BONDPARTNERS SA

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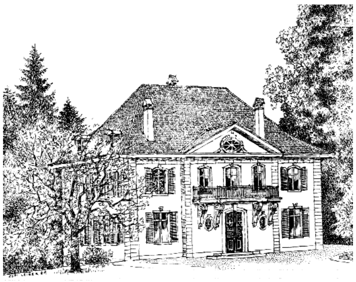

PRESS RELEASE (No 127) *(translation, French text prevails)*

Bondpartners SA: audited accounts as of 31.12.18

Despite a sustainable level of activity, it was an ambivalent year for the securities company headquartered in Lausanne, whose nostro has been undermined by the steep fall-off in financial markets and the strengthening of the Swiss franc. The net income generated a negative result of CHF -0.5m, while the solvency ratio (CET1) grew to nearly 50%. A dividend of 10% will be proposed to the shareholders.

Activities

The accounts, for the year ended, were strongly influenced by the valuation of the Company's assets, while dealing operations, BPL's core business, have suffered much less from the severe turmoil which has hit financial markets throughout the year, particularly during the last quarter and a month of December that was, to say the least, chaotic. Albeit unrealized, significant losses were recorded within security portfolios, as well as among currency positions held for own account, which were penalized by the hardening of the Swiss franc.

The balance sheet remained unchanged in terms of its structure, with current assets still representing a very large part of its total. Even though shareholder equity decreased, the solvency and adequacy ratios have further improved and, as in the past, exceeded several times the requirements of the supervisory authority (see details below).

Expenses remained contained despite the continuation of the renovation program for the premises and facilities. The development of the IT and trading systems have been pursued, as has the prospecting of professional clientele and institutional counterparties. Last but not least, we also materialized our interest in blockchain technology by taking part in the creation and financing of SwissTruth SA, a start-up which aims to become active in the field of digital security and integrity of registers.

The Company's bearer shares, listed on the BEKB's OTC-X electronic platform, rose by 3.45% in 2018 to reach CHF 900.-. The high and low reached respectively CHF 1.025,- and 870,-.

Notwithstanding the results recorded and given its distribution policy, BPL's Board of Directors will be proposing to the shareholders the payment of a gross ordinary dividend of 10% for the year under review (40% for the previous financial year).

Financial statements as of 31.12.2018, presented according to accounting standards and guidelines applicable to banks and securities dealers (BAG).

BALANCE SHEET

The statutory balance sheet total decreased 11.5% to CHF 117 million, a decline principally attributable to the reduction of equity portfolios held for own account and, to a lesser extent, the decline of receivables in banks following the reclassification of claims against financial market infrastructures (deposits with SIX), as well as the reduction in assets and liabilities resulting from pending/overlapping transactions at year-end.

Turning to assets, first grade cash and liquid assets remained stable at CHF 4 million, while sight and term deposits with banks retreated by 14.5% to a total of CHF 29.7 million as did customer receivables and those arising from trading operations with non-banking counterparts which were down 14.5% at CHF 7.9 million. In this regard, total receivables from trading in securities stood for their part at CHF 15.7m (-9%).

Subsequently, concerning securities held for own account, the trading portfolio showed a significant decrease of 14% at CHF 49.2 million following the markets' negative performances and the reductions made in some positions; financial investments and precious metals remained unchanged at CHF 0.5m (own shares being excluded). Current assets amounted to CHF 107.1 million (-13%) representing 91.5% of the balance sheet, an extremely 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), remained more or less the same at CHF 9.9 million (+7% following the integration, this year, of accrued interest).

Regarding liabilities, commitments with banks, (deriving solely from securities dealing, BPL ensuring its self-financing and owing no sight nor term commitment), remained stable at CHF 11.4m, while total commitments from trading operations (outstanding transactions on the closing date, to be seen in parallel with receivables from aforesaid operations, giving a net negative balance of CHF 0.07m), for its part, reached CHF 19.3 million (-22%). In terms of commitments to clients (current accounts at sight with a credit balance and trading with nonbanking correspondents) amounted to CHF 25.4 million (-22%) including other commitments (mortgages on the two aforementioned buildings) which stood unchanged at CHF 2.7 million. Accrued expenses and deferred income have notably declined, falling from CHF 2m to CHF 0.8m, due to the substantial drawdown of the provision for taxes, resulting from the loss registered for the accounting period. Consequently, total liabilities decreased by 18% to CHF 37.7 million, an amount which is nearly covered three times by current assets.

Reserves for general banking risks reeled back 10% to CHF 39.1 million, after the dissolution of ad hoc provisions related to market risks. The other reserves, including the general statutory reserve and voluntary reserves experienced minor variations and amounted to CHF 37.75 million (+3%). The reserve for own shares (equity capital in the hands of the Company) appears negative and amounted to CHF 3.9 million (+3%). Total individual equity reached CHF 79.2 million (-8%) or 67.75% of the parent company balance sheet, a marginally higher percentage compared to the previous financial year (65%). The prudential standards recommended by the Basel Committee are bountifully filled. Qualifying equity capital on an individual basis amounted to CHF 74.2 million against a capital requirement of CHF 11.9 million, leaving a surplus of CHF 62 million (-1%) and a coverage adequacy of almost six times the minimum required. The core solvency ratio (CET1) also increased when compared to the previous year to reach 49.8% (vs 46.6%).

PROFIT AND LOSS ACCOUNT

The net profit published by the Company came to CHF -0.5 million (vs CHF +3.45 million in 2017). Total gross ordinary income reached CHF 7.8 million (-15%), excluding currency exchange effects which had a negative impact of CHF -2.2 million (vs CHF +0.67m for the previous year) and excluding valuation results of securities portfolio which regressed CHF 3.4 million, while it had showed an improvement of CHF 4.1m by the end of December 2017. The net trading income (arbitrage as well as trading) reached CHF 4.4 million (-14.5%), volumes having decreased 12% in a substantially more volatile environment which was unfavorable to bonds and shares dealing; the same applied for trading margins which have softened nearly 9%, as liquidity shortage and accentuated instability of capital markets (especially where corporate debentures and high yield bonds are concerned) experienced significant developments. On the other hand, the gross interest income before expenses pulled back 3% to CHF 2.1 million, in a rate background which, generally, remained at historically low levels inducing returns considered unattractive (except those of the dollar block), as risks were expected to increase. The gross income from commissions and services slightly declined by 1.5%, to reach CHF 1.2 million, reflecting that financial markets are still concerned about the economic and geopolitical situations. Interest and commission expenses, banking and settlement fees included, as well as retrocessions, stood overall at CHF 1.1 million, down 26% over the previous financial year. Total operating costs were down 10% to CHF 6.2 million and are covered more than 13 times by shareholders' equity, as in the previous years. Following the poor results realized by securities portfolio held for own account and the strengthening of the Swiss franc versus a variety of currencies, the operative result generated thus a negative balance of CHF -5.2 million (2017: CHF +5.4m). Reserves duly intended for this use have been released for the amount of CHF 4.2 million and allocated in favor of the income statement, whereas a constitution occurred in 2017 for CHF 1.2 million. Lastly, total expenses, after tax and without impact of currency movement and excluding reserve changes, reached CHF 6.7 million (-20%), a figure which is covered almost 16 times by current assets, a ratio, as with other, which reflects robustness of the company durability.

Outlook

The upturn observed in the early weeks of 2019 is undoubtedly welcome and provided already an opportunity to regain some of the ground which was lost, whether with regard to positions held for own account or to currency exchange. The same applies to trading, as some recovery of investors' risk appetite has so far favoured intermediation. The fact remains that this recent improvement might show wide contrasts and even prove short-lived given the lack of an optimistic outlook. Indeed, international trade tensions, the Gordian knot represented by the process of UK withdrawal from the EU, the social crisis in France, the thorny issues of Italy, the upcoming European elections, the abandonment (or not) of the ultra-accommodating monetary policy by the leading central bankers, the economic slowdown and the inevitable end to the economic cycle in the United States, and of course the looming spectre of unsustainable debt, among other potential threats, still constitute so many factors of uncertainty, which make forecasts for the coming year hard to make.

We remain therefore traditionally cautious about our expectations, while continuing to favour the solidity of our balance sheet, a prerequisite for any development in such a volatile environment.

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 BEKB's OTC-X electronic platform.

Statutory accounts as at 31.12.18/31.12.2017
(Audited Accounts according to rules BAG/FINMA)

Statutory income statement

	31.12.2018 Fr.	31.12.2017 Fr.
Income from trading operations	545.917,-	8.838.864,-
Results from currencies and forex	-2.201.562,-	669.759,-
Commission income from securities trading and investment activities	820.404,-	900.961,-
Net result from interest operations	1.848.128,-	1.903.089,-
Total operating expenses	-6.222.089,-	-6.890.265,-
Operating result	- 5.067.212,-	5.419.682,-
Extraordinary income	482.915,-	142.785,-
Extraordinary expenses	-0,-	- 0,-
Result of the period	-514.703,-	3.453.919,-

Statutory balance sheet

ASSETS	31.12.2018 Fr.	31.12.2017 Fr.
Cash and amounts due from banks	49.411.182,-	55.980.671,-
Amounts due from customers and non-banks	7.921.152,-	9.255.913,-
Trading portfolios assets	49.206.060,-	57.118.300,-
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	11.406.486,-	11.384.595,-
Amounts due in respect to customer deposits and due to non-banks	25.437.812,-	32.547.039,-
Accrued expenses and deferred income	784.815,-	2.036.253,-
Reserves for general banking risks	39.136.000,-	43.325.000,-
Own shares	-3.885.162,-	-3.762.522,-
Statutory capital reserve and voluntary retained earnings reserve	37.750.000,-	36.750.000,-
Total balance-sheet	116.965.956,-	132.190.666,-
Total current assets	107.074.191,-	122.929.900,-
Total shareholders' equity	79.227.832,-	86.055.614,-

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