's global brand recognition. Leonteq will support Standard Chartered Bank in different areas of the structured product value chain, including structuring, distribution, documentation, origination, and lifecycle management. Leonteq's automated platform and diversified distribution network in Europe and Asia will give Standard Chartered Bank access to a broader range of markets and qualified investor clientele. The first Standard Chartered Bank investment products are expected to be available on Leonteq's platform in Switzerland, Hong Kong, and Singapore in the course of Q1 2016.

- **Aargauische Kantonalbank (AKB)**

Aargauische Kantonalbank, one of the leading Swiss cantonal banks with total assets of CHF 24.3 billion as of 31 December 2015, and Leonteq have agreed cooperation for launching structured investment products issued by Leonteq and guaranteed by AKB (Standard & Poor's AA+ rating). Leonteq will be the issuer of those notes and take care of the origination of the products on its platform, while AKB will act as the guarantor of such notes. The products will be distributed by both companies in Switzerland and by Leonteq internationally. The first AKB-guaranteed products will be available on Leonteq's platform in the course of Q2 2016.

UPDATE SMART DATA INITIATIVE

Leonteq further complemented its technology platform with new technology and tools in the context of its smart data initiative, enhancing client experience for distribution partners and end-investors. New tools include the Equity Screener, the Underlying Optimizer, and Leonteq Trends. Overall activity on the platform significantly increased, with the number of pricings rising by 57% to 1.2 million in 2015.

CHANGES TO THE EXECUTIVE COMMITTEE

David Schmid, currently CEO Asia, has been appointed head of sales and an additional member of the executive committee with immediate effect. He will lead Leonteq's sales force globally, building on his eight-year experience with the firm, in which he has spearheaded its expansion in Asia and contributed to sales efforts in Switzerland before that.

OUTLOOK

Leonteq will continue to substantially invest into the strengthening of its platform partner network in 2016, with a view to capitalising on its strong pipeline of currently more than 20 potential platform partners, versus 9+ in 2014. With its sound business model, an increased sales force, and new planned tools for the buy- and sell-side, Leonteq is confident of achieving further healthy growth going forward.

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LEONTEQ

Leonteq is an independent technology and service provider for investment solutions. Headquartered in Zurich, Leonteq operates globally with offices in Geneva, Monaco, Guernsey, Frankfurt, Paris, London, Amsterdam, Singapore, and Hong Kong. The core of Leonteq's offering is a proprietary and innovative IT and investment services platform designed to maximise flexibility, transparency, and service for the company's platform and distribution partners. Leonteq's registered shares (LEON) are listed on SIX Swiss Exchange.
www.leonteq.com

LEONTEQ FULL-YEAR 2015 RESULTS PRESS AND ANALYST CONFERENCE TODAY

A press and analyst conference with Jan Schoch, Chief Executive Officer (CEO), and Roman Kurmann, Chief Financial Officer (CFO), will be held on Thursday, 4 February 2016 at 9.30am CET at the Convention Point of SIX Swiss Exchange, room Decision.

Should you wish to participate by telephone please use the following dial-in details:

- Dial-in number Switzerland: +41 (0)58 310 50 00
- Dial-in number UK: +44 (0)203 059 58 62
- Dial-in number USA: +1 (1)631 570 5613

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

This press release, the 2015 results presentation and the full-year 2015 report 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 via the following numbers:

- Switzerland: +41 (0)91 612 4330
- UK: +44 (0)207 108 6233
- USA: +1 (1)631 982 4566

Please enter access code 19747 followed by #.

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