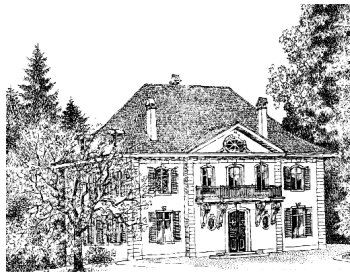




# BONDPARTNERS SA

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Lausanne, July 15, 2019  
CP/comm-presse.docx/cp



## **PRESS RELEASE (No 128)**

*(Free translation)*

***Bondpartners SA, Lausanne: Strong growth in the first semester. The positive evolution of the securities portfolios coupled with less volatile currency valuations improved income from trading operations.***

- ***Noteworthy increases in both operating and net results***
- ***Stability in the balance sheet structure and assets***
- ***Robust capital base and solvency ratios unchanged***

***BPL realized a net profit of CHF 2,2m for the first six months of the year under review, compared with a net loss of 0,3m at the end of June 2018. The limited strengthening of the Swiss franc against the main currencies, as well as the positive progression of securities portfolios held for own account (the majority of stock market indexes having increased sharply), have considerably reinforced income from trading operations whose margins and volumes have stayed relatively resilient considering an environment that remains unfavorable for “classical” debt instruments, where returns are deemed fairly unattractive. Operating expenses were contained. Shareholder’s equity, after distribution, slightly fell to CHF 81,8m (-1%), still representing a larger share of the total assets (66%).***

The first half of 2019 was characterized by an increase in bond volumes traded, however accompanied, by a weakening, albeit modestly, of transactional margins, attributable to the hike in the intermediation of structured instruments and the wait-and-see attitude of traditional debt operators, the outlook for interest rates remaining depreciated. Furthermore, equity markets posted a much better than expected performance (except for May which experienced a serious slump), while evolution of currency exchanges proved less erratic following a readjustment of hedging transactions.

The half-year under review had much to cause some perplexity, when the remarkable increases that indexes have showed took place in a climate of great concern, marked by a clear slowdown in global growth, against a backdrop of commercial wars with geopolitical tensions still very much present or even revived (as threats of conflict with Iran), unsuccessful negotiations on an orderly Brexit or open quarrels between Italy and Brussels, to mention but a few events that may have curbed investors’ enthusiasm.



Recovery from the exaggerated plunge in values during autumn and at the end of last year, calm before the storm or exaggerated pessimism of a number of analysts, whereas central banks, whose rhetoric remains very accommodating, will do all they can to limit a possible slump? Only time will tell, but, in the end, the change of monetary course on both sides of the Atlantic comforted some... and heightened the worries of others.

**(NB. Comparative figures June 2019/June 2018)**

The parent company posted, for the first half of 2019, a net accounting gain of CHF 2.2m (vs a net loss of CHF 0,27m for the first 6 months of 2018).

Still comparing to the first half of 2018, the statutory balance sheet total receded by about 12% to CHF 123,6m, primarily due to the reduction in pending/overlapping transactions at the end of June.

The balance sheet was composed by 92% of current assets (a regularly stable figure compared with previous periods), namely cash and bank receivables (CHF 51,9m -13,5%), customer and non-bank receivables (CHF 9,9m -39%) and investment/trading portfolios excluding own shares (CHF 51,2m -5%). Total liabilities for their part, reached 41,8m (-28%). Total commitments, irrespective of their maturity, are covered two and a half times current assets (CHF 113,5m), a ratio also very stable in comparison to prior periods.

Turning to shareholders' equity on a stand-alone basis, its total amounted to CHF 81,8m (-1%) and represents 66% of the balance sheet total after deduction of reserve for own shares (-3,9m). In this regard, reserves for general banking risks reached CHF 40m (-5%), whereas other reserves amounted to CHF 37,75m (unchanged). Open capital and reserves per share (calculated on the entire capital) amounted therefore to CHF 1'487,-. It should be noted that the latest price paid on BEKB's OTC-X electronic platform was CHF 835,-.

The Company's capital adequacy (solvency ratio/CET1) reached 48%, a percentage in line with previous figures. Required capital is covered nearly 7 times by eligible capital.

Concerning profit and loss accounts, net income from interest differential business amounted to CHF 1,1m (-7%) and net income from commission business and services came to CHF 0,22m (-41%). Income on securities transactions (CHF +2,3m) including evaluations on equities held for own account (CHF +2,7m), rose by 352% to CHF 5m (vs +1,1m), while foreign exchange results posted a slightly positive result of CHF +0,1m (vs a loss of CHF -1m for the first half of 2018). Finally, operating expenses remained contained at CHF 3m (-3%).

At this point, given the bipolarity the markets and its participants seem to show, any forecast for the end of the year is again arduous and encourages us to be cautious, which has led us to reduce certain positions and prepare ourselves for an increase in volatility within a context that remains economically and geopolitically strained.

Lastly, the month of June was overshadowed by the passing of Mr. Henri Plomb, founder, foreman and former executive chairman of the Company. His succession, represented by his son Christian, manager and member of the board since 1994, remains the majority shareholder of Bondpartners SA.

**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 institutional and 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 half-year end yearly accounts as at 30.06.19/31.12.18/30.06.18**  
(Comparative and non-audited accounts according to rules BAG/FINMA)

**Statutory income statement**

	<u>30.06.2019</u> CHF	<u>30.06.2018</u> CHF
Income from trading operations	4.990.582,-	1.104.253,-
Results from currencies and forex	99.469,-	-1.004.276,-
Net result from commission business and services	219.281,-	373.335,-
Net interest income	1.064.198,-	1.145.317,-
Total operating expenses	-3.041.669,-	-3.133.388,-
Operating result	3.345.021,-	-1.353.033,-
Changes in reserves for general banking risks	-869.000,-	1.105.000,-
Extraordinary income	0,-	7.200,-
Extraordinary expenses	0,-	-390,-
Net result of the period	2.197.200,-	-265.217,-

**Statutory balance sheet**

	<u>30.06.2019</u> CHF	<u>31.12.2018</u> CHF
<b>ASSETS</b>		
Cash and amounts due from banks	51.943.107,-	49.411.182,-
Amounts due from customers and non-banks	9.934.643,-	7.921.152,-
Trading portfolios assets	51.179.739,-	49.206.060,-
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,-
<b>LIABILITIES</b>		
Amounts due to banks (trading operations)	11.778.407,-	11.406.486,-
Amounts due in respect to customer deposits and due to non-banks (trading)	28.955.605,-	25.437.812,-
Accrued expenses and deferred income	956.900,-	784.815,-
Reserves for general banking risks	40.005.000,-	39.136.000,-
Share capital	5.500.000,-	5.500.000,-
Own shares	-3.903.727,-	-3.885.162,-
Statutory capital reserve and voluntary retained earnings reserve	37.750.000,-	37.750.000,-
<b>Total balance-sheet</b>	<b>123.562.871,-</b>	<b>116.965.956,-</b>
<b>Total current assets</b>	<b>113.529.939,-</b>	<b>107.074.191,-</b>
<b>Total shareholders' equity</b>	<b>81.775.128,-</b>	<b>79.227.832,-</b>
<b>Total liabilities</b>	<b>41.787.743,-</b>	<b>37.738.124,-</b>
<b>Total eligible capital (CET1)</b>	<b>74.526.000,-</b>	<b>74.176.000,-</b>
<b>Total required capital</b>	<b>10.595.000,-</b>	<b>11.921.000,-</b>

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