ANNUAL REPORT

2018

SWISS|BANKERS
Prepaid Services

KEY FIGURES

SWISS BANKERS IN NUMBERS

2018

>200
Number of distribution partners in Switzerland, Liechtenstein and Germany

5.8
Net growth in new customers, in %

71.1
Average number of full-time positions during the year

7.0
Pre-tax profit, in CHF million

7.5m
Number of transactions, an increase of 21.7%

932
Revenue, in CHF million, an increase of 3.7%

81.3
Usage of cards outside of Switzerland, in %

CONTENTS

1st

Mover in Mobile Payments – Apple Pay, Samsung Pay, Fitbit Pay, Garmin Pay, SwatchPAY!

27.8

Share of e-commerce transactions, in %

DEAR CUSTOMERS, SHAREHOLDERS AND EMPLOYEES

The year 2018 was an eventful one for Swiss Bankers. Just over a year ago, we adopted our Strategy 2022, and on that basis, we took important steps in the areas of digitalization, mobility and networking. Revenue was up by a welcome CHF 33 million (+3.7%), aided to a large extent by the products MC Prepaid, Prime Card and Value Card, which were launched about two years ago, as well by renewed growth in the Money Send business division. After-tax net profit came in at CHF 5.5 million, which was CHF 1.4 million lower than in the previous year due primarily to the creation of additional reserves for general banking risks (GBR reserves) in the amount of CHF 1.1 million. The GBR reserve pool, which now amounts to CHF 4.3 million, was created as a precaution to hedge against risks associated with Swiss Bankers' business operations.

Swiss Bankers operates in an industry that is experiencing significant change as a result of numerous new technologies, disruptive business models and increasing internationalization, which in turn are leading to far-reaching changes for consumers. We are responding to these trends with our new strategy implemented last year, which has now evolved from a vision into a tangible reality. Our digital services can be used simply and securely anytime and anywhere.

One of the most important advances we achieved in the past year was the continuous enhancement of the My Card app, which once again saw more than twice as many downloads in the last twelve months compared with the previous high level. Customers can use the app to load money onto their card and manage balances. They can also adjust the card's settings depending on the security and usage needs.

In addition, we performed a good amount of preliminary work, both internally and with external partners, allowing us to launch an important new service in 2019 for sending money electronically. The implementation of this additional payment service is an important step toward barrier-free payment options.

Swiss Bankers operates in an industry that is experiencing significant change as a result of numerous new technologies, disruptive business models and increasing internationalization.

Bernard Burkhalter (Chairman of the Board of Directors) and Hans-Jörg Widiger (CEO)

In the digital area, our business is driven by the infrastructure. New technologies are requiring complex adjustments to be made to classic payment infrastructures. For instance, the emergence of mobile payments is necessitating a comprehensive overhaul of the current IT environment. At the same time, digitalization is changing the familiar course of everyday life, which is why we now need to satisfy the constantly growing demands for simple, universally available payment processes, such as those carried out using smartphones.

Swiss Bankers is proud of its innovative role, and it is continuing to exploit the opportunities arising through digital change in order to strengthen its position on the Swiss market and its international presence. As a result of these developments, we opened an office in Zurich last year, which the marketing, product management and sales teams are using as a home base to conduct their activities and make an impact.

On behalf of the Board of Directors and our management, I would like to thank our customers, as well as all distribution partners and shareholders. Thank you for your trust, your loyalty and your unwavering commitment. Special thanks are also owed to the true drivers behind our innovative power: our employees, who tirelessly give their utmost every day in order to further expand Swiss Bankers' position as Switzerland's leading prepaid provider.

Bernard Burkhalter
Chairman of the Board of Directors
Swiss Bankers Prepaid Services Ltd

43 YEARS OF SBPS – OUR MILESTONES

The Swiss Bankers Travelers Cheque Center was founded in 1975 for the purpose of issuing Swiss Bankers travellers cheques in Swiss francs. The company's legal form was changed in 2008, and it has been operating as a joint-stock company under the name Swiss Bankers Prepaid Services Ltd (SBPS) ever since. In 2011, SBPS was granted a banking licence. The subsidiary Swiss Bankers Prepaid Services (Liechtenstein) Ltd (SBPS FL), which is responsible for distribution in Liechtenstein and other foreign markets, was founded in 2012.

The product that produces the highest revenue is the Swiss Bankers Travel Cash card. This prepaid card can be loaded with Swiss francs, euros or US dollars and used at roughly 44 million Mastercard points of acceptance worldwide, as well as in the areas of e-commence and m-commerce, as a direct method of payment in classic card form or as a digital card, e.g. on a smartphone or a smartwatch. If the card is lost or stolen, a replacement card can immediately be obtained worldwide at no charge. Travel Cash is the leading prepaid card in Switzerland and is available from most banks, PostFinance and SBB. It can be easily loaded at any time by visiting a distribution partner, as well as on the Swiss Bankers website or by using the My Card app.

Mastercard Prepaid is a universal prepaid credit card that can be used worldwide just like any other credit card. Because the card is prepaid, absolute cost control is assured: the card can be charged only if funds have been loaded onto it. Mastercard Prepaid is thus the perfect solution for all customers who wish to make common payments based on their card balance while taking advantage of the benefits of an internationally accepted card – whether at points of sale, ATMs, in e- or m-commerce, or at roughly 44 million Mastercard points of acceptance worldwide. As is the case with the Travel Cash card, the Mastercard prepaid card can be used in most mobile wallets for making payments with a smartphone or smartwatch. The card can be purchased from our distribution partners in Switzerland or directly on the SBPS website. There are a number of ways to load the card.

In addition, SBPS issues Mastercard prepaid cards for Credit Suisse Ltd, Sparkasse Hochrhein (Germany) and Volksbank Hochrhein (Germany). The cards of Credit Suisse Ltd and Sparkasse Hochrhein (Germany) bear the design and branding of the respective bank.

The Value Card is the simple solution for companies that need to disburse funds to employees and customers. For instance, it is used by SWISS airline to make compensation payments to passengers.

For customers requiring higher credit limits, Swiss Bankers offers the Prime Card, which can be obtained from many private banks in Switzerland.

For mobile payment solutions, Swiss Bankers products have no limits – worldwide.

From left to right: Martin Holzer (CFO/CRO), Bernard Burkhalter (Chairman of the Board of Directors), Simone Fischer (COO), Hans-Jörg Widiger (CEO), Sascha Breite (CMO), and Dirk Blumenthal (CTO)

The My Card app has been an integral part of Swiss Bankers' product line for nearly two years. Our customers can download the app to their smartphone at no charge and view their card top-ups, spending, cash withdrawals and of course current card balance at any time. The app also notifies the cardholder of account activity immediately after each transaction. In addition, customers can use the app to instantaneously block or unblock their card either completely or for selected countries or particular types of purchase. The My Card app can interface directly with various mobile wallets. Customers can use a variety of features to manage the digital versions of their Swiss Bankers cards. Since 2018, customers have also been able to load their card directly through the My Card app.

Swiss Bankers has also developed the Prepaid Cards app of Credit Suisse Ltd, which has the bank's design and branding.

Furthermore, SBPS operates a home delivery service for supplying banknotes in more than 70 currencies to customers of many Swiss banks. Orders are electronically recorded at each bank's business office or call centre and then transmitted to SBPS. The bank notes are delivered directly to the bank customer's home by postal mail within 24 hours.

GROUP

COMPANY GOVERNING BODIES & ORGANIZATIONAL CHART

Shareholders
Association of Swiss Cantonal Banks
Credit Suisse (Switzerland) Ltd
Entris Banking Ltd
Raiffeisen Switzerland Cooperative
PostFinance Ltd

Board of Directors
Bernard Burkhalter, Chairman
Adrian Töngi, Deputy Chairman
Anke Bridge (until 23 March 2018)
Katharina Wehrli (from 23 March 2018)
Hans Ulrich Bacher
Nicole Walker
Christoph Meister*
Peter Held*

*Independent members in accordance with FINMA Circular 17/1

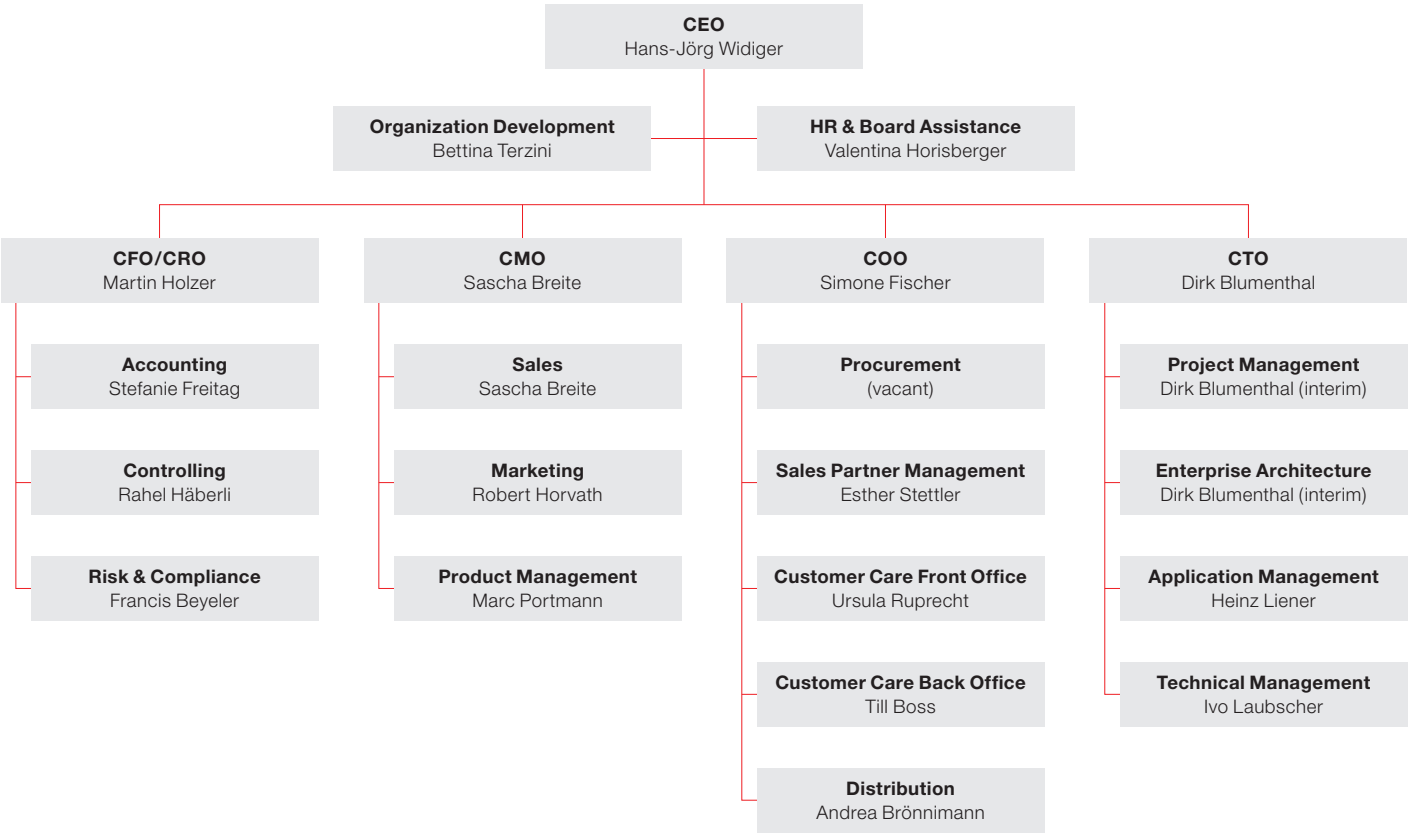
Management
Hans-Jörg Widiger, CEO
Stephan Lindecker (until 31 July 2018)
Sascha Breite (from 1 August 2018)
Simone Fischer (from 1 August 2018)
Dirk Blumenthal
Martin Holzer

External Auditor
Ernst & Young Ltd
3001 Berne
Switzerland

Registered Office
Swiss Bankers Prepaid Services Ltd
Kramgasse 4
3506 Grosshöchstetten
Switzerland
Phone +41 31 710 11 11
info@swissbankers.ch

In the 2018 financial year, 98 employees handled the development and processing, distribution, and servicing of prepaid cards, as well as the home delivery of travel cash.

The organizational chart below has been valid since 31 December 2018.



GROUP

BOARD OF DIRECTORS

CHAIRMAN

Bernard Burkhalter

Occupation: Management, supervision and handling of BEKB bank mandates and projects, member of the BEKB|BCBE management

Education: Apprenticeship in the banking sector, Federal Diploma in Banking, Diploma in Business Administration from KSZ, Diploma from Swiss Banking School, Diploma from SKU (Swiss business management course), Certificate from Duke University (USA), Fuqua School of Business, Executive Education Advanced Management Program

Committee: Member of the Remuneration Committee

Term of office: Until the 2020 GM

DEPUTY CHAIRMAN

Adrian Töngi

Occupation: Head of Banking & IT Operations, Deputy CEO Arizon Sourcing Ltd

Education: Diploma in Banking, Executive Program of the Swiss Finance Institute, Zurich

Committee: Member of the Remuneration Committee

Term of office: Until the 2019 GM

MEMBERS

Hans Ulrich Bacher

Occupation: CRO and member of the management of Entris Banking Ltd

Education: PhD in Economics from the University of Lausanne (HEC), Master's in Economics from the London School of Economics

Committee: Chairman of the Audit and Risk Committee

Term of office: Until the 2020 GM

Nicole Walker

Occupation: Head of Digital Banking & Offer Management and in charge of core business digital transformation at PostFinance Ltd

Education: Commercial apprenticeship (bank), marketing planner, product manager, Bachelor of Business Administration, Executive Master of Business Administration Boston/Zurich

Term of office: Until the 2019 GM

Katharina Wehrli

Occupation: Head of Products & Services at Credit Suisse Switzerland Ltd

Education: Master of Business Administration from the University of Lausanne

Committee: Member of the Audit and Risk Committee

Term of office: Until the 2021 GM

INDEPENDENT MEMBERS

Christoph Meister

Occupation: Board of Directors mandates at SBPS CH/FL

Education: Diploma in Commerce, degree in Business Administration from HWV, certified public accountant, former partner Ernst & Young Ltd

Committee: Chairman of the Remuneration Committee, member of the Audit and Risk Committee

Term of office: Until the 2019 GM

Peter Held

Occupation: Management consultant with focus on strategy consulting, member of the Board of Directors (additional mandate at Globaz SA, Le Noirmont)

Education: Degree in Economics and Business Administration from HWV Basel, Federal Diploma as Marketing Director, EMBA Financial Services & Insurance

Term of office: Until the 2019 GM

GROUP

MANAGEMENT

CHAIRMAN

Hans-Jörg Widiger
CEO

Education:
Diploma in Commerce/lic. oec., Economics programme at the University of Duisburg (Germany); Senior Executive Program at Harvard Business School, Boston; Senior Executive Program at Columbia Business School, New York

MEMBERS

Dirk Blumenthal
CTO

Education:
Diploma in Business Organization, IPMA Level B Certified Senior Project Manager, ITIL Expert

Martin Holzer
CFO/CRO

Education:
Bachelor of Science in Business Administration from Bern University of Applied Sciences (BFH)

Simone Fischer
COO

Education:
Master of Science in Graphic Arts Publishing from the Rochester Institute of Technology, Rochester (USA); Multimedia Insinööri from the University of Applied Sciences EVTEK, Espoo (FIN); Comem+ Diploma in Print Media Management from the Ecole d'ingénieure HEIG-VD Comem+, Lausanne (CH)

Sascha Breite
CMO

Education:
Master of Business Administration (International Marketing & Innovation)

The disclosure of corporate governance in accordance with FINMA Circular 16/1 is also published on www.swissbankers.ch under the menu item "About Swiss Bankers – Press – Publications".

GROUP

KEY PRUDENTIAL METRICS (KM1)

(in CHF thousand)	**31/12/2018**	31/12/2017
ELIGIBLE CAPITAL		
Common Equity Tier 1 (CET1) capital	86,802	83,732
Tier 1 (T1) capital	86,802	83,732
Total capital	**86,802**	**83,732**
RISK-WEIGHTED ASSETS (RWA)		
RWA	203,985	205,813

(in CHF thousand)	**31/12/2018**	31/12/2017
BASEL III LEVERAGE RATIO		
Total exposure	492,343	496,136
Basel III leverage ratio (Tier 1 capital as a percentage of total exposure)	17.6	16.9

(in CHF thousand)	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**	Q4 2017
LIQUIDITY COVERAGE RATIO					
LCR numerator: Total high-quality liquid assets	176,375	176,481	175,796	171,945	182,100
LCR denominator: Total net cash outflow	51,082	45,812	44,642	43,554	47,995
Liquidity coverage ratio (LCR), in %	345.3	385.2	393.8	394.8	379.4

The key prudential metrics (KM1) are being disclosed in conformity with the FINMA requirements for the pilot project “Small bank regime”. There have been no material changes compared with the figures for the prior period.

MANAGEMENT REPORT

Average number of full-time positions during the year
In the reporting year, the full-time equivalent workforce of the SBPS Group – consisting of Swiss Bankers Prepaid Services Ltd (SBPS) and Swiss Bankers Prepaid Services (Liechtenstein) Ltd (SBPS FL) – averaged 71.1 positions (previous year: 59.5).

Risk Assessment
The SBPS Group pursues a sustainable and prudent risk policy. At least once per year, the Board of Directors and the management review the adequacy of the risk limits concept that forms the basis of our risk management. For further information about risk assessment and management by the SBPS Group, please see the notes to the consolidated financial statements.

Products
The Swiss Bankers Travel Cash card is the leading prepaid card in Switzerland. In 2018, our customers used Travel Cash for worldwide payment in shops, restaurants and hotels, as well as in e- and m-commerce. Swiss Bankers Customer Service mailed more than 14,000 replacement cards – worldwide and free of charge. In the reporting year, our more than 200 distribution partners sold approximately 60,000 Travel Cash cards.

The Mastercard prepaid card was launched in different forms in 2015, and in the reporting year, more than 60,000 customers loaded nearly CHF 112 million onto their cards. The card can be ordered from various banks and SBB, as well as on the Swiss Bankers website.

In the fall of 2018, Swiss Bankers introduced the option of loading all prepaid cards via an account-based payment order, including a standing payment order using a reference number that remains the same, as well as by means of the loading function for credit cards and the PostFinance card. Since then, we have witnessed a rise in loading frequency and an increase in total volume. In all, prepaid cards began to be used at a significantly higher rate shortly after introduction of the new loading options.

In addition to the Travel Cash card and the Mastercard prepaid card with the various corporate brandings of Swiss Bankers, Credit Suisse and Sparkasse Hochrhein (Germany), SBPS also offers the Prime Card for high-net-worth individuals and the Value Card for firms.

SBPS customers can use all Swiss Bankers cards with mobile end devices. Apple Pay was launched in mid-2016. Since 2017, payment has also been possible using Samsung Pay, Fitbit Pay, and Garmin Pay – and starting in the first quarter of 2019, also with SwatchPAY!. This means that Swiss Bankers prepaid cardholders can pay quickly and easily with their smartphones and smartwatches in more than 19 million shops in Switzerland and worldwide – everywhere Mastercard is accepted and contactless payment is possible. According to Mastercard, all terminals at 44 million points of acceptance worldwide will be equipped with the contactless function by 2020.

The very popular My Card app is being constantly enhanced by Swiss Bankers and its partners. About 50% of prepaid cardholders are currently using the app, with the number of downloads having more than doubled in the past twelve months. Swiss Bankers also offers the app both as its own brand and as a white label product for its distribution partners. For instance, Credit Suisse introduced the app in September 2017 under the name “Prepaid Cards”.

Fraud prevention
In recent years, SBPS has made continual progress in the monitoring and prevention of fraudulent transactions through various measures. In the reporting year, we were able to reduce losses due to fraud year-over-year for the fourth consecutive year.

Marketing
Digital marketing experts joined the Marketing Department over the course of the year. The department has been operating at the new location in Zurich since April 2018. The new staff are applying their skills for the targeted marketing of Swiss Bankers products in all online channels. This includes several online campaigns that were conducted between September and December 2018 for SBPS’s Mastercard prepaid products. The greatest success by far was achieved with a campaign involving a well-known Swiss influencer. In all, sales of Mastercard prepaid cards rose significantly in 2018.

The advertising campaign for Travel Cash ran from April to October under the motto “Travel Cash – the secure travel card”. In addition to Swiss Bankers’ own campaigns, our distribution partners carried out numerous additional campaigns under this motto, which made the Travel Cash card a highly successful product in 2018 as well.

The My Card app was installed by more than 200,000 customers and has become our most important interface with our customers. Introduction of loading options using the app increased the number of top-ups as well as load volume.

Revenue
In 2018, the equivalent of CHF 822.9 million was loaded onto Swiss Bankers prepaid cards, which corresponds to a rise of 2.9% compared with the previous year. Load volume trends varied from market segment to market segment. Retail banking revenue increased by 11.5%, while that from private banking declined by 9.8%. Revenue trends also varied depending on the specific card currency. Revenue in Swiss francs increased, but euro and US dollar revenue fell. Revenue from the home delivery of banknotes in foreign currency rose by 9.5% to CHF 109.3 million.

Annual profit
The result from interest operations is influenced, on the one hand, by the change in unused balances on prepaid cards in Swiss francs, euros and US dollars and unredeemed travellers cheques in Swiss francs (float) and, on the other, by the interest earned on newly liquidated assets. The float, which is invested in the relevant currency mainly in first-class bonds, medium-term notes, call and fixed-term deposits as well as in current accounts, fell by 0.9% to CHF 392 million. The net result from interest operations amounted to CHF 2.7 million, which was CHF 0.4 million lower than in the previous year. The portfolio's average rate of return as at 31 December 2018 was 0.74%, which was the same as for the previous year.

The result from commission business and services increased by 1.2% year-over-year to CHF 12.6 million. The increase resulted from higher revenues in the retail segment in general and, in particular, from new card products and greater demand for cash delivery.

The result from trading activities includes the net foreign exchange gain from the issuance of prepaid cards as well as from the delivery of cash in more than 70 currencies. It amounted to CHF 12.8 million in the reporting year (+17.8% year-on-year) and resulted mainly from currency gains on card transactions abroad and banknote trade.

Personnel expenses and general and administrative expenses rose year-over-year by 29.5% and 24.1%, respectively, as a result of revenue and customer growth, the internal addition of call-centre and expert staff positions, and the temporary use of third-party services, among other things, for establishing the legal conditions for the introduction of the new loading features.

Depreciation and amortization increased from CHF 1.6 million to CHF 2.0 million in the reporting year. The change is attributable, on the one hand, to the scheduled amortization of the enterprise resource planning (ERP) system update introduced on 1 January 2017 and, on the other, to the enhancement of the SBPS Group's system landscape.

This resulted in a consolidated pre-tax profit of CHF 5.5 million, which was 20.3%, or CHF 1.4 million, lower than the previous year. The reduction is attributable to the creation of additional reserves for general banking risks (GBR reserves) in the amount of CHF 1.1 million. The GBR reserve pool, which now amounts to CHF 4.3 million, was created as a precaution to hedge against risks associated with Swiss Bankers business operations.

The My Card app was installed by more than 200,000 customers and has become our most important interface with our customers.

Appropriation of profit
The Board of Directors proposes to the General Meeting of 22 March 2019 that a dividend of CHF 5 million be distributed to the shareholders.

Board of Directors
Last year, the Board of Directors held four regular meetings, one extraordinary meeting and one strategy meeting.

Katharina Wehrli was elected to the Board of Directors as a new member on 23 March 2018. She succeeds Anke Bridge, who stepped down from the Board of Directors on 23 March 2018.

A Remuneration Committee and an Audit and Risk Committee were created in the reporting year. They are composed of members of the Board of Directors.

Management
The management was expanded in the reporting year through the addition of a COO. The position is occupied by Simone Fischer, who was appointed to the management on 1 August 2018. Moreover, at the same time, Sascha Breite (CMO) was promoted to the management. He succeeds Stephan Lindecker, who resigned from the management effective 31 July 2018.

GROUP

CONSOLIDATED BALANCE SHEET

(in CHF thousand)	**31/12/2018**	31/12/2017
ASSETS		
Liquid assets	83,488	83,867
Amounts due from banks	149,086	164,137
Amounts due from customers	6,310	6,194
Financial investments	233,236	222,761
Accrued income and prepaid expenses	1,429	1,699
Tangible fixed assets	10,716	9,349
Other assets	5,897	5,931
Total assets	**490,162**	**493,938**
LIABILITIES		
Amounts due to banks	612	472
Amounts due in respect of customer deposits	392,205	395,640
Accrued expenses and deferred income	3,031	2,753
Other liabilities	1,786	4,171
Provisions	200	200
Reserves for general banking risks	4,300	3,200
Share capital	10,000	10,000
Capital reserve	9,116	9,116
Retained earnings reserve	63,386	61,416
Consolidated profit	5,526	6,970
Total liabilities	**490,162**	**493,938**
OFF-BALANCE-SHEET TRANSACTIONS		
Irrevocable commitments	4,362	4,396

GROUP

CONSOLIDATED INCOME STATEMENT

(in CHF thousand)	2018	2017
RESULT FROM INTEREST OPERATIONS		
Interest and discount income	742	1,032
Interest and dividend income from financial investments	1,979	2,042
Interest expense	–3	–5
Gross result from interest operations	**2,718**	**3,069**
Changes in value adjustments for default risks and losses from interest operations	0	0
Subtotal net result from interest operations	**2,718**	**3,069**
RESULT FROM COMMISSION BUSINESS AND SERVICES		
Commission income from other services	23,181	21,761
Commission expense	–10,548	–9,284
Subtotal result from commission business and services	**12,633**	**12,477**
RESULT FROM TRADING ACTIVITIES	**12,816**	**10,876**
OTHER RESULT FROM ORDINARY ACTIVITIES		
Result from real estate	81	91
Other ordinary income	291	178
Other ordinary expenses	0	0
Subtotal other result from ordinary activities	**372**	**269**
OPERATING EXPENSES		
Personnel expenses	–10,805	–8,342
General and administrative expenses	–7,096	–5,717
Subtotal operating expenses	**–17,901**	**–14,059**
GROSS PROFIT	**10,638**	**12,632**
Depreciation of tangible fixed assets	–2,029	–1,602
Changes to provisions and other value adjustments, and losses	–540	–236
OPERATING RESULT	**8,069**	**10,794**
Extraordinary income	17	10
Extraordinary expenses	0	–1
Change in reserves for general banking risks	–1,100	–2,000
Taxes	–1,460	–1,833
Consolidated profit	**5,526**	**6,970**

GROUP

CONSOLIDATED CASH FLOW STATEMENT

(in CHF thousand)	2018 Cash inflow	2018 Cash outflow	2017 Cash inflow	2017 Cash outflow
CASH FLOW STATEMENT				
Cash flow from operating activities	**4,203**		**6,361**	
Consolidated profit	5,526		6,970	
Change in reserves for general banking risks	1,100		2,000	
Depreciation of tangible fixed assets	2,029		1,602	
Accrued income and prepaid expenses	270		753	
Accrued expenses and deferred income	278		36	
Previous year's dividend		5,000		5,000
Cash flow from transactions in respect of tangible fixed assets		**3,396**		**1,586**
Real estate		0		0
Acquired software		2,921		1,262
Other tangible fixed assets		475		324
Cash flow from banking operations		**1,186**		**4,926**
Medium and long-term business (> 1 year)				
Amounts due from banks	3,453		602	
Amounts due from customers		0		5,000
Financial investments		43,032	24,800	
Short-term business				
Amounts due to banks	140			944
Amounts due in respect of customer deposits		3,435		161
Other liabilities		2,385	714	
Amounts due from banks	11,598			9,343
Amounts due from customers		116		587
Financial investments	32,557			14,431
Other assets	34			576
LIQUIDITY				
Increase/decrease in liquid assets		**379**		**151**
Total liquid assets, previous year	83,867		84,018	
Total liquid assets, current year	83,488		83,867	

GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in CHF thousand)	Share capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Consolidated profit	**Total**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY						
Equity at start of current year	**10,000**	**9,116**	**61,416**	**3,200**	**6,970**	**90,702**
Dividends and other distributions					–5,000	–5,000
Other allocations to the other reserves			1,970		–1,970	0
Other allocations to the reserves for general banking risks				1,100		1,100
Consolidated profit					5,526	5,526
Equity at end of current year	**10,000**	**9,116**	**63,386**	**4,300**	**5,526**	**92,328**

NOTES

ACCOUNTING AND VALUATION POLICIES

Business name, legal form and domicile

Swiss Bankers Prepaid Services Ltd (SBPS), a joint-stock company domiciled in Grosshöchstetten, together with Swiss Bankers Prepaid Services (Liechtenstein) Ltd (SBPS FL), a joint-stock company domiciled in Vaduz, form the SBPS group. SBPS is a licensed bank supervised by the Swiss Financial Market Supervisory Authority (FINMA). The SBPS Group is also subject to consolidated supervision by FINMA.

Business activity

The SBPS Group's business activity consists of the issuance and reloading of prepaid cards in Swiss francs, euros and US dollars in Switzerland, Liechtenstein and southern Germany, as well as a service providing home delivery of travel cash for customers of Swiss banks. As at 31 December 2018, the full-time equivalent workforce of the SBPS Group totalled 77.1 positions (previous year: 63.4).

Basis and principles

The accounting and valuation principles are based on the Swiss Code of Obligations, the Swiss Banking Act and its associated ordinance, FINMA accounting guidelines, and statutory provisions. These consolidated financial statements present a true and fair view of the SBPS Group's actual circumstances with respect to its net assets, financial position and financial performance.

General valuation principles

The detail positions reported under a balance sheet item are valued individually (item-by-item valuation).

Scope of consolidation

The consolidated financial statements consist of the annual financial statements of SBPS as well as those of the directly held, wholly owned subsidiary SBPS FL. The consolidated financial statements are presented in accordance with the substance-over-form concept.

Consolidation method

SBPS FL is included in the consolidated financial statements in accordance with the full consolidation method. Intra-group transactions as well as interim profits are eliminated in the preparation of the consolidated financial statements.

Consolidation period

The consolidation period corresponds to the calendar year, which is the same as the financial year of the Group companies.

Recording and accounting

All business transactions are recorded in the Group's accounts on the closing date and valued from that date in accordance with the established principles.

Foreign currency translation

Receivables, amounts due and foreign currency holdings are valued at the year-end price. Resulting exchange rate gains and losses are recognized in the income statement under "Result from trading activities". All transactions are valued at the relevant day's rate.

The following exchange rates prevailed on the balance sheet date:

	2018	2017
EUR	1.1268	1.1698
USD	0.9845	0.9754

Liquid assets, amounts due from banks, amounts due to banks, amounts due in respect of customer deposits

These are recognized at their nominal value. Individual value adjustments are made for impaired loans/receivables.

Loans (amounts due from customers)

Amounts due from customers have to do with open accounts receivable resulting from the loading of prepaid cards and with fixed-term deposits with a non-bank. Open accounts receivable from the loading of prepaid cards are short-term positions and are usually settled within two days. All amounts due from customers are reported at nominal value. Individual value adjustments are made for impaired loans/receivables.

Receivables are considered to be particularly at risk if it seems unlikely that the debtor will be able to meet his or her future obligations. The impairment is measured as the difference between the book value of the loan/receivable and the expected recoverable amount, taking into account the counterparty risk and the net proceeds from the realization of any collateral.

“Anytime, anywhere”

– that is our credo and our promise to our customers, ensuring that they will be able to use our services anytime and anywhere.

Financial investments
This item includes bonds and cash bonds. The debt securities intended to be held to maturity are valued using the accrual method, i.e. the premium/discount paid on acquisition is deferred over the remaining term to maturity and derecognized. Cash bonds are in principle recognized at their nominal value. Individual value adjustments are made to take account of identifiable default risks. Foreign currency items are valued at the relevant day's rate. Both the creation and the release of operationally necessary value adjustments for default and country risks are recognized in the income statement under "Changes in value adjustments for default risks and losses from interest operations".

Accruals and deferrals
Accruals and deferrals serve both to accurately ascertain assets and debts as at the reporting date and to ensure that expenses and income accrued in that period are reported in the income statement. The valuation is based on nominal values. Accruals and deferrals for current taxes are reported under "Accrued expenses and deferred income".

Tangible fixed assets
Investments in new fixed assets that exceed a certain minimum amount are capitalized and then recognized at acquisition value.

In subsequent valuations, tangible fixed assets are recognized at acquisition cost less accumulated depreciation. The acquisition cost is subject to scheduled depreciation using the straight-line method over the useful life of the asset.

- Real estate (excluding land): max. 50 years
- IT hardware, office equipment: 5 years
- Software, licences: 3 years
- Fixtures: 8 years
- Furniture: 8 years
- Vehicles: 4 years

Where there are signs of impairment, an impairment test is carried out. If a change in the expected useful life or an impairment is established by the impairment test, the residual book value is depreciated over the remaining useful life or the asset is written down. Land is written down only when loss of value is apparent.

Profits realized from the disposal of fixed assets are recorded under "Extraordinary income", and losses under "Extraordinary expenses".

Taxes
Current taxes are recurring, usually annual, taxes on profit and capital. One-time or transaction-related taxes are not included in current taxes. Current taxes on the result of the period are determined in accordance with local profit assessment regulations and are recognized as an expense in the accounting period in which the profits arise. Direct taxes owed on current profits are treated as accrued expenses.

Deferred taxes on untaxed reserves are calculated on the basis of the effective tax rate of the relevant company and reported under "Provisions". The provision for deferred taxes is recorded in the income statement. Where temporary differences exist in taxed reserves, deferred tax assets are calculated on the basis of the effective tax rate of the relevant company and reported under "Other assets". Deferred tax assets are recorded in the income statement.

Pension benefit obligations
Pension obligations as well as the assets covering them have been outsourced to the legally independent BEKB|BCBE pension fund foundation. All SBPS employees and their survivors are members of this foundation under the statutory and regulatory provisions.

Employer contributions are reported as personnel expenses in the income statement. The SBPS Group does not intend to use any economic benefit resulting from overfunding in order to reduce employer contributions. For this reason, any future economic benefit will not be capitalized. On the other hand, any economic obligation resulting from underfunding will be recognized under "Liabilities".

Provisions
Provisions that are economically necessary are made on the basis of estimated future cash outflow.

Reserves for general banking risks
The reserves for general banking risks include reserves moved to a separate account and counted as own assets. The creation and release of reserves is recorded in the income statement under "Changes in reserves for general banking risks". The reserves for general banking risks are taxed.

Contingent liabilities, irrevocable commitments, obligations to pay up shares and make further contributions
These are reported as off-balance-sheet transactions at their nominal value. Provisions are made for identifiable risks and reported in the balance sheet under "Liabilities".

Retained earnings reserve
The SBPS Group's self-generated funds are reported under "Retained earnings reserve".

Customer assets
SBPS does not provide a breakdown and depiction of managed assets, as it does not manage customer assets but only receives them when they are loaded onto prepaid cards. These amounts are fully disclosed under "Amounts due in respect of customer deposits".

Changes compared with the previous year
No changes have been made to the accounting and valuation principles compared with the previous year.

Events following the balance sheet date
No extraordinary events occurred after the balance sheet date that had a significant influence on the SBPS Group's net assets, financial position and financial performance.

NOTES CONCERNING RISK MANAGEMENT

The SBPS Group pursues a sustainable and prudent risk policy. It ensures that there is a balance between risk and return, and it actively manages the following risks:

Quantifiable risks
- Default risks (counterparty risks)
- Country risks
- Market risks
- Liquidity and refinancing risks

Unquantifiable risks
- Operational risks
- Legal and reputational risks

The Board of Directors has set down the risk policy in a risk limits concept. This is reviewed at least once a year by the Board of Directors and the management for whether it is adequate, and it forms the basis for risk management. Limits have been defined for individual risks in regulations and directives, and compliance with them monitored on an ongoing basis.

The Risk Control function is part of the Risk & Compliance department, which is independent of the operational business. Risk Control regularly informs the management about compliance with the specified limits, the results of control activities, and any measures to be taken. For its part, the management informs the Board of Directors on an at least semi-annual basis about the current overall risk situation and risk development. Risk Control reports to the Board of Directors on the SBPS Group's risk situation and its activities at least once per year.

Default risks
Default risks are limited by risk distribution and quality requirements. A risk-oriented allocation of responsibilities has been established for the approval of exposures with default risks. Limits, market value developments and rating requirements are constantly monitored. In the event of identifiable losses in the value of individual assets due to a deterioration in creditworthiness, the management makes individual value adjustments. The expected returns from individual assets are taken into account when calculating individual value adjustments. In the event of rating downgrades, the management decides on further steps in accordance with the regulations of the Board of Directors.

Country risks
Country risk refers to the risk of a loss resulting from country-specific events. To reduce risk, maximum percentages are set for foreign commitments. Country risks are actively and dynamically managed and are mainly concentrated in Western Europe.

Market risks (interest rate risks)
The SBPS Group does not pay interest on deposits (card balances). Interest rate changes are reflected exclusively under "Result from interest operations".

Other market risks
Foreign currency risks result from obligations arising from business with prepaid cards in euros and US dollars as well as from banknotes denominated in foreign currency that are held by the banknote delivery service. Foreign currency risks are minimized by concluding largely congruent currency transactions.

Liquidity and refinancing risks
The willingness to pay and the qualitative requirements for liquidity risk management are monitored and assured within the framework of banking law provisions and additional internal guidelines.

Operational risks
Operational risk is defined as "the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events". They are limited by internal regulations and directives concerning organization and control. These regulations are based primarily on the quantitative and qualitative requirements of Circular 2008/21 "Operational risks at banks" issued by the Swiss Financial Market Supervisory Authority (FINMA). The Internal Audit department regularly reviews internal controls and reports directly to the Board of Directors on its work.

Compliance and legal risks
Company management and the Compliance function (part of the Risk & Compliance department, which is independent of the operational business) ensure that business activities comply with the applicable legal and regulatory requirements. The Compliance function monitors and analyzes the relevant legal developments and supports the management in implementing appropriate internal systems and processes to ensure compliance. It ensures that internal regulations and processes are consistent and compliant with regulatory developments.

The Risk & Compliance department regularly informs the management about relevant issues and developments. The management, for its part, informs the Board of Directors about significant compliance risks. Once a year, the Compliance team prepares an updated compliance risk profile, an associated plan of action and an activity report, and submits these documents to the management and the Board of Directors.

INFORMATION CONCERNING THE BALANCE SHEET

(in CHF thousand)	Secured by mortgage	Other collateral	Unsecured	**Total**
OVERVIEW OF COLLATERAL FOR LOANS				
Loans				
Amounts due from customers	0	0	6,310	6,310
Total loans in the current year (before netting with value adjustments)	**0**	**0**	**6,310**	**6,310**
Total loans in the previous year (before netting with value adjustments)	0	0	6,194	6,194
Total loans in the current year (after netting with value adjustments)	**0**	**0**	**6,310**	**6,310**
Total loans in the previous year (after netting with value adjustments)	0	0	6,194	6,194
Off-balance-sheet transactions				
Irrevocable commitments	0	0	4,362	4,362
Total off-balance-sheet transactions, current year	**0**	**0**	**4,362**	**4,362**
Total off-balance-sheet transactions, previous year	0	0	4,396	4,396

(in CHF thousand)	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
IMPAIRED LOANS/RECEIVABLES				
Current year	**0**	**0**	**0**	**0**
Previous year	0	0	0	0

(in CHF thousand)	**Book value 2018**	**Fair value 2018**	Book value 2017	Fair value 2017
FINANCIAL INVESTMENTS				
Debt securities	**233,236**	**233,698**	**222,761**	**224,163**
thereof securities eligible for repo transactions in accordance with liquidity requirements	*103,962*	*104,220*	*105,514*	*105,802*
Total financial investments	**233,236**	**233,698**	**222,761**	**224,163**

Debt securities are intended to be held to maturity.

(in CHF thousand)	Highest credit rating	Safe investment	Average quality investment	Speculative investment	Highly speculative investment	Payment delay/ default	Unrated
FINANCIAL INVESTMENTS BY RATING							
Debt securities at book values, current year	**162,274**	**31,730**	**10,068**	**0**	**0**	**0**	**29,164**
Debt securities at book values, previous year	151,974	39,304	9,413	0	0	0	22,070

The SBPS Group uses the ratings of recognized rating agencies in accordance with FINMA mapping tables and the bank's internal classification.

More than **50%** of prepaid cardholders are currently using the My Card app. It allows them to top up their card directly, and to view their expenses, cash withdrawals, card top-ups and current card balance at any time.

	Domicile	Business activity	Capital (in CHF thousand)	Share of capital (in %)	Share of votes (in %)	Held directly	Held indirectly
GROUP COMPANIES							
Fully consolidated companies							
Swiss Bankers Prepaid Services Ltd*	Grosshöchstetten	Bank	10,000				
Swiss Bankers Prepaid Services (Liechtenstein) Ltd	Vaduz	Electronic money institution	450	100	100	×	

* Since Swiss Bankers Prepaid Services Ltd is the parent company, the capital ratio is not specified.

The Liechtenstein subsidiary has no market value.

(in CHF thousand)	Acquisition cost	Accumulated depreciation	Book value as at 31/12/2017	Additions	Reclassifi-cations/ disposals	Depreciation	**Book value as at 31/12/2018**
STATEMENT OF FIXED ASSETS							
Tangible fixed assets							
Real estate							
Bank buildings	7,768	–3,713	4,055	0	0	121	**3,934**
Other real estate	1,896	–41	1,855	0	0	0	**1,855**
Acquired software	5,311	–2,963	2,348	2,921	0	1,587	**3,682**
Other tangible fixed assets	3,372	–2,281	1,091	488	13	321	**1,245**
Total tangible fixed assets	**18,347**	**–8,998**	**9,349**	**3,409**	**13**	**2,029**	**10,716**

(in CHF thousand)	**Other assets 2018**	**Other liabilities 2018**	Other assets 2017	Other liabilities 2017
OTHER ASSETS AND OTHER LIABILITIES				
Card stocks	486	0	460	0
Pure clearing accounts	2,906	546	3,542	3,563
Indirect taxes	198	175	264	152
Deferred income taxes recognized as assets	876	0	641	0
Other assets and liabilities	1,431	1,065	1,024	456
Total other assets and other liabilities	**5,897**	**1,786**	**5,931**	**4,171**

(in CHF thousand)	Overfunding/ underfunding as at 31/12/2018	**Economic interest of the bank as at 31/12/2018**	Economic interest of the bank as at 31/12/2017	Change in economic interest versus previous year	Contributions paid for the current year	**Pension expenses in personnel expenses, 2018**	Pension expenses in personnel expenses, 2017
ECONOMIC BENEFIT / ECONOMIC OBLIGATION AND PENSION EXPENSES							
Pension plans with overfunding						704	619
Total						**704**	**619**

The coverage ratio of the pension fund as at 31 December 2017 was 105.3% (external auditor's report of 24 April 2018). The coverage ratio as at the end of the reporting year is expected to come in at 103.8%. The external audit will be presented and the annual financial statements adopted on 30 May 2019.

(in CHF thousand)	Balance as at 31/12/2017	Use in conformity with designated purpose	Reclassifications	New provisions charged to income	Releases to income	**Balance as at 31/12/2018**
VALUE ADJUSTMENTS AND PROVISIONS, RESERVES FOR GENERAL BANKING RISKS, AND CHANGES THEREIN DURING THE CURRENT YEAR						
Provisions for deferred taxes	0					0
Provisions for pension benefit obligations	0					0
Other provisions	200	220		220		200
Total provisions	**200**	**220**		**220**		**200**
Reserves for general banking risks	**3,200**			**1,100**		**4,300**
Value adjustments for default and country risks	**0**					**0**
thereof value adjustments for latent risks	*0*					*0*

(in CHF thousand)	**Amounts due from 2018**	**Amounts due to 2018**	Amounts due from 2017	Amounts due to 2017
DISCLOSURE OF AMOUNTS DUE FROM/TO RELATED PARTIES				
Holders of qualified participations	122,071	374	133,680	255
Transactions with members of governing bodies	0	0	0	0

The SBPS shareholders are considered to be holders of qualified participations. The SBPS Group engages in transactions with these shareholders that are customary in the sector and are entered into accordance with market conditions.

(in CHF thousand)	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	No maturity	**Total**
MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS (ASSETS)								
Liquid assets	83,488	0	0	0	0	0	0	83,488
Amounts due from banks	23,618	1,000	5,643	24,222	28,103	66,500	0	149,086
Amounts due from customers	1,310	0	0	0	0	5,000	0	6,310
Financial investments	0	0	5,909	24,613	94,049	108,665	0	233,236
Total current year	**108,416**	**1,000**	**11,552**	**48,835**	**122,152**	**180,165**	**0**	**472,120**
Total previous year	116,817	1,000	21,728	74,676	146,303	116,435	0	476,959
MATURITY STRUCTURE OF FINANCIAL INSTRUMENTS (LIABILITIES)								
Amounts due to banks	612	0	0	0	0	0	0	612
Amounts due in respect of customer deposits	392,205	0	0	0	0	0	0	392,205
Total current year	**392,817**	**0**	**0**	**0**	**0**	**0**	**0**	**392,817**
Total previous year	396,112	0	0	0	0	0	0	396,112

As customers of the SBPS Group can withdraw amounts loaded on prepaid cards or redeem travellers cheques at any time, these liabilities are due at sight. Asset management is based on empirical values and primarily relates to assets with medium-term maturity.

(in CHF thousand)	**Domestic 2018**	**Foreign 2018**	Domestic 2017	Foreign 2017
ASSETS AND LIABILITIES BY DOMESTIC AND FOREIGN ORIGIN ASSETS				
ASSETS				
Liquid assets	83,488	0	83,867	0
Amounts due from banks	139,419	9,667	153,990	10,147
Amounts due from customers	6,302	8	6,191	3
Financial investments	74,727	158,509	61,305	161,456
Accrued income and prepaid expenses	482	947	418	1,281
Tangible fixed assets	10,716	0	9,349	0
Other assets	2,991	2,906	2,389	3,542
Total assets	**318,125**	**172,037**	**317,509**	**176,429**
LIABILITIES				
Amounts due to banks	610	2	470	2
Amounts due in respect of customer deposits	278,988	113,217	276,822	118,818
Accrued expenses and deferred income	2,856	175	2,340	413
Other liabilities	1,229	557	597	3,574
Provisions	200	0	200	0
Reserves for general banking risks	4,300	0	3,200	0
Share capital	10,000	0	10,000	0
Capital reserve	9,116	0	9,116	0
Retained earnings reserve	63,386	0	61,416	0
Consolidated profit	5,526	0	6,970	0
Total liabilities	**376,211**	**113,951**	**371,131**	**122,807**

	Absolute 2018 (in CHF thousand)	**Share 2018** (as %)	Absolute 2017 (in CHF thousand)	Share 2017 (as %)
TOTAL ASSETS BY COUNTRY OR GROUP OF COUNTRIES				
Switzerland	318,125	64.9	317,509	64.3
Europe	146,482	29.9	155,397	31.5
thereof Germany	*21,538*	*4.4*	*25,658*	*5.2*
thereof Luxembourg	*9,038*	*1.8*	*9,444*	*1.9*
thereof Netherlands	*24,391*	*5.0*	*20,294*	*4.1*
thereof Norway	*13,861*	*2.8*	*16,055*	*3.3*
thereof France	*21,241*	*4.3*	*15,402*	*3.1*
thereof Finland	*8,551*	*1.7*	*9,691*	*2.0*
thereof UK	*8,939*	*1.8*	*13,904*	*2.8*
thereof Sweden	*13,221*	*2.7*	*18,935*	*3.8*
thereof Austria	*5,047*	*1.0*	*5,321*	*1.1*
thereof Liechtenstein	*7,720*	*1.6*	*9,200*	*1.9*
thereof rest of Europe	*12,935*	*2.6*	*11,493*	*2.3*
Australia/New Zealand	9,288	1.9	7,373	1.5
United States	3,023	0.6	3,682	0.7
Other	13,244	2.7	9,977	2.0
Total assets	**490,162**	**100.0**	**493,938**	**100.0**

	Net foreign exposure end of current year		Net foreign exposure end of previous year	
	(in CHF thousand)	**Share** (as %)	(in CHF thousand)	Share (as %)
BREAKDOWN OF TOTAL ASSETS BY CREDIT RATING OF COUNTRY GROUPS (RISK DOMICILE VIEW)				
Highest credit rating	166,844	97.0	169,147	95.9
Safe investment	2,221	1.3	4,337	2.5
Average quality investment	2,972	1.7	2,945	1.7
Speculative investment	0	0	0	0
Highly speculative investment	0	0	0	0
Payment delay/default	0	0	0	0
Unrated	0	0	0	0
Total	**172,037**	**100.0**	**176,429**	**100.0**

The SBPS Group uses the ratings of recognized rating agencies in accordance with FINMA mapping tables and the bank's internal classification.

(in CHF thousand)	CHF	EUR	USD	Other
BALANCE SHEET BY CURRENCIES				
ASSETS				
Liquid assets	82,967	271	250	0
Amounts due from banks	111,998	27,685	9,403	0
Amounts due from customers	5,754	110	446	0
Financial investments	90,800	93,003	49,433	0
Accrued income and prepaid expenses	582	545	302	0
Tangible fixed assets	10,716	0	0	0
Other assets	2,133	2,819	5	940
Total assets	**304,950**	**124,433**	**59,839**	**940**
LIABILITIES				
Amounts due to banks	611	1	0	0
Amounts due in respect of customer deposits	209,069	124,070	59,066	0
Accrued expenses and deferred income	3,031	0	0	0
Other liabilities	1,305	342	139	0
Provisions	200	0	0	0
Reserves for general banking risks	4,300	0	0	0
Share capital	10,000	0	0	0
Capital reserve	9,116	0	0	0
Retained earnings reserve	63,386	0	0	0
Consolidated profit	5,526	0	0	0
Total liabilities	**306,544**	**124,413**	**59,205**	**0**
Net positions per currency	**–1,594**	**20**	**634**	**940**

INFORMATION CONCERNING THE INCOME STATEMENT

(in CHF thousand)	**2018**	2017
RESULT FROM TRADING ACTIVITIES		
Foreign currencies	12,816	10,876
thereof currency gains from banknotes	*4,018*	*3,826*
thereof foreign exchange gains from card products	*8,798*	*7,050*
Total result from trading activities	**12,816**	**10,876**
PERSONNEL EXPENSES		
Salaries	7,660	6,446
Social insurance benefits	1,399	1,187
Other personnel expenses	1,746	709
Total personnel expenses	**10,805**	**8,342**
GENERAL AND ADMINISTRATIVE EXPENSES		
Office space expenses	380	328
Expenses for information and communications technology	685	649
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	91	34
Audit firm fees	260	241
thereof for financial and regulatory audits	*194*	*194*
thereof for other services	*66*	*47*
Other operating expenses	5,680	4,465
Total general and administrative expenses	**7,096**	**5,717**
EXTRAORDINARY INCOME AND EXPENSES		
Gains realized from the disposal of tangible fixed assets	17	10
Losses realized from the disposal of tangible fixed assets	0	–1
Total extraordinary income and expenses	**17**	**9**
TAXES		
Current taxes	1,695	2,260
Deferred taxes	–235	–427
Total taxes	**1,460**	**1,833**

The tax rate was 21.36% for the reporting year.

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To the General Meeting of

Swiss Bankers Prepaid Services Ltd, Grosshöchstetten

Berne, 22 March 2019

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Swiss Bankers Prepaid Services Ltd, which comprise the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes (pages 14 to 30), for the year ended 31 December 2018.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2018 comply with Swiss law and the consolidation and valuation principles as set out in the notes.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Rolf Scheuner
Licensed audit expert
(Auditor in charge)

Adriano Guerra
Licensed audit expert

SWISS BANKERS PREPAID SERVICES LTD

GROSSHÖCHSTETTEN

BALANCE SHEET

(in CHF thousand)	**31/12/2018**	31/12/2017
ASSETS		
Liquid assets	83,488	83,867
Amounts due from banks	137,555	151,516
Amounts due from customers	6,857	8,057
Financial investments	233,236	222,761
Accrued income and prepaid expenses	1,375	1,654
Participations	450	450
Tangible fixed assets	10,716	9,349
Other assets	4,854	5,205
Total assets	**478,531**	**482,859**
LIABILITIES		
Amounts due to banks	610	471
Amounts due in respect of customer deposits	383,742	387,213
Accrued expenses and deferred income	2,967	2,686
Other liabilities	1,776	4,155
Provisions	4,298	4,298
Reserves for general banking risks	4,300	3,200
Share capital	10,000	10,000
Statutory capital reserve	9,116	9,116
thereof tax-exempt capital contribution reserve	*9,116*	*9,116*
thereof other capital reserves	*0*	*0*
Voluntary retained earnings reserves	56,680	55,480
Profit carried forward	40	100
Profit	5,002	6,140
Total liabilities	**478,531**	**482,859**
OFF-BALANCE-SHEET TRANSACTIONS		
Contingent liabilities	9,274	9,275
Irrevocable commitments	4,362	4,396

INCOME STATEMENT

(in CHF thousand)	2018	2017
RESULT FROM INTEREST OPERATIONS		
Interest and discount income	670	965
Interest and dividend income from financial investments	1,979	2,042
Interest expense	–3	–5
Gross result from interest operations	**2,646**	**3,002**
Changes in value adjustments for default risks and losses from interest operations	0	0
Subtotal net result from interest operations	**2,646**	**3,002**
RESULT FROM COMMISSION BUSINESS AND SERVICES		
Commission income from other services	22,382	21,483
Commission expense	–10,080	–9,400
Subtotal result from commission business and services	**12,302**	**12,083**
RESULT FROM TRADING ACTIVITIES	**12,549**	**10,574**
OTHER RESULT FROM ORDINARY ACTIVITIES		
Result from real estate	81	91
Other ordinary income	425	272
Subtotal other result from ordinary activities	**506**	**363**
OPERATING EXPENSES		
Personnel expenses	–10,784	–8,281
General and administrative expenses	–6,928	–5,584
Subtotal operating expenses	**–17,712**	**–13,865**
GROSS PROFIT	**10,291**	**12,157**
Depreciation of tangible fixed assets	–2,029	–1,602
Changes to provisions and other value adjustments, and losses	–519	–214
OPERATING RESULT	**7,743**	**10,341**
Extraordinary income	17	10
Extraordinary expenses	0	–1
Change in reserves for general banking risks	–1,100	–2,000
Taxes	–1,658	–2,210
Profit	**5,002**	**6,140**
APPROPRIATION OF PROFIT		
Profit	5,002	6,140
Profit carried forward	40	100
Distributable profit	**5,042**	**6,240**
Distributions from distributable profit	–5,000	–5,000
Allocation to voluntary retained earnings reserves	0	–1,200
Profit carried forward	**42**	**40**

STATEMENT OF CHANGES IN EQUITY

(in CHF thousand)	Share capital	Statutory capital reserve	Voluntary retained earnings reserves and profit carried forward	Reserves for general banking risks	Profit	**Total**
STATEMENT OF CHANGES IN EQUITY						
Equity at start of current year	**10,000**	**9,116**	**55,580**	**3,200**	**6,140**	**84,036**
Dividends and other distributions					–5,000	–5,000
Other allocations to the other reserves			1,140		–1,140	0
Other allocations to the reserves for general banking risks				1,100		1,100
Profit					5,002	5,002
Equity at end of current year	**10,000**	**9,116**	**56,720**	**4,300**	**5,002**	**85,138**

*Source: eCommerce Report 2019, Statista Digital Market Outlook – Market Report, www.statista.com

NOTES

NOTES CONCERNING BUSINESS ACTIVITY

Business name, legal form and domicile
Swiss Bankers Prepaid Services Ltd (SBPS), a company limited by shares domiciled in Grosshöchstetten, is the parent company of the SBPS Group. It is a licensed bank supervised by the Swiss Financial Market Supervisory Authority (FINMA).

Business activity
The parent company's business activity consists of issuance and reloading of prepaid cards in Swiss francs, euros and US dollars, as well as a service providing home delivery of travel cash for customers of Swiss banks. As at 31 December 2018, the full-time equivalent workforce of SBPS totalled 76.3 positions (previous year: 62.7).

For further information about the Group's business activity, please see the consolidated financial statements.

Accounting and valuation principles
The accounting and valuation principles are based on the Swiss Code of Obligations, the Swiss Banking Act and its associated ordinance, FINMA accounting guidelines, and statutory provisions.

The parent company presents reliable assessment financial statements. As a rule, the Group's accounting and valuation principles are applied. Unlike the consolidated financial statements, the single-entity financial statements may contain hidden reserves. Hidden reserves may result from depreciation of tangible fixed assets that exceeds operationally necessary levels. Provisions may also contain hidden reserves. In the event of temporary differences in taxable reserves, the single-entity financial statements do not calculate and report any deferred tax assets.

Participations
Reported under this balance sheet item is the parent company's 100% ownership of SBPS FL. The participation is valued at cost less any necessary write-downs.

Changes compared to the previous year
No changes have been made to the accounting and valuation principles compared with the previous year.

Events after the balance sheet date
No extraordinary events occurred after the reporting date that had a significant influence on SBPS's net assets, financial position and financial performance.

Risk assessment and management
Defined risks and regulatory compliance are continuously monitored. For further information on SBPS's risk assessment and management, please see the notes to the consolidated financial statements.

Contingent liabilities, irrevocable commitments, obligations to pay up shares and make further contributions
These are reported as off-balance-sheet transactions at their nominal value. Provisions are made for identifiable risks and reported in the balance sheet under "Liabilities".

INFORMATION CONCERNING THE BALANCE SHEET

(in CHF thousand)	Secured by mortgage	Other collateral	Unsecured	**Total**
OVERVIEW OF COLLATERAL FOR LOANS				
Loans				
Amounts due from customers	0	0	6,857	6,857
Total loans in the current year (before netting with value adjustments)	**0**	**0**	**6,857**	**6,857**
Total loans in the previous year (before netting with value adjustments)	0	0	8,057	8,057
Total loans in the current year (after netting with value adjustments)	**0**	**0**	**6,857**	**6,857**
Total loans in the previous year (after netting with value adjustments)	0	0	8,057	8,057
Off-balance-sheet transactions				
Performance guarantees	0	0	9,274	9,274
Irrevocable commitments	0	0	4,362	4,362
Total off-balance-sheet transactions, current year	**0**	**0**	**13,636**	**13,636**
Total off-balance-sheet transactions, previous year	0	0	13,671	13,671

The performance guarantees result from a guarantee contract between the parent company (SBPS) and SBPS FL. The amount of the guarantee is determined by the amount of the card balances of the subsidiary's customers, plus a reserve amount.

(in CHF thousand)	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
IMPAIRED LOANS/RECEIVABLES				
Current year	**0**	**0**	**0**	**0**
Previous year	0	0	0	0

(in CHF thousand)	**Book value 2018**	**Fair value 2018**	Book value 2017	Fair value 2017
FINANCIAL INVESTMENTS				
Debt securities	**233,236**	**233,698**	**222,761**	**224,163**
thereof securities eligible for repo transactions in accordance with liquidity requirements	*103,962*	*104,220*	*105,514*	*105,802*
Total financial investments	**233,236**	**233,698**	**222,761**	**224,163**

Debt securities are intended to be held to maturity.

(in CHF thousand)	Highest credit rating	Safe investment	Average quality investment	Speculative investment	Highly speculative investment	Payment delay/ default	Unrated
FINANCIAL INVESTMENTS BY RATING							
Debt securities at book values, current year	**162,274**	**31,730**	**10,068**	**0**	**0**	**0**	**29,164**
Debt securities at book values, previous year	151,974	39,304	9,413	0	0	0	22,070

SBPS uses the ratings of recognized rating agencies in accordance with FINMA mapping tables and the bank's internal classification.

(in CHF thousand)	**Other assets 2018**	**Other liabilities 2018**	Other assets 2017	Other liabilities 2017
OTHER ASSETS AND OTHER LIABILITIES				
Card stocks	445	0	433	0
Pure clearing accounts	2,821	546	3,516	3,558
Indirect taxes	198	165	264	141
Other assets and liabilities	1,390	1,065	992	456
Total other assets and other liabilities	**4,854**	**1,776**	**5,205**	**4,155**

(in CHF thousand)	Overfunding/ underfunding as at 31/12/2018	**Economic interest of the bank as at 31/12/2018**	Economic interest of the bank as at 31/12/2017	Change in economic interest versus previous year	Contributions paid for the current year	**Pension expenses in personnel expenses 2018**	Pension expenses in personnel expenses 2017
ECONOMIC BENEFIT / ECONOMIC OBLIGATION AND PENSION EXPENSES							
Pension plans with overfunding						690	614
Total			**0**			**690**	**614**

The coverage ratio of the pension fund as at 31 December 2017 was 105.3% (external auditor's report of 24 April 2018). The coverage ratio as at the end of the reporting year is expected to come in at 103.8%. The external audit will be presented and the annual financial statements adopted on 30 May 2019.

(in CHF thousand)	Balance as at 31/12/2017	Use in conformity with designated purpose	Reclassifi-cations	New provisions charged to income	Releases to income	**Balance as at 31/12/2018**
VALUE ADJUSTMENTS AND PROVISIONS, RESERVES FOR GENERAL BANKING RISKS, AND CHANGES THEREIN DURING THE CURRENT YEAR						
Provisions for pension benefit obligations	0					0
Other provisions	4,298	220		220		4,298
Total provisions	**4,298**	**220**		**220**		**4,298**
Reserves for general banking risks	**3,200**			**1,100**		**4,300**
Value adjustments for default and country risks	**0**					**0**
thereof value adjustments for latent risks	*0*					*0*

(in CHF thousand)	**Total par value 2018**	**No. of shares 2018**	**Capital eligible for dividend 2018**	Total par value 2017	No. of shares 2017	Capital eligible for dividend 2017
BANK'S CAPITAL						
Share capital (fully paid up)	10,000	10,000	10,000	10,000	10,000	10,000
Total bank's capital	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**

SBPS does not have any authorized or conditional capital. To the extent they do not exceed one-half of the nominal share capital, the statutory and voluntary capital reserves may be used only to cover losses or for measures designed to sustain the company through difficult times, to prevent unemployment or to mitigate its consequences.

(in CHF thousand)	**Amounts due from 2018**	**Amounts due to 2018**	Amounts due from 2017	Amounts due to 2017
DISCLOSURE OF AMOUNTS DUE FROM/TO RELATED PARTIES				
Holders of qualified participations	121,208	374	132,208	255
Group companies	555	221	1,866	227
Transactions with members of governing bodies	0	0	0	0

The shareholders of SBPS (holders of qualified participations) and SBPS FL (group company) are considered to be material counterparties. SBPS engages in transactions with them that are customary in the sector and are entered into accordance with market conditions.

	Absolute 2018 (in CHF thousand)	**Share 2018** (as %)	Absolute 2017 (in CHF thousand)	Share 2017 (as %)
DISCLOSURE OF HOLDERS OF SIGNIFICANT PARTICIPATIONS				
with voting rights:				
Association of Swiss Cantonal Banks	3,300	33.0	3,300	33.0
Credit Suisse (Switzerland) Ltd	2,500	25.0	2,500	25.0
Entris Banking Ltd	1,650	16.5	1,650	16.5
Raiffeisen Switzerland Cooperative	1,650	16.5	1,650	16.5
PostFinance Ltd	900	9.0	900	9.0

	Net foreign exposure end of current year		Net foreign exposure end of previous year	
	(in CHF thousand)	**Share** (as %)	(in CHF thousand)	Share (as %)
BREAKDOWN OF TOTAL ASSETS BY CREDIT RATING OF COUNTRY GROUPS (RISK DOMICILE VIEW)				
Highest credit rating	158,035	96.8	161,242	95.7
Safe investment	2,221	1.4	4,337	2.6
Average quality investment	2,972	1.8	2,945	1.7
Speculative investment	0	0	0	0
Highly speculative investment	0	0	0	0
Payment delay/default	0	0	0	0
Unrated	0	0	0	0
Total	**163,228**	**100.0**	**168,524**	**100.0**

SBPS uses the ratings of recognized rating agencies in accordance with FINMA mapping tables and the bank's internal classification.

INFORMATION CONCERNING THE INCOME STATEMENT

(in CHF thousand)	**2018**	2017
RESULT FROM TRADING ACTIVITIES		
Foreign currencies	12,549	10,574
thereof currency gains from banknotes	*4,018*	*3,826*
thereof foreign exchange gains from card products	*8,531*	*6,748*
Total result from trading activities	**12,549**	**10,574**
PERSONNEL EXPENSES		
Salaries	7,637	6,401
Social insurance benefits	1,402	1,172
Other personnel expenses	1,745	708
Total personnel expenses	**10,784**	**8,281**
GENERAL AND ADMINISTRATIVE EXPENSES		
Office space expenses	354	302
Expenses for information and communications technology	684	649
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	89	34
Audit firm fees	208	197
thereof for financial and regulatory audits	*155*	*155*
thereof for other services	*53*	*42*
Other operating expenses	5,593	4,402
Total general and administrative expenses	**6,928**	**5,584**
EXTRAORDINARY INCOME AND EXPENSES		
Gains realized from the disposal of tangible fixed assets	17	10
Losses realized from the disposal of tangible fixed assets	0	–1
Total extraordinary income and expenses	**17**	**9**
TAXES		
Current taxes	1,658	2,210
Total taxes	**1,658**	**2,210**

The tax rate was 21.36% for the reporting year.

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To the General Meeting of

Swiss Bankers Prepaid Services Ltd, Grosshöchstetten

Berne, 22 March 2019

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Swiss Bankers Prepaid Services Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes (pages 36 to 45), for the year ended 31 December 2018.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Rolf Scheuner
Licensed audit expert
(Auditor in charge)

Adriano Guerra
Licensed audit expert

SWISS BANKERS PREPAID SERVICES (LIECHTENSTEIN) LTD

VADUZ

COMPANY GOVERNING BODIES

Shareholder
Swiss Bankers Prepaid Services Ltd
3506 Grosshöchstetten
Switzerland

Board of Directors
Christoph Meister, Chairman
Hans-Jörg Widiger, Deputy Chairman
Dr Erek Nuener, member

Management
Sascha Breite, Managing Director
Andreas Stahel, Deputy Managing Director

External Auditor
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SWISS BANKERS PREPAID SERVICES (LIECHTENSTEIN) LTD, VADUZ

ANNUAL REPORT

Swiss Bankers Prepaid Services (Liechtenstein) Ltd (SBPS FL) is a licensed electronic money institution that is supervised by the Financial Market Authority (FMA) Liechtenstein.

SBPS FL is a wholly owned subsidiary of Swiss Bankers Prepaid Services Ltd (SBPS), which is domiciled in Grosshöchstetten, Switzerland. It has no branches.

SBPS FL is integrated into the risk management and control of the SBPS Group, which is subject to the consolidated supervision of the Swiss Financial Market Supervisory Authority (FINMA). Information concerning the risk management of SBPS FL is set forth in the notes to these financial statements.

The purpose of the electronic money institution is to issue, distribute, process and service prepaid cards. Prepaid cards, distributed through banks in Liechtenstein, as well as through Sparkasse Hochrhein (Germany) and Volksbank Hochrhein (Germany), generated revenue of CHF 37.1 million in 2018. This corresponds to a decrease in load volume of 6.4% compared with the previous year. The decline is mainly attributable to the realignment of Liechtenstein's banking business.

The result from commission business and services amounted to CHF 330,600 and was achieved primarily through top-ups and withdrawals using Travel Cash cards. The result from trading activities, which was derived from foreign exchange gains on the issuance of Travel Cash cards, amounted to CHF 266,800 in the reporting year. In addition, SBPS FL generated interest income of CHF 72,200 from fixed-term deposits. Operating expenses amounted to CHF 321,900 in the reporting year. The result was a pre-tax profit of CHF 326,700, representing a decline of about 28% compared with the previous year.

Revenue in Liechtenstein for the 2019 financial year is expected to equal that for the previous year. SBPS FL intends to gain new distribution partners in Liechtenstein and abroad and establish a direct distribution operation.

No extraordinary events have occurred after the balance sheet date that have had a significant impact on the net assets, financial position and financial performance of SBPS FL.

Christoph Meister
Chairman of the Board of Directors

Sascha Breite
Managing Director

BALANCE SHEET

(in CHF thousand)	**31/12/2018**	31/12/2017
ASSETS		
Amounts due from banks		
due on a daily basis	1,916	3,648
other receivables	9,836	9,200
Amounts due from customers	8	3
Other assets	167	85
Accrued income and prepaid expenses	54	45
Total assets	**11,981**	**12,981**
LIABILITIES		
Amounts due to banks	557	1,867
Amounts due to customers		
other liabilities, due on a daily basis	8,684	8,654
Other liabilities	10	16
Accrued expenses and deferred income	26	17
Provisions		
Provisions for taxes	38	50
Subscribed capital	450	450
Retained earnings reserves		
Statutory reserves	45	45
Other reserves	1,865	1,465
Profit carried forward	17	14
Profit	289	403
Total liabilities	**11,981**	**12,981**

INCOME STATEMENT

(in CHF thousand)	**2018**	2017
RESULT FROM INTEREST OPERATIONS		
Interest income	72	67
Subtotal result from interest operations	**72**	**67**
RESULT FROM COMMISSION BUSINESS AND SERVICES		
Commission income from other services	837	895
Commission expense	–506	–501
Subtotal result from commission business and services	**331**	**394**
RESULT FROM FINANCIAL TRANSACTIONS	**267**	**302**
thereof from trading activities	*267*	*302*
Subtotal result from financial transactions	**267**	**302**
OPERATING EXPENSES		
Personnel expenses	–140	–147
General and administrative expenses	–182	–141
Subtotal operating expenses	**–322**	**–288**
Other ordinary expenses	–21	–22
Income tax	–38	–50
Profit	**289**	**403**
APPROPRIATION OF PROFIT		
Profit	289	403
Profit carried forward	17	14
Distributable profit	**306**	**417**
Allocation to the other reserves	–300	–400
Profit carried forward	**6**	**17**

* Information relates to the Swiss Bankers Group as a whole.

NOTES

NOTES CONCERNING BUSINESS ACTIVITY, NUMBER OF EMPLOYEES

Introduction

SBPS FL (Commercial Registry Number FL-0002.411.270-4) commenced business on 1 January 2013. It is a licensed electronic money institution that is supervised by the Financial Market Authority (FMA) Liechtenstein.

The company's core business consists of the issuance, distribution, processing and servicing of prepaid cards in Swiss francs, euros and US dollars. As at 31 December 2018, the full-time equivalent workforce of SBPS FL totalled 0.8 positions (previous year: 0.7).

Outsourcing of business activities

In line with the provisions of Article 13 of the Liechtenstein Electronic Money Act (EGG) and the guidelines for outsourcing in accordance with Article 35, Annex 6, of the Liechtenstein Banking Ordinance (BankV), SBPS FL has outsourced various activities to the parent company (SBPS). The two parties have concluded a service level agreement for this purpose.

Insofar as customer data are associated with the outsourced services, the employees of all service providers are subject to the obligation of confidentiality, as well as to the obligation of secrecy applicable to electronic money institutions.

Income structure

SBPS FL generates its income from commission business and services, trading activities and interest operations.

Commission business and services

The result from the commission business and services is mainly derived from prepaid card top-ups and withdrawals.

Trading activities

Income from trading activities is derived from foreign exchange gains on the issuance of prepaid cards.

Interest operations

SBPS FL generates income from interest operations with prepaid card float. Prepaid card balances that have been activated but not used are referred to as float. The float is invested in Swiss francs, euros and US dollars in fixed-term deposits and current accounts.

ACCOUNTING AND VALUATION PRINCIPLES

Bases

Accounting and valuation are in line with the provisions of the Liechtenstein Persons and Companies Act (PGR), E-Money Act (EGG) and its associated ordinance, and other accounting-related guidelines of the Financial Market Authority (FMA) Liechtenstein. The annual financial statements have been prepared in accordance with statutory regulations and generally accepted accounting principles. They present a true and fair view of the company's net assets, financial position and financial performance.

Closing date

The closing date for the balance sheet is 31 December 2018. The income statement covers the period from 1 January to 31 December 2018.

Recording of transactions

All transactions concluded up to the reporting date are recorded in the accounts of the electronic money institution and accounted for in accordance with the defined valuation principles.

Foreign currency translation

Receivables and liabilities in foreign currencies are valued at the year-end price. Resulting exchange rate gains and losses are recognized in the income statement. All transactions are valued at the relevant day's rate.

The following exchange rates prevailed on the reporting date:

	2018	2017
EUR	1.1268	1.1698
USD	0.9845	0.9754

Amounts due from banks

These are recognized at their nominal value or at the acquisition cost. Individual value adjustments are made for identifiable risks in accordance with the principle of prudence.

Accruals and deferrals

Accruals and deferrals serve both to accurately ascertain assets and debts as at the reporting date and to ensure that expenses and income accrued in that period are reported in the income statement.

Value adjustments and provisions

Individual value adjustments and provisions are made for all risks identifiable on the reporting date in accordance with the principle of prudence.

Taxes are calculated on the basis of the result for the reporting year, and a provision is created for them.

Risk management
In line with the service level agreement between SBPS and SBPS FL and the regulations on the consolidated monitoring of the SBPS Group, risk policy / risk control is carried out by SBPS in accordance with the SBPS organizational and business regulations and the applicable provisions of the SBPS Group's risk limits concept. At the Group level, the Risk Control function reports to the management and the Board of Directors in accordance with SBPS's risk limits concept.

Default and country risks
Default risks are limited by risk distribution and quality requirements. A risk-oriented allocation of responsibilities has been established for the approval of exposures with default risks. Limits and rating requirements are subject to regular monitoring.

Country risk refers to the risk of a loss resulting from country-specific events. Country risks are actively and dynamically managed and are mainly concentrated in Western Europe (especially Switzerland).

Interest rate risks
SBPS FL does not pay interest on deposits (card balances). Interest rate changes are therefore reflected exclusively in the result from interest operations.

Other market risks
Foreign currency risks result from obligations arising from the business with prepaid cards in euros and US dollars. These risks are minimized at the Group level by concluding largely congruent currency transactions.

Liquidity risks
Liquidity is monitored and managed on a daily basis.

Personnel risks
SBPS FL manages personnel risks in a preventive manner by means of a qualified personnel evaluation process and institutionalized management tools. Background checks are performed prior to and during the term of employment.

Remuneration is set in accordance with the Group's guidelines and customary market terms. The fixed, non-performance-related component of remuneration is paid in 13 monthly salary tranches. A variable remuneration component (e.g. bonus) may be paid out additionally. As a result, variable remuneration and incentives are not dependent on the taking of disproportionately high risks.

INFORMATION CONCERNING THE BALANCE SHEET

(in CHF thousand)	Balance as at 31/12/2017	Use in conformity with designated purpose	Recoveries, past due interest, currency differences	New provisions charged to income	Releases to income	**Balance as at 31/12/2018**
VALUE ADJUSTMENTS AND PROVISIONS						
Provisions for taxes and deferred taxes	50	50		38		38
Total value adjustments and provisions	**50**	**50**		**38**		**38**
less value adjustments	0	0		0		0
Total provisions as per balance sheet	**50**	**50**		**38**		**38**

(in CHF thousand)	**Amounts due from 2018**	**Amounts due to 2018**	Amounts due from 2017	Amounts due to 2017
AMOUNTS DUE FROM/TO AFFILIATED COMPANIES, COMPANIES WITH WHICH A SHAREHOLDING RELATIONSHIP EXISTS, HOLDERS OF QUALIFIED PARTICIPATIONS AS WELL AS LOANS TO MEMBERS OF GOVERNING BODIES AND TRANSACTIONS WITH RELATED PARTIES				
Indirect holders of qualified participations	863	0	1,472	0
Direct holders of qualified participations	221	555	227	1,866
Transactions with members of governing bodies	0	0	0	0

SBPS FL engages in transactions with SBPS and holders of qualified participations thereof that are customary in the sector and are entered into under arm's length terms. No loans have been made to members of governing bodies.

(in CHF thousand)	At sight	Cancellable	Due within 3 months	Due within 3 to 12 months	Due within 1 to 5 years	Due after 5 years	No maturity	**Total**
MATURITY STRUCTURE OF ASSETS, LIABILITIES AND PROVISIONS								
Amounts due from banks	2,275	1,000	2,254	1,969	3,254	1,000	0	11,752
Amounts due from customers	8	0	0	0	0	0	0	8
Other assets	173	0	6	42	0	0	0	221
Total assets, current year	**2,456**	**1,000**	**2,260**	**2,011**	**3,254**	**1,000**	**0**	**11,981**
Total assets, previous year	4,136	1,000	0	5,505	2,340	0	0	12,981
Amounts due to banks	557	0	0	0	0	0	0	557
Amounts due to customers	8,684	0	0	0	0	0	0	8,684
Provisions	0	0	0	38	0	0	0	38
Other liabilities	0	0	31	5	0	0	0	36
Total liabilities and provisions, current year	**9,241**	**0**	**31**	**43**	**0**	**0**	**0**	**9,315**
Total liabilities and provisions, previous year	10,527	0	27	50	0	0	0	10,604

(in CHF thousand)	**Total par value 2018**	**No. of shares 2018**	**Capital eligible for dividend 2018**	Total par value 2017	No. of shares 2017	Capital eligible for dividend 2017
SHARE CAPITAL						
Share capital (registered shares)	**450**	**450**	**450**	**450**	**450**	**450**

	Nominal 2018 (in CHF thousand)	**Share 2018** (as %)	Nominal 2017 (in CHF thousand)	Share 2017 (as %)
MAJOR SHAREHOLDERS				
Direct (with voting rights):				
Swiss Bankers Prepaid Services Ltd, Grosshöchstetten	450	100	450	100

Major shareholders of SBPS are disclosed on page 44.

(in CHF thousand)	
STATEMENT OF CHANGES IN EQUITY	
Equity at start of current year	
Share capital paid in	450
+ Statutory reserves	45
+ Other reserves	1,465
+ Distributable profit	417
Total equity at start of current year	**2,377**
– Dividends and other distributions from the previous year's profit	0
+ Profit for the current year	289
Total equity at end of current year	**2,666**
thereof share capital paid in	*450*
thereof statutory reserves	*45*
thereof other reserves	*1,865*
thereof distributable profit	*306*

INFORMATION CONCERNING THE INCOME STATEMENT

(in CHF thousand)	**2018**	2017
RESULT FROM FINANCIAL TRANSACTIONS		
Foreign exchange gains from card products	267	302
Total result from financial transactions	**267**	**302**

(in CHF thousand)	**2018**	2017
PERSONNEL EXPENSES		
Wages and salaries	123	116
Social security contributions and contributions to pension schemes	17	30
thereof for pension schemes	*14*	*5*
Other personnel expenses	0	1
Total personnel expenses	**140**	**147**

(in CHF thousand)	**2018**	2017
GENERAL AND ADMINISTRATIVE EXPENSES		
Office space expenses	26	26
Other operating expenses	156	115
Total general and administrative expenses	**182**	**141**

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To the General Meeting of

Swiss Bankers Prepaid Services (Liechtenstein) Ltd, Vaduz

Berne, 18 March 2019

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accounting records, the financial statements (balance sheet, income statement, and notes, pages 52 to 60) and the annual report (page 51) of Swiss Bankers Prepaid Services (Liechtenstein) Ltd for the year ended 31 December 2018.

Board of Directors' responsibility
These financial statements and the annual report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Auditor's responsibility
Our audit was conducted in accordance with auditing standards promulgated by the Liechtenstein profession, which require that an audit be planned and performed to obtain reasonable assurance that the financial statements and annual report are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position, the result of operations and the cash flows in accordance with Liechtenstein law. Furthermore, the accounting records, the financial statements and the annual report as well as the proposed appropriation of available earnings comply with Liechtenstein law and the Company's articles of incorporation.

Report on other legal requirements
The annual report corresponds to the annual financial statements and contains no significant incorrect information according to our assessment.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Stefan Fuchs
Certified Accountant
(Auditor in charge)

Adriano Guerra
Certified Accountant

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