

ZÜRICH, 22 MARCH 2018

# KEPLER CHEUVREUX SWISS SEMINAR CONFERENCE 2018 **LEONTEQ AG | PRESENTATION**



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All figures in this presentation that are part of the consolidated IFRS financial statements for the twelve months ended 31 December 2017, 2016, 2015, 2014, 2013 and 2012 are audited.

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## OUR BUSINESS MODEL

**Founded in 2007, we today employ one of the largest and most experienced teams of structured products experts and operate in 10 locations across EMEA and APAC**

### Unique products & service offering

- Leading expertise and technology for structured products and unit-linked retail products with financial protection
- Unique capabilities and technology to manufacture structured products for partners and ourselves
- Fully integrated services from front to back

### International client and partner network

- Clients: more than 1,000 financial intermediaries and financial institutions
- Partners: nine top tier banks and two insurance companies

### Locations

- Switzerland: Geneva and Zurich
- EMEA: Amsterdam, Frankfurt, Guernsey, London, Monaco and Paris
- APAC: Hong Kong and Singapore

## INVESTMENT SOLUTIONS

**Fee income contribution 79%  
in full year 2017**

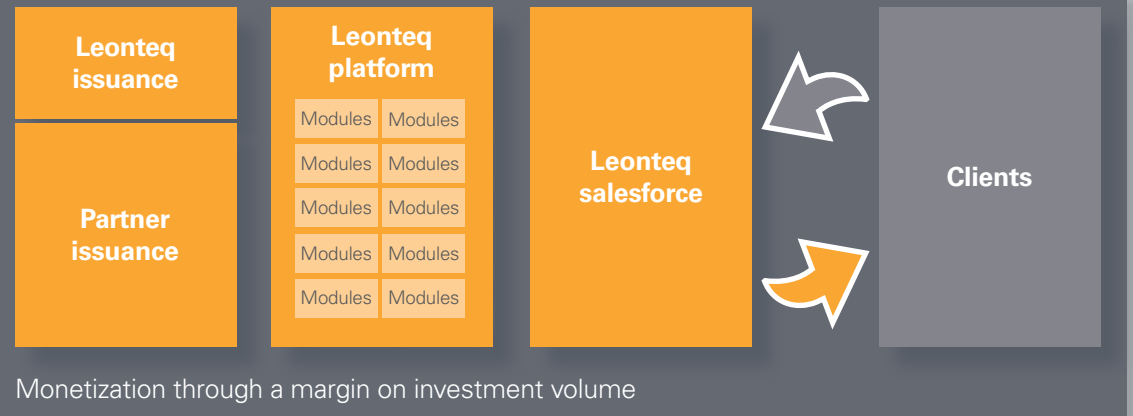
### Our offering

- Provide our clients access to one of the largest universes of structured products
- Products issued from our partners' and our own balance sheet
- Individual tailoring
- Provide services along the value chain for our clients
- Offer re-financing opportunities to issuance partners

### Our clients

- Private banks
- Independent asset managers
- Other financial intermediaries

### Our operating model



#### Partners

- Aargauische Kantonalbank
- Bank of Montreal
- Cornèr Bank
- Crédit Agricole CIB
- Deutsche Bank
- EFG International
- J.P. Morgan
- PostFinance (pilot project)
- Raiffeisen Switzerland
- Standard Chartered Bank

## BANKING SOLUTIONS

**Fee income contribution 12%  
in full year 2017**

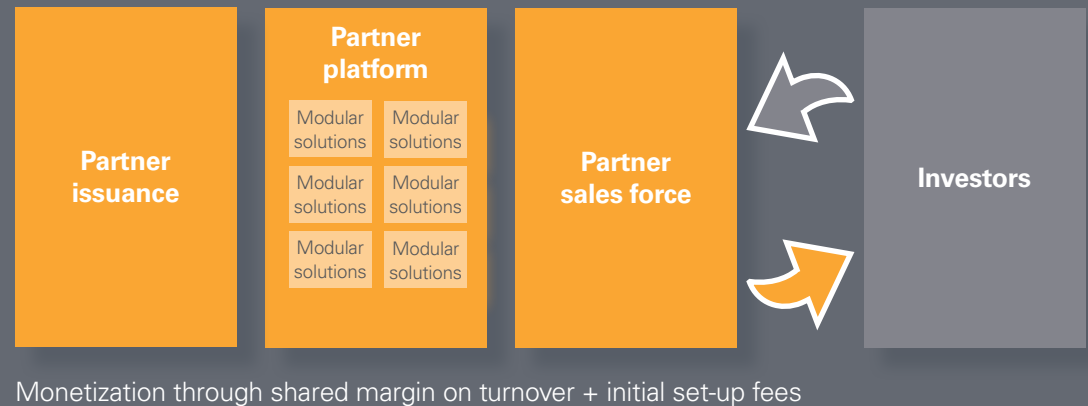
### Our proposition

- Provide modular IT solutions to fully enable or to enhance their partners' structured product capabilities
- Offer add-on services such as regulatory support, risk management, sales advisory training

### Our partners

- Mid-sized retail and private banks with:
  - Little/no existing capabilities
  - Existing, but less sophisticated capabilities

### Our operating model



#### Partners

- Aargauische Kantonalbank
- Cornèr Bank
- Crédit Agricole CIB
- EFG International
- PostFinance (pilot project)
- Raiffeisen Switzerland

## INSURANCE & WEALTH PLANNING SOLUTIONS

**Fee income contribution 9%  
in full year 2017**

### Our proposition

- Offer a digital platform to life insurers, enabling unit-linked retail products with financial protection
- Attractive and transparent long-term savings and draw down solutions with both, upside potential and downside protection
- High capital and cost efficiency, based on third party-guarantees, upfront hedging and scalable straight-through digital processes, covering the full policy lifecycle

### Our partners

- Mid-size insurers in Europe
- Investment managers with long-term investment horizon

### Our operating model

#### Partner platform

Modular solutions	Modular solutions
Modular solutions	Modular solutions
Modular solutions	Modular solutions

#### Partner sales

#### Policy holders

Monetization through recurring fees on outstanding policies + initial fee on net new policies

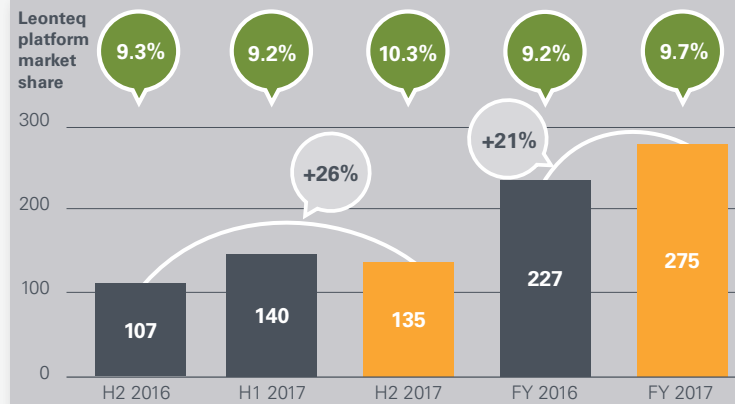
#### Partners

- Helvetia
- Swiss Mobiliar

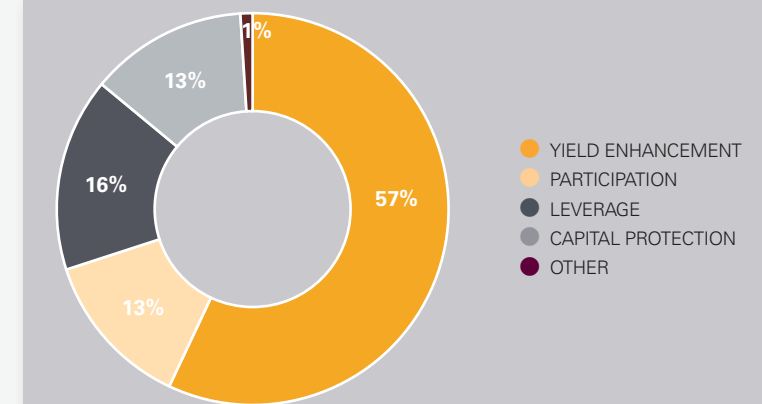
## STRUCTURED PRODUCT MARKET SWITZERLAND

**Leonteq continues to outgrow the market**

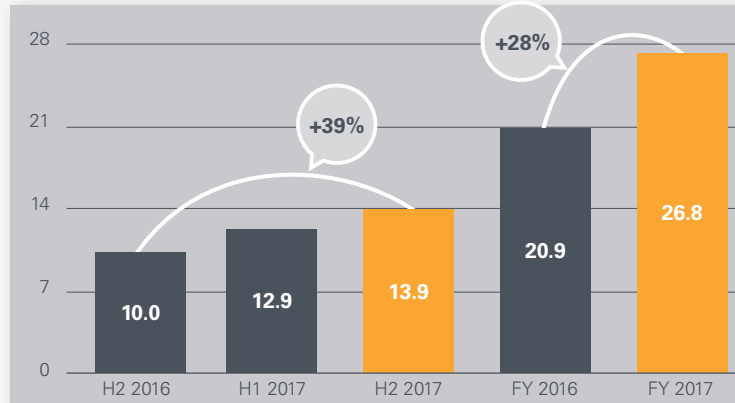
Total market turnover structured products (CHFbn)\*



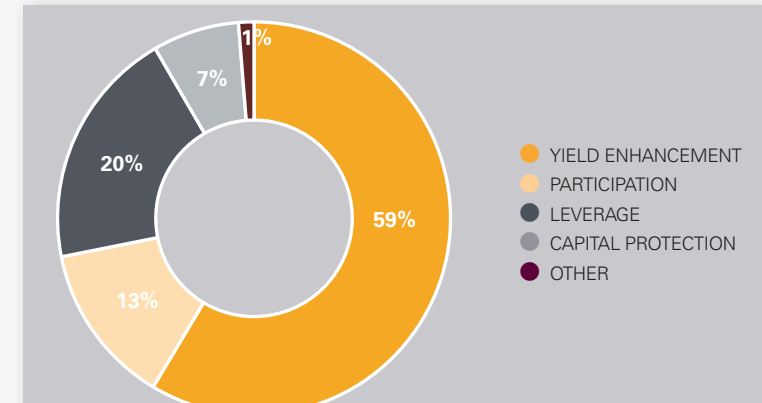
Total market turnover split by product group 2017



Leonteq platform turnover structured products (CHFbn)\*



Leonteq platform turnover split by product group 2017



\* Source SSPA 2017

### Participating banks

- Barclays Capital
- Banque Cantonale Vaudoise
- Credit Suisse
- Commerzbank
- Goldman Sachs
- Julius Bär
- Leonteq
- Notenstein La Roche
- Raiffeisen Switzerland
- UBS
- Vontobel
- Zürcher Kantonalbank

## PRODUCTS

### 2017

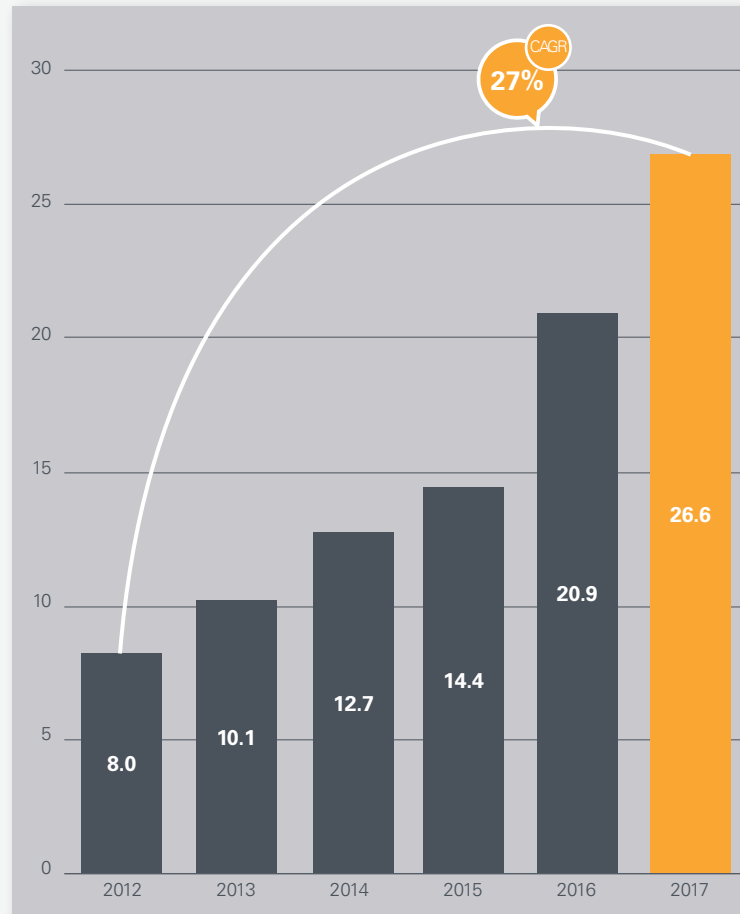
- Leonteq issued a record 26,575 structured products (+27%) thanks to solid demand for structured products
- Trend towards modern capital efficient products was accelerated by unique combination of third party guarantees with the advantages of unit-linked concepts

\* Source SSPA 2017

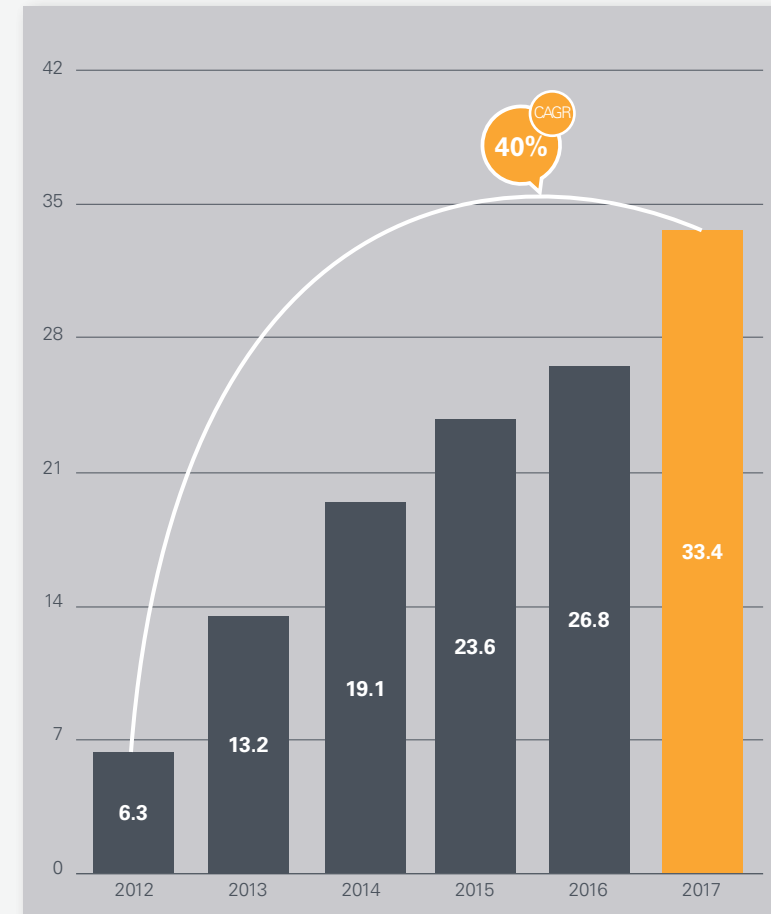
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Number of products issued (in thousands)



Outstanding policies (in thousands)

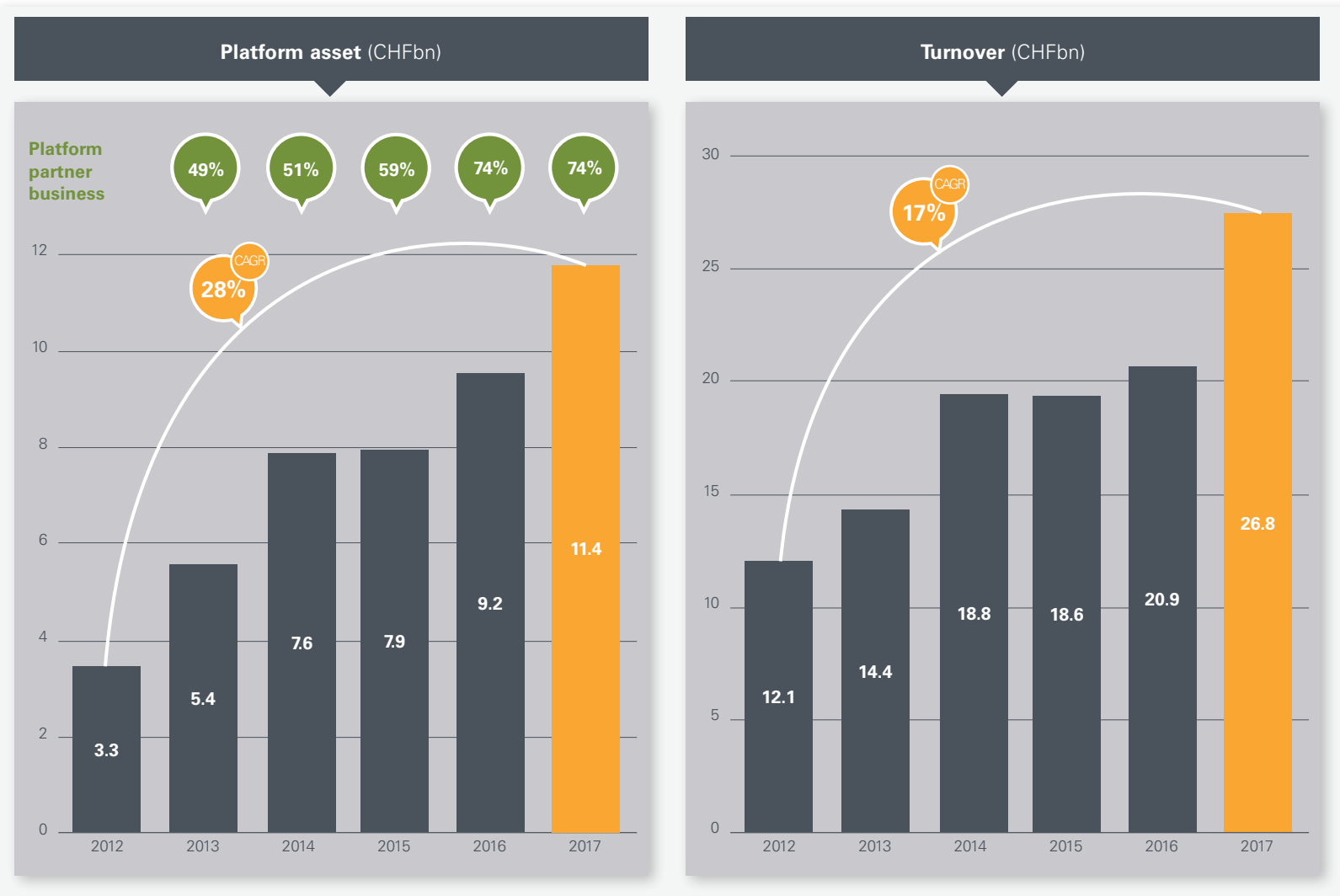




## PLATFORM ASSETS & TURNOVER

### 2017

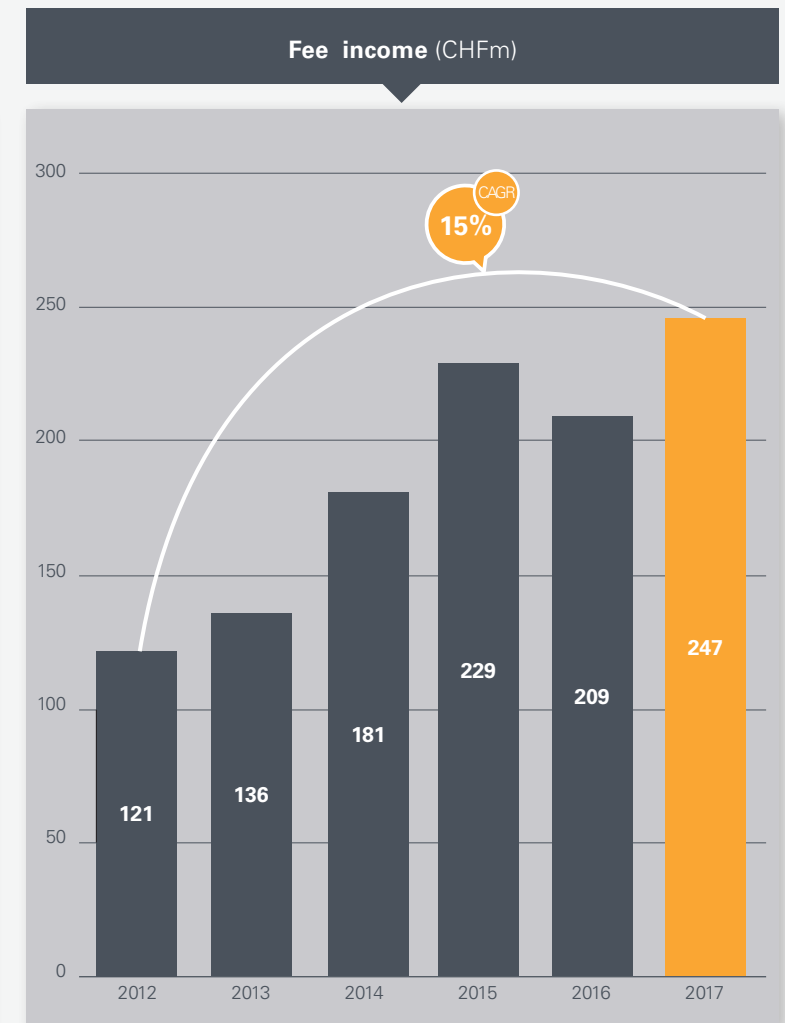
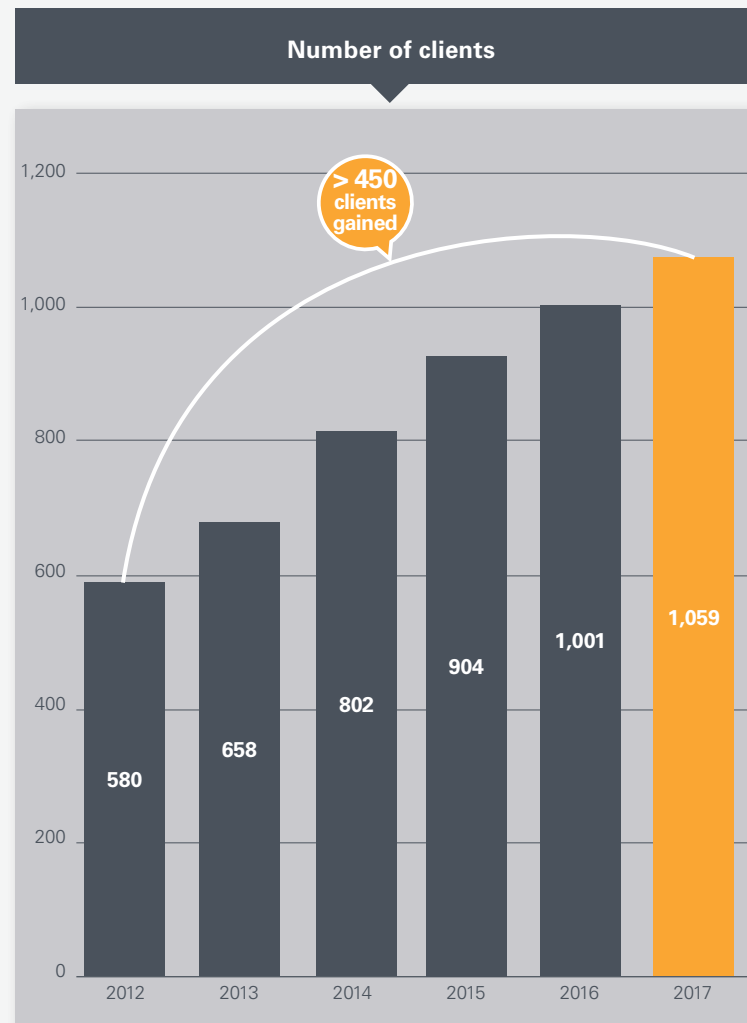
- Resolved operational issues and increased product and country scope for selected issuers
- Onboarded Crédit Agricole CIB and Standard Chartered Bank as new partners
- Successfully implemented MiFID II



## CLIENTS & FEE INCOME

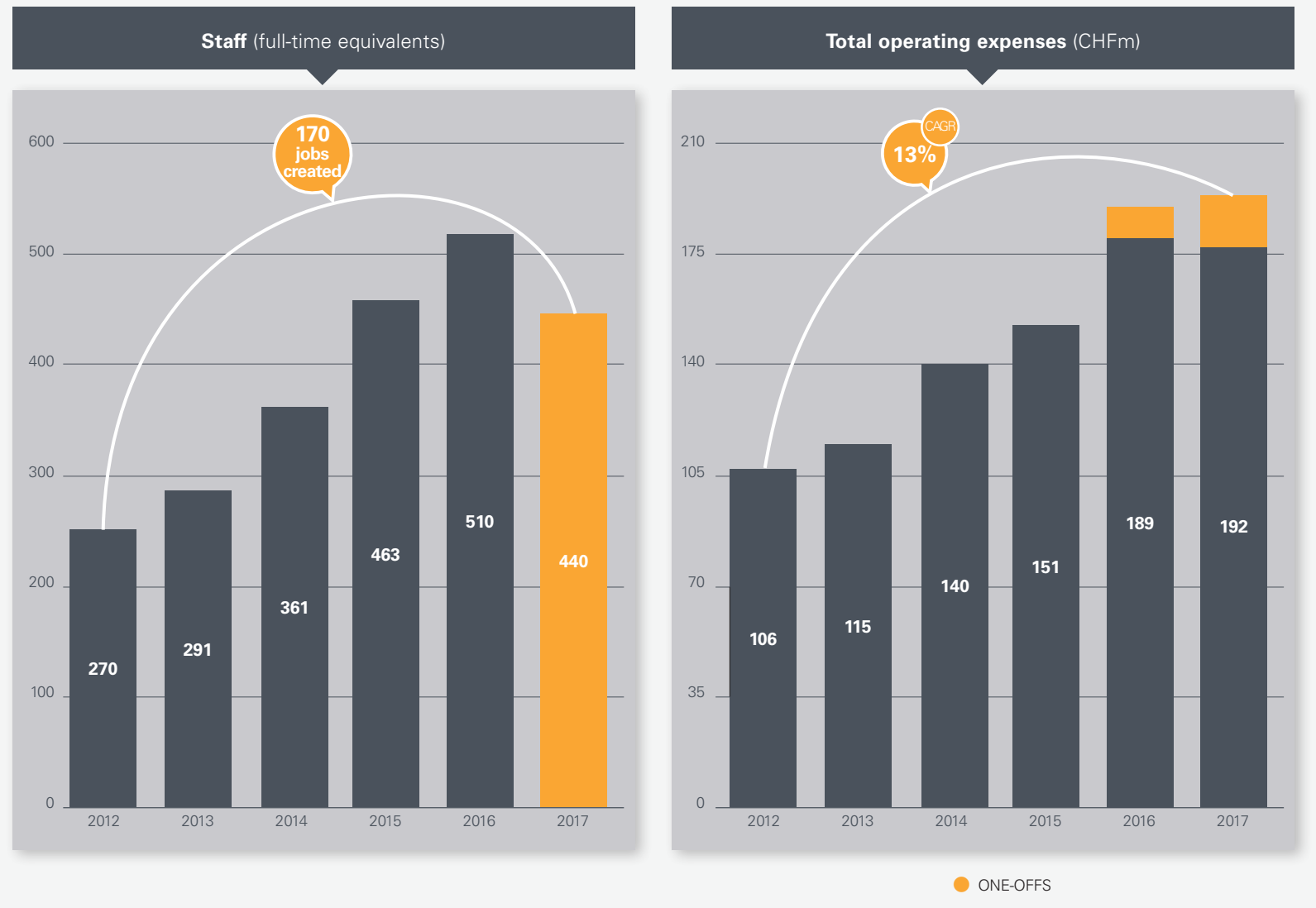
### 2017

Improved revenue quality through geographical diversification, increase in number of available credit risks, reduction of average ticket sizes and reduction of large ticket transactions



## STAFF & TOTAL OPERATING EXPENSES

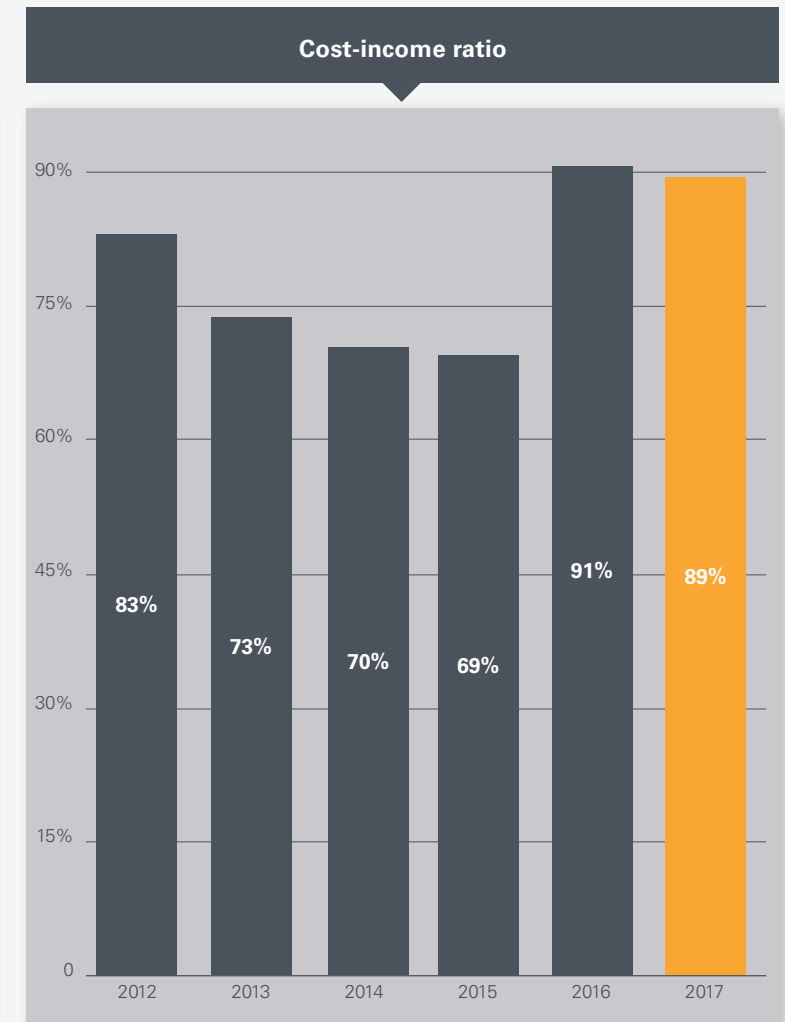
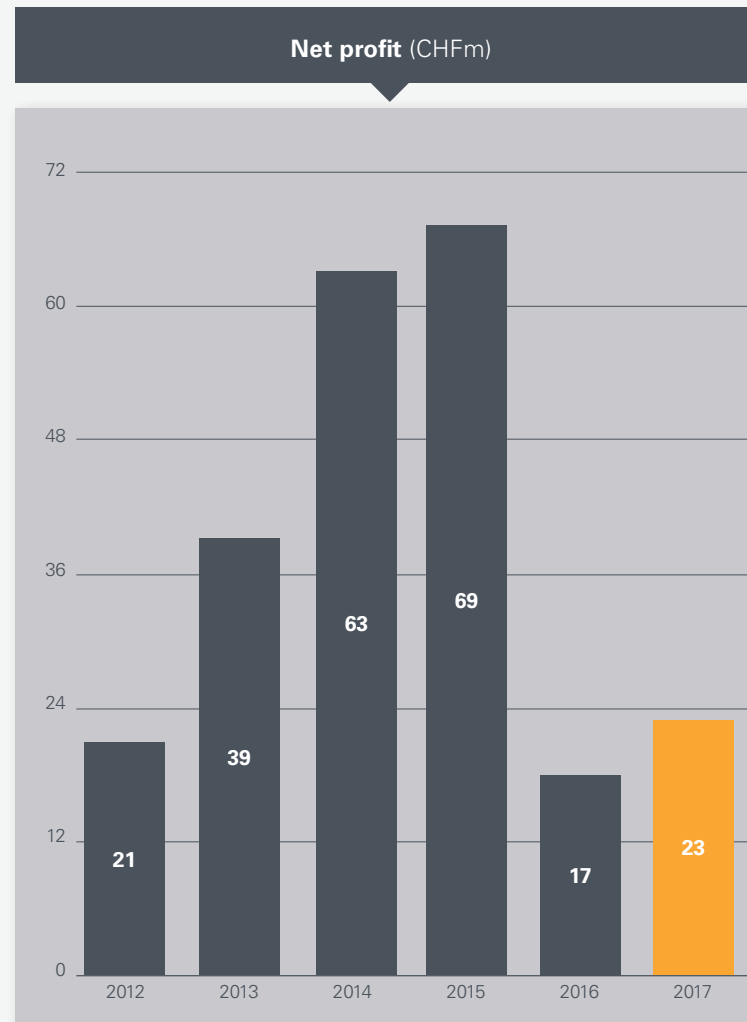
**2017**  
Management delivered annualised cost savings of CHF 24.4m



## NET PROFIT & COST-INCOME RATIO

### 2017

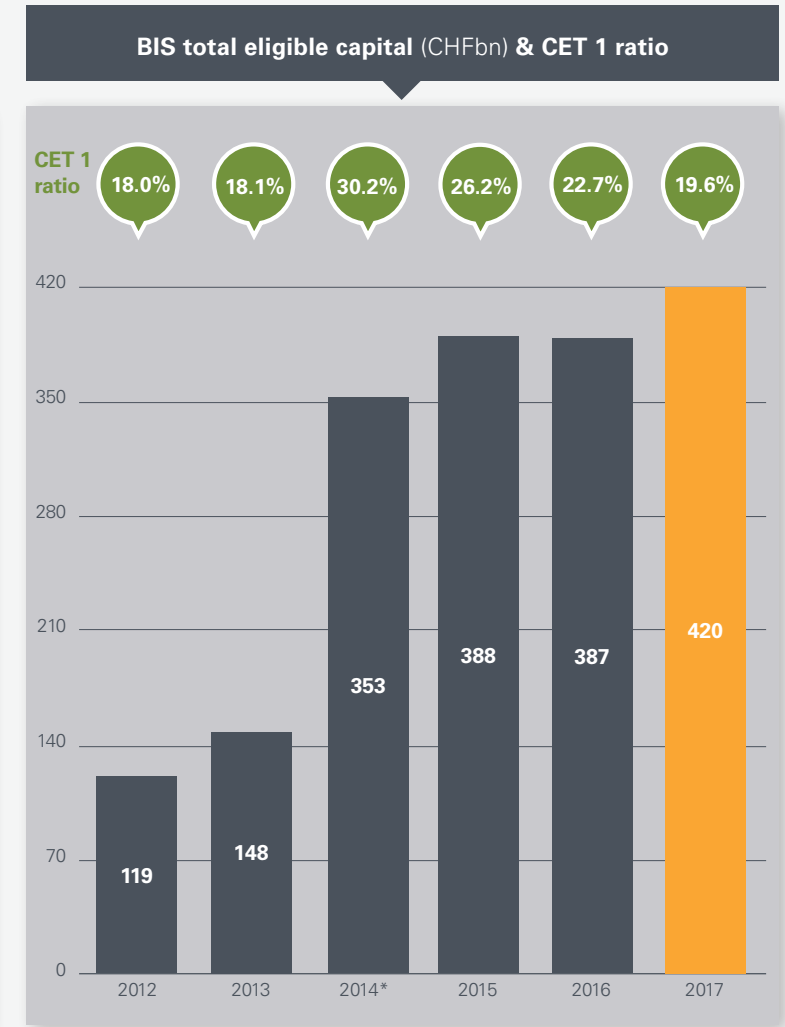
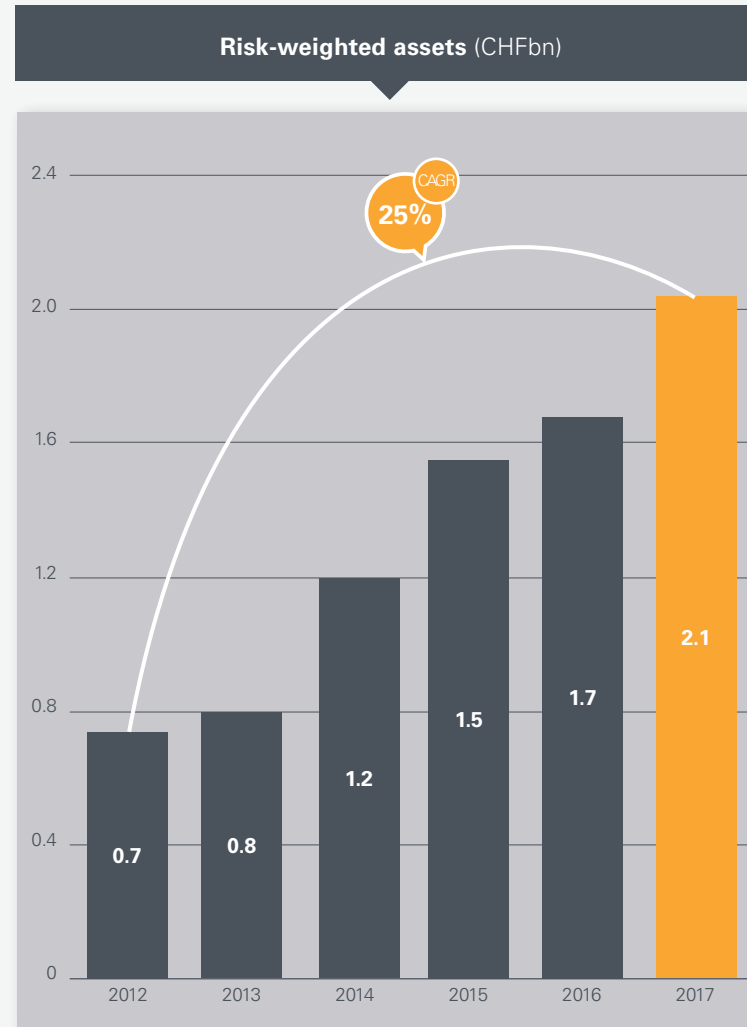
- Rightsizing measures implemented in 2017
- 2017 results impacted by low volatility (hedging contributions of CHF -13m)
- One-offs totalling CHF 16m



## RISK-WEIGHTED ASSETS & ELIGIBLE CAPITAL

### 2017

- Risk-weighted assets increased on the back of business growth
- Solid capital position with total capital ratio and tier 1 ratio of 19.6%



\* July 2014: Net proceeds from rights issue amounted to CHF 173m

## BOARD OF DIRECTORS\*



**Christopher M. Chambers**  
Chairman of the Board of Directors



**Vince Chandler**  
Chairman of the Nomination  
& Remuneration Committee



**Hans Isler**  
Vice Chairman of the Board of  
Directors and Chairman of the  
Audit Committee



**Patrick de Figueiredo**  
Member



**Jörg Behrens**  
Chairman of the Risk Committee



**Richard A. Laxer**  
Member



**Paulo Brügger**  
Member

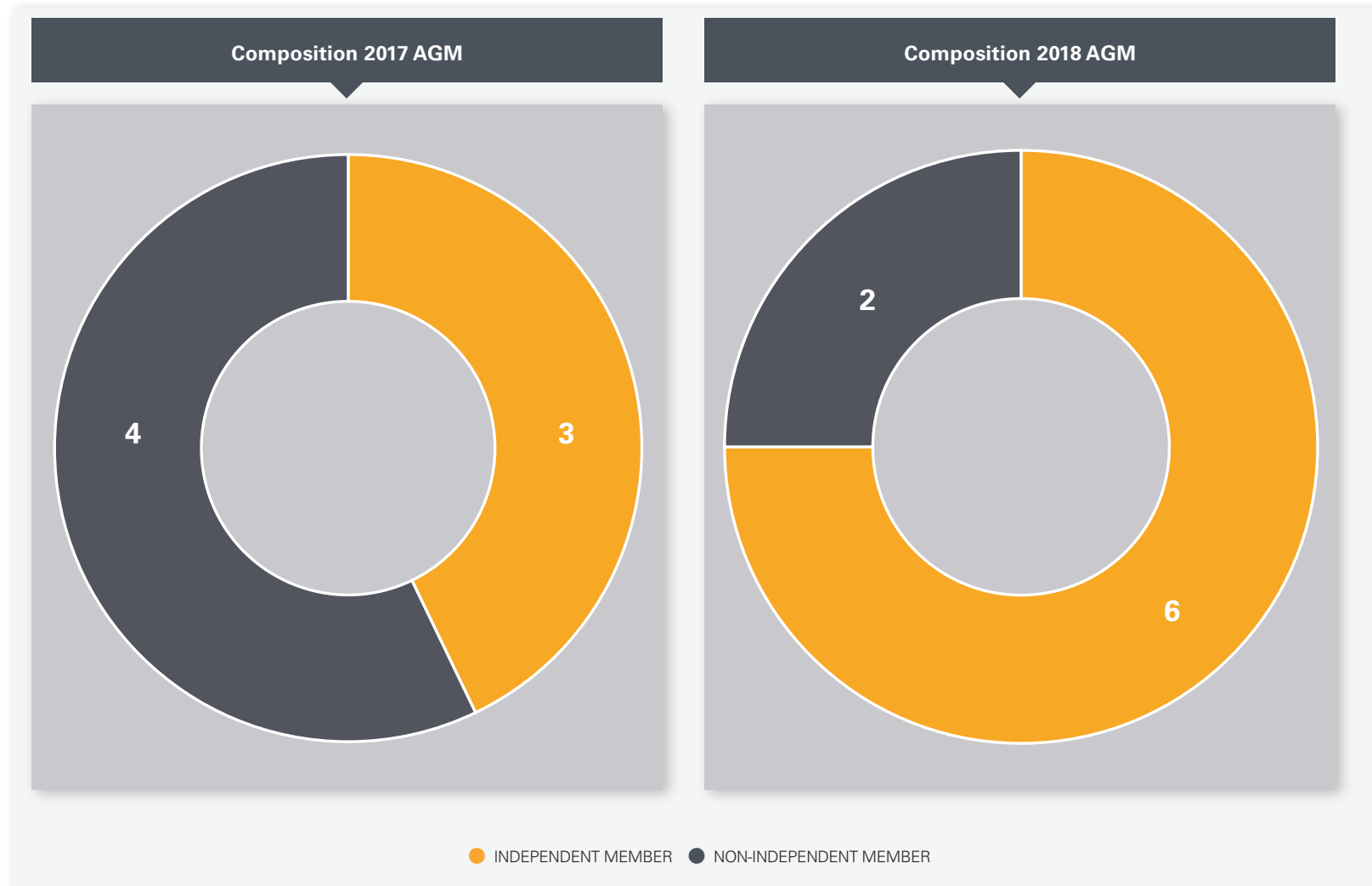


**Thomas R. Meier**  
Member

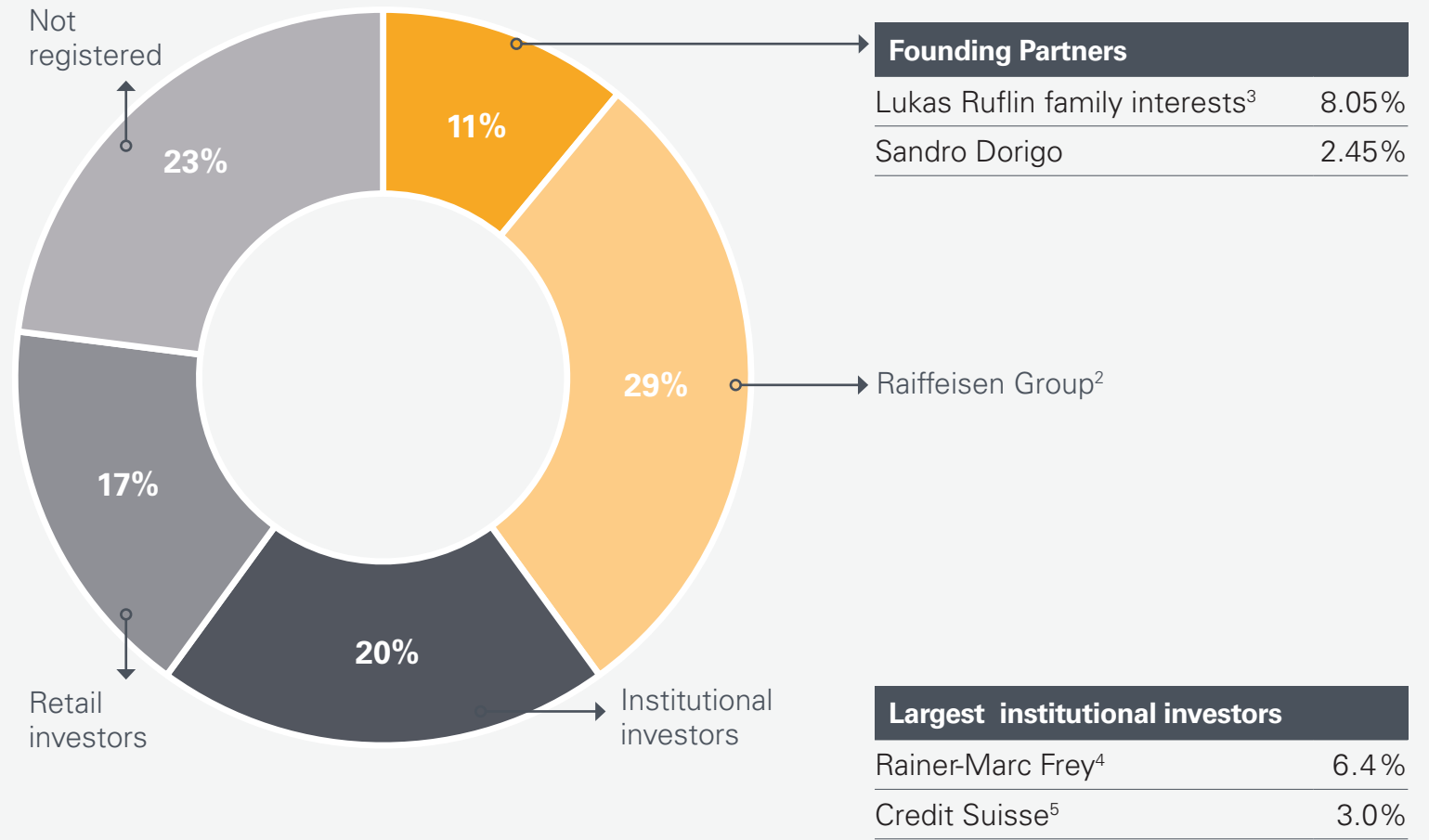
\* Subject to the (re-) election at the 2018 Annual General Meeting

## INCREASED BOARD INDEPENDENCE

Process initiated one year ago  
 to strengthen the independence  
 and the skills of the Board  
 completed



## SHAREHOLDER STRUCTURE<sup>1</sup>



<sup>1</sup> As per Leonteq share register at end-2017

<sup>2</sup> Includes 2.9% of shares subject to call options held by the Lukas Rufin family interests

<sup>3</sup> 670,688 shares are subject to a lock-up until October 2025; Lukas Rufin family interests additionally hold call options in relation to 2.9% shares held by Raiffeisen

<sup>4</sup> H21 Macro Limited / creation of obligation to notify: 13 March 2017

<sup>5</sup> Credit Suisse Funds AG / creation of obligation to notify: 25 October 2017



## PRIORITIES 2018

### Revenues

- Expand scope of existing cooperations to diversify partner revenues
- Further develop collaboration with Crédit Agricole CIB and Standard Chartered Bank
- Continue on-shoring-project in Japan

### Costs

- Rigorous cost management to continue
- Selective investments in new hires and growth projects
- Cost target 2018: CHF ~180 millions\*

### Efficiency

- Increase efficiency through further automation of payoffs and front-to-back processes
- Implement additional measures to enhance client and transaction profitability
- Enhance technology leadership position through system upgrades

### Capital

- New project launched to reduce capital intensity by transfer market risk to external hedge providers
- Ongoing efforts to optimise balance sheet usage on a transaction level

\* excluding one-offs