PRESS RELEASE | LEONTEQ REPORTS HALF-YEAR 2013 RESULTS

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Leonteq AG (SIX:LEON), the Zurich-based integrated investment service provider, delivered strong results for the first half of 2013, reflecting increased client activity supported by a positive environment for yield-enhancement products, and good performance in all of the company's regions. Leonteq recorded total operating income of CHF 81.9 million on turnover of CHF 7.8 billion for the first six months of 2013, representing an increase of 29 % and 34 % respectively, compared to the first half of 2012. Group net profit rose 124 % year-on-year to CHF 21.5 million. The cost-income ratio improved to 70 %, from 84 % a year earlier. Outstanding volume of products issued under Leonteq's own name reached CHF 2.0 billion as per 30 June 2013. With the addition of Notenstein Private Bank as new white-labeling partner, the company also made good progress in the implementation of its strategy. Despite economic and market uncertainties, Leonteq is confident that it will achieve solid results for 2013 overall.

CHF million, for the six months ended 30 June	2013	2012 (1)	Change in %
Turnover (CHF billion)	**7.8**	**5.8**	**34 %**
Net fee income	64.6	54.6	18 %
Net trading income	19.3	8.4	130 %
Other operating income	(2.0)	0.4	NA
Total operating income	**81.9**	**63.4**	**29 %**
As bps of turnover	*105*	*109*	*(4 %)*
Personnel expenses	(35.9)	(30.5)	18 %
Depreciation and amortization	(4.0)	(4.2)	(5 %)
Other operating expenses	(17.3)	(18.5)	(6 %)
Total operating expenses	**(57.2)**	**(53.2)**	**8 %**
Cost income ratio	*70 %*	*84 %*	*(14 pp)*
Profit before taxes	**24.7**	**10.2**	**142 %**
Income tax expense	(3.2)	(0.6)	433 %
Group net profit	**21.5**	**9.6**	**124 %**

Leonteq served 515 clients in the first six months of 2013, compared to 406 clients (up 27 %) a year earlier. Client retention rate was 71 % in the first half of 2013, up slightly from 70 % in the first half of 2012. Turnover rose 34 % year-on-year to CHF 7.8 billion. Average margin on turnover was 105 basis points in the first six months of 2013, down 4 % versus the first half of 2012 but up 3 % versus the second half of 2012.

(1) Income statement and balance sheet figures for H1 2012 have been restated to reflect the adoption of IAS 19 (revised 2009), *Employee Benefits.*

In line with the company's increased focus on scalable automated investment products and its more opportunistic approach to special transactions, as announced with its 2012 full-year results, large-ticket transactions [(2)] decreased to 6 in the first six months of 2013, versus 9 a year earlier and 12 in the second half of 2012. Consequently large-ticket transactions contributed 4 % to Leonteq's total operating income in the first half of 2013, compared to 23 % in the first half of 2012.

Total operating income increased 29 % year-on-year to CHF 81.9 million in the first half of 2013. Net fee income rose 18 % to CHF 64.6 million. Net trading income increased 130 % to CHF 19.3 million primarily due to a significant increase in client activity, and although income from funding was considerably below the expected run-rate due to the low credit-spreads as already mentioned with the 2012 results. Leonteq's white-labeling partners contributed 47 % to the group's total operating income in the first six months of 2013, versus 24 % in the full year 2012, mainly reflecting the conversion of EFG International into a white-labeling partner in connection with the IPO in October 2012.

Total operating expenses were CHF 57.2 million in the first half of 2013, up 8 % compared to the same period in 2012. Personnel expenses rose 18 % to CHF 35.9 million, driven by higher performance-related compensation accruals reflecting the growth of the business. Underlining the company's focus on cost and scalability, other operating expenses decreased 6 % to CHF 17.3 million. These expenses included special charges of approx. CHF 0.9 million for the set-up of the white-labeling cooperation with Notenstein Private Bank and the decoupling from EFG International in connection with the sale of its stake in the company, and approx. CHF 0.5 million for rebranding the firm. Additional associated special charges are expected in the second-half of 2013. The cost-income ratio improved 14 percentage points to 70 %, from 84 % in the first half of 2012.

Profit before taxes rose to CHF 24.7 million and group net profit to CHF 21.5 million in the first half of 2013, versus CHF 10.2 million (up 142 %) and CHF 9.6 million (up 124 %) respectively, in the first half of 2012.

SEGMENT RESULTS

Leonteq's Structured Solutions division increased total operating income by 33 % to CHF 75.6 million, and pre-tax profit by 139 % to CHF 28.5 million in the first half of 2013, compared to the first half of 2012.

Leonteq's Asia region increased its total operating income by 145 % year-on-year to CHF 9.3 million, and reached profitability with a pre-tax profit of CHF 2.2 million. The EU region showed a 122 % increase in total operating income to CHF 10.2 million, and a pre-tax profit of CHF 4.6 million. Leonteq intends to close its office in Madrid during the course of the year, as in light of country-specific developments it has not reached critical size since opening in 2011. The company's core region, which includes its initial and principal entities in Switzerland, Monaco and Guernsey, increased total operating income by 16 % to CHF 56.1 million, and pre-tax profit by 33 % to CHF 21.7 million in the first half of 2013.

Total operating income of Leonteq's Structured Asset Management & Pension Solutions divisions decreased slightly by 1 % to CHF 7.3 million, while pre-tax profit remained stable at CHF 2.3 million in the first half of 2013, compared to a year earlier.

CAPITAL AND RISK DEVELOPMENT

Leonteq's total eligible capital stood at CHF 134.1 million as of 30 June 2013, compared to CHF 118.6 million as of 31 December 2012.

BIS total capital ratio was 15.7 % as of 30 June 2013, versus 18.0 % at year-end 2012. As announced with the 2012 full-year results, this reduction to below 16 % is a consequence of the increased issuance of products under Leonteq's own name which is developing faster than envisaged at the time of the company's IPO. Outstanding volume of own products reached CHF 2.0 billion as per 30 June 2013, up from approx. CHF 1 billion in early February 2013. The majority of the products were non-COSI which underlines clients' trust in the company.

Average value-at-risk (VaR) remained stable at CHF 1.2 million in the first half of 2013 compared to 2012.

(2) Defined as single primary or secondary market transactions on a single product with a single client and a margin earned equal to or larger than CHF 0.5 million.

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OUTLOOK

Despite the uncertain economic outlook and limited visibility with regard to market developments, Leonteq is confident that it will achieve solid results for 2013 overall. Jan Schoch, CEO of Leonteq: "We are very pleased with Leonteq's financial and strategic progress in the first half of 2013. While we are optimistic for the balance of the year, we remain mindful of unresolved problems with regard to the economic environment and the potential challenges this implies for the capital markets, and continue to take a realistic approach to growth. Our white-labeling strategy, cost containment and profitability will remain key areas of focus for Leonteq going forward."

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LEONTEQ

Leonteq is an integrated investment service provider with a leading position in Switzerland and an international presence through offices in Zurich, Geneva, Monaco, Guernsey, Frankfurt, Paris, Madrid, London, Singapore and Hong Kong. Leonteq combines a modern and integrated investment service platform designed for flexibility, innovation, customer services and transparency with a highly experienced team of specialists. Leonteq's registered shares (LEON) are listed on the SIX Swiss Exchange.
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