PRESS RELEASE | LEONTEQ ANNOUNCES HALF-YEAR 2016 RESULTS

Zurich, 21 July 2016

Leonteq AG (SIX: LEON), the independent technology and service provider for investment solutions, today announced robust results for the first half of 2016, proving resilient to challenging markets:

- **Strong progress in platform partner business with Finteq turnover up 40%, Finteq turnover ratio up 16 percentage points and Finteq operating income up 30%**
- **Further active reduction of Leonteq own issuances, in line with Leonteq's strategy to focus on its Finteq business**
- **Ongoing strategic investments into the strengthening of the firm's platform partner network, its presence in key markets, its technology and its sales force**
- **Total operating income up 7% to CHF 119.3 million, cost-income ratio up 3 percentage points to 68%, group net profit down 4% to CHF 37.2 million**
- **Strong revenue growth in Asia (up 54%) and Europe (up 17%), reflecting Leonteq's ongoing investments into regional expansion**
- **Cost per unit continued to drop to CHF 5,855 (down 16%), further improving the firm's operating leverage**
- **Pipeline of further potential platform partners across Europe and Asia continued to expand**
- **Leonteq is confident to achieve strong performance in its Finteq business for the full year 2016 and remains convinced about the significant longer-term opportunities of its business model**

CHF million for the six months ended 30 June	2016	2015	Change in %
Net fee income	108.6	108.8	(0%)
Net trading income	15.6	4.3	263%
Net interest income	(4.9)	(1.5)	227%
Total operating income	**119.3**	111.6	**7%**
Personnel expenses	(49.2)	(47.9)	3%
Other operating expenses	(24.2)	(17.6)	38%
Depreciation	(7.5)	(6.9)	9%
Total operating expenses	**(80.9)**	(72.4)	**12%**
Profit before taxes	**38.4**	39.2	**(2%)**
Taxes	(1.2)	(0.3)	300%
Group net profit	**37.2**	38.9	**(4%)**

The first six months of 2016 were characterized by a challenging market environment, reduced client demand and significant market uncertainty, affecting business performance across the financial services industry. In this environment, Leonteq achieved good progress in its core platform partner ("Finteq") business, confirming the strength and flexibility of its platform.

Outstanding volume of Leonteq's platform partner products accounted for CHF 6.0 billion as at 30 June 2016, up 28% compared to 30 June 2015. In line with the firm's strategy, outstanding volume of Leonteq's own products reduced by 18% to CHF 2.7 billion as at 30 June 2016.

As indicated with full-year 2015 results, Leonteq's turnover and margins returned to more normalized levels compared to 2015, as demand for high-turnover and low-margin OTC products increased in the first half of 2016 as a result of focused sales activity in Asia. Leonteq's turnover thus rose 10% to CHF 11.8 billion in the first half of 2016, primarily driven by a 40% increase in Finteq turnover to CHF 8.7 billion, which was partially offset by a decrease in turnover of 31% in own issuances to CHF 3.1 billion. The Finteq ratio (share of turnover generated by Leonteq's platform partners) rose to 74%, from 58% in the first half of 2015. Total margin on turnover decreased by

3% to 101 basis points, particularly impacted by an expected decrease in Finteq margin from 101 basis points to 93 basis points.

Total operating income rose 7% year-on-year to CHF 119.3 million, of which the Finteq business contributed CHF 81.0 million (up 30%). Net fee income was stable at CHF 108.6 million. Net trading income[1] was CHF 15.6 million in the first half 2016, compared to CHF 4.3 million in the same period of 2015, reflecting a relative reduction of the negative treasury carry on Leonteq's own products and positive contributions from hedging activities. Net interest income dropped to CHF -4.9 million in the first six months of 2016, from CHF -1.5 million in the first half of 2015, due to higher cash margin costs paid to counterparties.

Total operating expenses rose by 12% to CHF 80.9 million in the first half of 2016, reflecting ongoing strategic investments as well as tighter overall cost control as announced in April 2016. Despite significant hiring made since mid-2015, personnel expenses rose only slightly by 3% to CHF 49.2 million, due to stricter performance management as well as lower variable compensation accruals. Other operating expenses increased by 38% to CHF 24.2 million, primarily as a result of administrative costs relating to the higher staff base, as well as the relocation to new office locations in London, Singapore and Hong Kong, which will accommodate expected staff growth over the mid-term. Cost-income ratio stood at 68%, compared to 65% in the first half of 2015. 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 5,855, down 16% compared to the first half of 2015.

Profit before taxes fell 2% to CHF 38.4 million, while group net profit decreased by 4% to CHF 37.2 million, compared to the first half of 2015.

SEGMENT RESULTS

The Banking Platform Partners segment substantially drove Leonteq's top- and bottom-line results in the first half of 2016, with total operating income increasing 48% to CHF 74.2 million, and pre-tax profit up 47% to CHF 42.1 million. In the Insurance Platform Partners segment, total operating income decreased by CHF 5.6 million to CHF 6.8 million, and pre-tax profit dropped by CHF 4.7 million to CHF 3.4 million. This decline is mainly a reflection of the negative interest rate environment in Switzerland, which impacted both new subscription income and income in the existing business – the latter of which is, however, deferred into future periods, subject to increasing interest rates. In line with the firm's strategy, the Leonteq Production segment (revenues and expenses related to the issuance of Leonteq structured investment products) showed a decline in total operating income by 22% to CHF 38.3 million, and a decrease in pre-tax profit by 36% to CHF 13.0 million.

REGIONAL DEVELOPMENT

Total operating income in Asia rose 54% to CHF 16.6 million year-on-year, while total operating income in Europe increased 17% to CHF 56.3 million in the first half of 2016. Total operating income in Switzerland decreased by 12% to CHF 46.4 million, reflecting the reduced activity in the Insurance Platform Partners business and the reduction in own issuances. In line with its international growth strategy, Leonteq significantly expanded its staff based outside Switzerland by 29% in the first half of 2016.

CAPITAL AND RISK DEVELOPMENT

Leonteq's total eligible capital stood at CHF 398.8 million as of 30 June 2016, compared to CHF 388.2 million as of 31 December 2015. BIS total capital ratio was 21.9% as of 30 June 2016, versus 26.2% at year-end 2015. FINMA-required capital rose by 23% to CHF 145.6 million. This was due to increased credit exposures in context of the OTC business in Asia and higher market risk around the Brexit decision.

ACCOUNTING UPDATE

Leonteq introduced early adoption of IFRS 9 as of January 2016. Effects arising from the change in credit spread are recorded in equity (other comprehensive income [OCI]). The decrease in the observed own credit spread in the first half of 2016 resulted in a decrease in equity of CHF 13.7 million. The early adoption will be cash flow neutral for shareholders and has no regulatory capital impact. The change will result in reduced treasury costs going forward.

Furthermore, Leonteq's development towards platform partner business required a reassessment of the current revenue recognition estimates. As a result of this analysis, revenues are attributable to distribution services, and to production & platform services, respectively. In the past, all fee income relating to primary market transactions was deferred over the period deemed earned (5 months). Effective January 2016, fee income for distribution services is recognized immediately, whereas fee income for production & platform services continues to be recognized over the deemed average lifetime of products (currently 5 months). This change in estimate, reflecting the changes in the

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[1] Net trading income is generated based on existing client flows and represents the unrealized and realized change in fair value of financial assets and liabilities. As a general principle, Leonteq does not take proprietary trading positions for the purpose of expressing any market directional views. Net trading income is generally influenced by a positive contribution from hedging activities and a negative carry on Leonteq's own issued products due to a low risk strategy to invest the respective proceeds into short- to mid-term high quality bonds issued by governments and supranationals.

underlying business activities, resulted in a positive fee income impact of CHF 12.0 million for the first half 2016, compared to the method applied until year-end 2015. This impact was pre-dominantly offset by the effect of the active reduction of own Leonteq issuances, in line with Leonteq's strategy to focus on its platform partner business.

PLATFORM PARTNERS UPDATE

Leonteq currently has seven active partners operating on its platform, of which three – J.P. Morgan (distribution in Switzerland, since 4 April 2016), Deutsche Bank (distribution in Switzerland and selected European countries, since 4 February 2016) and Bank of Montreal (distribution in Switzerland and selected other countries, since 4 February 2016) – have gone live in the first half 2016. Results contribution from these new platform partners was in line with their limited current-stage product offerings and systems integration in the reporting period, and is expected to increase in the course of the full ramp-up process, which generally takes 12-18 months as announced before. The pipeline of further potential platform partners has continued to expand to 25+. In the first half of 2016, Leonteq also extended its distribution network from 739 to 833 clients trading actively on its platform.

OUTLOOK

Leonteq will continue to invest into the strengthening of its platform partner network, its presence in key markets, its technology and its sales force in the second half of 2016. At the same time, the firm will sharpen its focus on overall cost control, envisaging savings of approximately CHF 10 million until year-end 2017.

Leonteq is confident to achieve strong performance in its Finteq business for the full year 2016 and remains convinced about the significant longer-term opportunities of its business model. In this context, it is currently refining its organization and strategic priorities to drive forward the development of the business. Respective initiatives are planned to be announced in the context of its next Investor Day in the fall 2016.

Jan Schoch, CEO of Leonteq: "While Leonteq achieved slower overall growth in the first half of 2016 – reflecting challenging markets, ongoing investments and an active reduction of Leonteq own issuances – we are pleased with the resilience shown, and the stronger earnings contribution from our core platform partner business. Since the capital increase in summer 2014, we have been investing substantially into our platform innovation, our front-office and Finteq capabilities, as well as our presence in Europe and Asia. We expect this investment phase to continue until the end of 2016, while at the same time refining our key priorities, with a view to taking full advantage of the strength of our business model."

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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 maximize 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 HALF-YEAR 2016 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, 21 July 2016 at 9.30am CEST 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 half-year results 2016".

This press release, the results presentation and the half-year 2016 report are available on www.leonteq.com

A digital playback of the telephone conference will be available approx. 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 16925 followed by #.

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