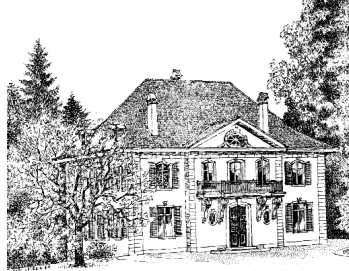




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Lausanne, March 23rd, 2017
CP/HP/c-presse.doc/cp



PRESS RELEASE (No 121)

Bondpartners SA, Lausanne: audited accounts as of 31.12.16

Significant upturns of operating result and net profit which amounted respectively to CHF 3.8 million and CHF 2.6 million. A dividend increased to 35% will be proposed at the upcoming AGM.

- ***Operating result and net profit significantly higher***
- ***Stable volumes and margins***
- ***Current assets representing 93% of the balance sheet***
- ***Strengthening of the capital base which largely fulfils legal requirements (solvency ratio CET1: 49%)***
- ***Increase in the dividend***

Activities

In the financial year under review we were able to earn a distinctly higher operating profit as the negative impact of currencies was far less severe than in 2015 (the year in which the currency peg was abandoned), while revenues from trading operations further improved. This situation is all the more satisfactory as the omens were particularly bad at the beginning of the year with numerous destabilizing events causing turbulences in the markets. Both margins and volumes remained stable as expenses were contained despite the renovation program to refurbish our premises. Our equity position strengthened along with the solvency ratios which rose, as in the past, and are now more than four times the requirements set out by the supervisory authority. The development of the IT system progressed as did our prospecting of institutional clients. Restructuring of the custodial and execution activity for independent asset managers (IAM) continued to evolve in order to comply with the new standards and regulatory provisions. The company's bearer shares, listed on the OTC-X electronic platform, progressed slightly in 2016 with rising volumes. Based on the results recorded, BPL's Board of Directors will be proposing to the shareholders the payment of a gross dividend of 35% for the year under review, 75% higher than in the previous financial year.

Financial statements as of 31.12.2016, presented according to accounting standards and guidelines applicable to banks and securities dealers (BAG). ./.

Balance sheet

The balance sheet total stood at CHF 132.4 million, an increase of 8%, principally attributable to the surge of overlapping and pending transactions at the end of the year (receivables and payables from trading activities with banks).

Turning to assets, cash and liquid assets stayed stable at CHF 3.6 million, while sight and term deposits with banks retreated by 17% to a total of CHF 38.7 million as did receivables from clients and non-banking institutions which were down 30% at CHF 3.4 million. In this regard, total receivables reached CHF 66.5 million (+16%) following the expansion of current open transactions, as stated in the introduction. Secondly, concerning securities held for own account, the trading portfolio remained consistent at CHF 52 million, while financial investments and precious metals stayed unchanged at 0.5 million (own shares being excluded). Current assets amounted to CHF 123 million (+8.5%) representing 93% of the balance sheet, a persistent percentage compared to the previous financial years, no matter how large the size of the balance sheet, while fixed assets, essentially consisting of two buildings owned by the Company (total land 4,625 m²), slightly declined at just above CHF 9,3 million.

Regarding liabilities, commitments derived from securities dealing with banks increased significantly from CHF 6.1 million in 2015 to CHF 21.7 million at the end of the year under review, while total commitments from trading operations (pending transactions on the closing date, to be seen in parallel with receivables from aforesaid operations, giving a net positive balance of CHF 0.15 million) quadrupled to CHF 25.7 million. In terms of commitments to clients (current accounts at sight with a credit balance and nonbanking correspondents) reached CHF 25.7 million (-26%) including other commitments (mortgages on the two aforementioned buildings) which stood unchanged at CHF 2.7 million. This year again, customer cash deposits at BPL, managed by external asset administrators, decreased 40%. Reserves for general banking risks remained substantial at CHF 42.1 million (+1%) when compared to accumulated provisions and said reserves in 2014 and 2015. The other reserves, including the general statutory reserve and voluntary reserves did not vary and amounted to CHF 36.5 million. The reserve for own shares (equity capital in the hands of the Company) appears negative and amounted to CHF 3.9 million (a practically unchanged figure). Total liabilities equaled to CHF 49.3 million (+18%) due to the rise of open transactions, as already mentioned, covered in this way 2.5 times by current assets. Total individual equity came at CHF 83 million (+2.5%) or 63% of the parent company balance sheet, a marginally lower percentage compared to previous financial year.

The prudential standards recommended by the Basel Committee are bountifully filled. Qualifying equity capital on an individual basis amounted to CHF 73.4 million against a capital requirement of CHF 12 million, leaving a surplus of CHF 61.4 million (+2%). The core solvency ratio (CET1) strengthened and stood at nearly 49%.

Profit and loss account

The net profit published by the Company came to CHF +2.6 million (vs CHF -0.03 million in 2015). Total ordinary income reached CHF 11.3 million (+7%), excluding currency exchange effects which had a negative impact of CHF -0.17 million (vs CHF -2.79 million for the previous year). The net trading income (transactions and valuations linked to the dealing and financial investments portfolios) reached CHF 7.7 million (+20%), volumes having remained constant on the basis of margins which were moderately more favorable, while the deficit in ./.

liquidity on the bond markets and the accentuation of volatility (notably concerning corporate and high yield debt) have not improved in a context of longer maturities. Positions held for own account showed a positive development and also played a part to the reinforcement of earnings. On the other hand, the gross interest income declined 5% to CHF 2.1 million, in a rate environment which, generally, remained at historically low levels, while coupons endured unattractive returns among categories of issuers enjoying a better credit quality. The gross brokerage income declined by 23% to reach CHF 1.4 million, reflecting more volatile markets affected by sluggish economic growth, oil and political shocks. Interest and commission expenses, banking and settlement fees included, stood overall at CHF 0.65 million, down 17% over the previous financial year. Total operating costs rose 2.5% to CHF 6.65 million and are covered more than 12 times by shareholders' equity. The gross profit increased tenfold and accordingly reached CHF 3.77 million (2015: CHF 0.34 million). A reserve constitution of CHF 0.44 million was charged to the income statement, whereas a constitution also occurred in 2015 for CHF 0.05 million.

Prospects

After an unusual year, marked by major political events, a new era of great uncertainty has taken hold although the markets have, admittedly, shown some resilience up until now. These uncertainties reflect underlying long term trends and more recent shocks. First of all, the future outcomes of the events that have occurred in 2016 are not yet known. Then, the forthcoming elections in France and Germany will do nothing to enhance the visibility of a faltering European Union weakened by the Brexit and Greece (among other reasons). Furthermore, the central bank's discordant activism and the inflationary dynamic (or at least the anticipated easing of the sources of deflation) are also a matter for concern. Then again and mentioned together, "the end of a 30 years bond rally" predicted by some analysts, the global economic situation, the growth of China and its indebtedness, the hegemonic aspirations of Russia and the evolution of commodity prices (led by oil), are among the various subjects abundantly discussed at the beginning of 2017. Once again, all of these considerations leave no room for unbridled optimism and do not facilitate fundamental or technical forecasting.

Since 2008, Bondpartners has been operating in particularly tense markets which justify caution and the maintenance of significant equity capital capable of dampening upheavals and mitigating increasingly stringent regulatory requirements. This strength, built throughout our 45 years of history, is built on our effective ability to trade under challenging conditions, an ability which we cultivate without respite.

About Bondpartners: BPL is a Swiss financial company founded in 1972 in Lausanne, whose business hinges on three main axes: the inter-professional dealing of securities, the market making and market keeping, and the execution of orders issued by independent managers. It is authorized and supervised by the Swiss Financial Market Supervisory Authority (FINMA) as a dealer in securities. Its bearer shares are quoted on the Berner Kantonalbank's (BEKB) OTC-X market.

Statutory accounts as at 31.12.16/31.12.2015
(Audited Accounts according to rules BAG/FINMA)

Statutory income statement

	<u>31.12.2016</u> Fr.	<u>31.12.2015</u> Fr.
Income from trading operations	7.727.195,-	6.421.617,-
Results from currencies and forex	-168.183,-	-2.786.513,-
Commission income from securities trading and investment activities	1.434.851,-	1.861.475,-
Net result from interest operations	1.797.155,-	1.883.107,-
Total operating expenses	-6.653.361,-	-6.484.718,-
Operating result	3.769.056,-	344.749,-
Extraordinary income	34.149,-	10.873,-
Extraordinary expenses	-0,-	-0,-
Result of the period	2.616.928,-	-34.088,-

Statutory balance sheet

	<u>31.12.2016</u> Fr.	<u>31.12.2015</u> Fr.
ASSETS		
Cash and amounts due from banks	66.793.710,-	55.993.443,-
Amounts due from customers and non-banks	3.371.997,-	4.821.585,-
Trading portfolios assets	52.164.195,-	52.002.696,-
Financial investments and precious metals	472.450,-	472.450,-
Participations	1.152.500,-	1.152.500,-
Tangible fixed assets	7.900.000,-	7.900.000,-
LIABILITIES		
Amounts due to banks	21.726.795,-	6.068.657,-
Amounts due in respect to customer deposits and due to non-banks	25.745.296,-	34.661.557,-
Accrued expenses and deferred income	1.515.000,-	925.000,-
Reserves for general banking risks	42.163.000,-	41.721.322,-
Own shares	-3.880.732,-	-3.943.912,-
Statutory capital reserve and voluntary retained earnings reserve	36.550.000,-	36.550.000,-
Total balance-sheet	132.372.345,-	122.826.256,-
Total current assets	123.047.164,-	113.377.074,-
Total shareholders' equity	83.070.225,-	80.945.319,-

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