

PRESS RELEASE | LEONTEQ REPORTS HALF-YEAR 2014 RESULTS AND ANNOUNCES RIGHTS OFFERING

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Zurich, 24 July 2014

- Leonteq AG (SIX:LEON), the Zurich-based independent technology and service partner for investment solutions, today announced solid results and good strategic progress for the first half of 2014
- Group net profit rose 25% to CHF 26.8 million, mainly reflecting strong increase in turnover (up 21%), further improvement of the cost-income ratio (down 5pp), further reduction in total operating expenses per issued product, and encouraging growth in the EU region and the Asset Management & Pension Solutions division
- Progress in strategy implementation included completion of the white-labeling setup with Notenstein that is now fully operational, start of a cooperation with Avaloq in the processing of product transactions, and launch of “smart data” initiative to develop intelligent analysis tools for investors
- Leonteq today also announced a fully underwritten rights offering relating to 1,296,295 new registered shares to be issued from existing authorized capital; Leonteq shareholders will receive one tradable subscription right for every existing share they hold on 28 July after close of trading on SIX Swiss Exchange; through exercise of subscription rights, eligible shareholders will be able to subscribe for 7 new shares for every 36 existing shares held at CHF 140.25 per new share; subscription rights will be traded on SIX from 29 July until 6 August, and will be exercisable from 29 July until 7 August, 12:00 noon CEST
- Expected net proceeds amount to approximately CHF 173.1 million – primarily intended to support Leonteq’s growth strategy

CHF million, for the six months ended 30 June	2014	2013	Change in %
Turnover (CHF billion)	9.4	7.8	21%
Net fee income	77.1	64.6	19%
Net trading income	11.9	19.3	(38%)
Other operating income	(0.7)	(2.0)	(65%)
Total operating income	88.3	81.9	8%
<i>As bps of turnover</i>	<i>94</i>	<i>105</i>	<i>(10%)</i>
Personnel expenses	(37.7)	(35.9)	5%
Other operating expenses	(13.6)	(17.3)	(21%)
Depreciation and amortization	(5.7)	(4.0)	43%
Total operating expenses	(57.0)	(57.2)	0%
<i>Cost-income ratio</i>	<i>65%</i>	<i>70%</i>	<i>(5pp)</i>
Profit before taxes	31.3	24.7	27%
Income tax expense	(4.5)	(3.2)	41%
Group net profit	26.8	21.5	25%

Leonteq served 599 clients in the first half of 2014, compared to 515 clients in the first half of 2013 (up 16%). Recurring client rate was 86% in the first half of 2014, up from 71% a year earlier. Turnover rose 21% year-on-year to CHF 9.4 billion. Average margin on turnover was 94 basis points in the first six months of 2014, down 10% from the first half of 2013. This development mainly reflects the increase in products issued under Leonteq's own name in the first half of 2014, and the lower margins on those products after Leonteq discontinued its diversified bond portfolio in September 2013.

Total operating income rose 8% to CHF 88.3 million in the first half of 2014. As a result of higher client activity, net fee income rose 19% to CHF 77.1 million. Net trading income decreased from CHF 19.3 million a year ago to CHF 11.9 million in the period under review, mainly reflecting less volatile markets and the discontinuation of the bond portfolio. The firm's white-labeling partners contributed 48% to total operating income in the first half of 2014, versus 47% in the first half of 2013.

Total operating expenses were CHF 57.0 million in the first half 2014, virtually unchanged compared to a year earlier. Due to continued selective hiring, personnel expenses rose 5% to CHF 37.7 million. Other operating expenses decreased 21% to CHF 13.6 million, reflecting the firm's cost management and the special charges incurred in the first half of 2013. Cost-income ratio improved 5 percentage points to 65%. Underscoring the strong operating leverage of Leonteq's platform, total operating expenses per issued product dropped 18% since end-2013 and fell more than 70% since 2009.

Profit before taxes rose to CHF 31.3 million (up 27%) and group net profit increased to CHF 26.8 million (up 25%) in the first half of 2014.

SEGMENT RESULTS

Leonteq's Structured Solutions division showed an overall solid development in the first half of 2014, with total operating income up 8% to CHF 81.9 million and pre-tax profit up 21% to CHF 34.5 million.

Performance in Leonteq's Asia region was constrained by the limitations of its business set-up in the first half of 2014, but is expected to pick up after the recent grant of a capital markets license in Singapore, and six new sales staff have been hired in Asia over the last few months. Total operating income in Asia fell to CHF 8.4 million (down 10%) year-on-year, and pre-tax profit dropped to CHF 1.2 million (down 45%) in the period under review. The EU region developed very well with total operating income up 59% to CHF 16.2 million and pre-tax profit rising 102% to CHF 9.3 million in the first half of 2014. Leonteq's core region, which includes its initial and principal entities in Switzerland, Monaco and Guernsey, increased total operating income by 2% to CHF 57.3 million, and pre-tax profit by 11% to CHF 24.0 million.

Mainly driven by the pension business, Leonteq's Asset Management & Pension Solutions division developed strongly with a 67% increase in total operating income to CHF 12.2 million and a 191% rise in pre-tax profit to CHF 6.7 million in the first half of the year.

CAPITAL AND RISK DEVELOPMENT

Leonteq's total eligible capital stood at CHF 163.1 million as of 30 June 2014, compared to CHF 147.5 million as of 31 December 2013. BIS total capital ratio was 17.4% as of 30 June 2014, versus 18.1% at year-end 2013.

Outstanding volume of Leonteq's own products increased from CHF 2.7 billion as per 31 December 2013 to CHF 3.4 billion as per 30 June 2014, whereby a large majority of the products was non-COSI.

Average value-at-risk (VaR) remained relatively stable at CHF 1.2 million in the first half of 2014, compared to CHF 1.1 million in 2013.

ANNOUNCEMENT OF A RIGHTS OFFERING

Leonteq today also announced a rights offering relating to 1,296,295 new registered shares with a nominal value of CHF 2.00 each from existing authorized capital that was created at the company's annual general meeting on 17 April 2014. A banking syndicate committed to firmly underwrite all new shares that will be issued in conjunction with the rights offering, subject to customary conditions.

Shareholders of Leonteq will receive one subscription right for every registered share they hold on 28 July 2014, after close of trading on SIX Swiss Exchange. Through the exercise of subscription rights, eligible Leonteq shareholders will be able to subscribe for 7 new shares for every 36 existing shares held at CHF 140.25 per new share, subject to applicable selling restrictions.

The subscription rights will be traded on SIX Swiss Exchange from 29 July until 6 August 2014, and will be exercisable from 29 July until 7 August 2014, 12:00 noon CEST. Listing and first trading day of the new registered

shares on SIX Swiss Exchange is scheduled for 8 August 2014. Delivery of the new registered shares against payment of the subscription price is expected to occur on 12 August 2014.

Leonteq expects to raise net proceeds of approximately CHF 173.1 million, which it intends to use primarily to support its growth strategy, including the increase of its capacity to onboard new white-labeling partners, the expansion of its regional offices, in particular in Asia and in Europe, and the support of new initiatives such as “smart data”.

Notenstein Private Bank intends to exercise all subscription rights allocated to its existing shareholdings in Leonteq. Furthermore, Notenstein Private Bank intends to purchase and exercise the majority of the rights allocated to Leonteq’s founding partners, and the founding partners each intend to exercise the remainder of the rights allocated to them. As a result, upon completion of the rights offering, the founding partners are expected to hold approx. 21.5% and Notenstein Private Bank (incl. affiliates) approx. 26.6% in Leonteq. The issued share capital of Leonteq will consist of 7,962,960 registered shares, corresponding to CHF 15,925,920, after completion of the rights offering.

Leonteq, its founding partners and Notenstein Private Bank (incl. affiliates) intend to commit themselves to a lock-up of 180 days, subject to usual exemptions. The lock-up agreements entered into by the founding partners, management and employees of Leonteq at the time of its IPO will remain in place.

OUTLOOK

Leonteq is optimistic for the further development of its business but remains mindful of potential challenges given the fragile economic and regulatory environment.

The implementation of the company’s core white-labeling strategy is well underway. With the founding of a Notenstein subsidiary in Guernsey, the partnership with Notenstein Private Bank is now positioned for further growth. The previously announced negotiations with a potential new white-labeling partner, a larger institution in Asia, are progressing.

Jan Schoch, CEO of Leonteq: “We are pleased with our business development in the first half of 2014. The rights offering that we have announced today will grant us the flexibility we need to implement our strategic initiatives and to support further growth. For the second half of the year, our focus is on further developing and executing our strategy, on delivering for our clients, and on keeping costs under control despite further investments into technology and staff.”

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LEONTEQ

Leonteq is an independent technology and service 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 clients. Its registered shares (LEON) are listed on the SIX Swiss Exchange.
www.leonteq.com

LEONTEQ HALF-YEAR 2014 RESULTS PRESS CONFERENCE TODAY

A press conference with Jan Schoch, CEO, and Roman Kurmann, CFO, will be held as follows:

Thursday, 24 July 2014, 09.30 am CET, 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 2014".

The press release and the presentation 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 under the following numbers:

- Switzerland: +41 91 612 4330
- UK: +44 207 108 6233

Please enter access code 15977 followed by the # sign.

EXPECTED TIMETABLE FOR THE RIGHTS OFFERING

25 July 2014	Publication of offering and listing memorandum
28 July 2014	After close of trading on SIX Swiss Exchange: Record date for determination of existing shareholders for the entitlement of subscription rights
29 July 2014	Start of trading in subscription rights on SIX Swiss Exchange Start of subscription period
6 August 2014	End of trading in subscription rights on SIX Swiss Exchange
7 August 2014	End of subscription period, 12:00 noon CEST
8 August 2014	First day of trading in new registered shares on SIX Swiss Exchange
12 August 2014	Delivery of the new registered shares against payment of the subscription price

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