



1972-2022

BONDPARTNERS SA

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Lausanne, March 30th, 2022
CP/c-presse.doc/cp



PRESS RELEASE (No 136) (translation, French text prevails)

Bondpartners SA: audited accounts as of 31.12.21

Confirmation of the preliminary figures: the final net profit amounted to CHF 2.5 million (+66%) and the operating result doubled; the total balance sheet reached CHF 122.6 million (with current assets of CHF 113 million and shareholders' equity of CHF 86.7 million). The simplified leverage ratio (CET1) toughened to 65%, a higher percentage when compared to previous reportings. The result from trading operations significantly increased due to the good performance of positions held for own account, while the trading was deemed satisfactory, despite lower margins compared to 2020. The strengthening of Swiss franc continued to penalize the income, albeit to a lesser extent. Expenses remained contained and reserves for general banking risks have been enhanced to CHF 42.5m.

In spite of the stressful circumstances, to say the least, which prevail at the beginning of the current financial year, whether related to the concerns about inflation and economic growth, or as of recently about the conflict in Ukraine, an increased dividend of 40% will be proposed to the shareholders.

Background and activities in 2021

Inflation posted a sharp comeback in 2021, amid rising commodity costs, whether as energy, agriculture or industrial sources. Despite persisting supply and delivery problems, growth rebounded and regained the lost ground in the advanced economies. Both factors have progressively influenced the budgetary and monetary policy makers, up to this point adepts of rather accommodating measures. The development of pandemic, more contagious but less virulent, has awakened a growing hope in relation to immunity and gradual abandonment of restrictions. By contrast, the scourge of climate change has not abated, fostering wildfires, floods and hurricanes. Lastly, regarding the geopolitical situation, rivalries with China and authoritarian tensions in Eastern Europe have strengthened in a context of a balance of power increasingly uptight and bellicose.



Notwithstanding the re-emergence of inflation, stock markets continued their turnaround, lifted by the spectacular economic recovery and the renewal of unprecedented interventions by central banks. Most stock indexes reported solid progressions. Capital markets have shifted to a choppy course, following the appearance of a major turning point with regard to interest rates dynamics. Except against the US dollar, or national currency got stronger and maintained its position as safe haven. Volatility has not spared crypto-currencies which, finally, ended the year with an appreciation. Commodities, as already indicated, have generally strongly increased, apart from precious metals which lagged behind.

The year 2021 unfolded under better conditions for Bondpartners. Where trading revenues did not reach the numbers reported in 2020 (but outperformed those of the two previous years), turnover increased by 6%, on the grounds of lower margins, as a consequence of the dominance of structured instruments intermediation. In line with stock markets' performances, the valuation of securities held for own account improved and the outputs for currencies and exchange rates, though still negative, were better than those of the previous year. Hence, the operating result doubled and the net profit jumped 66%. Operating expenses, for their part, remained contained; a further constitution of reserves for general banking risks was completed. Thus, shareholders' equity amounted to nearly CHF 87m, or 71% of the total balance-sheet; the CET1 ratio reached 65%, a percentage much higher than the bank regulatory requirements. All significant details appear under the hereafter header "Financial statements as of 31.12.2021".

When it comes to recent developments, the Company continued to enhance its IT and trading equipment, a long-term endeavour to which it is devoting a close attention, while also refurbishing the premises located, as a reminder, in a listed building. Ties of cooperation with Bruellan SA have been strengthened; as a reminder also this asset manager is one of BPL's reference shareholders. The support to SwissTruth SA was pursued, a start-up that is playing an active role in the deployment of digital integrity platforms linked to the KSI blockchain.

The Company's ordinary registered share continued to be listed on the Cantonal Bank of Bern's OTC-X electronic exchange. It ended the year under review at CHF 810.-, down by 1.8%. The extremes were CHF 865,- and 790,-.

In spite of the caution that should be used in response to the significant uncertainties which prevail currently, the Board will propose the distribution of an ordinary dividend of 30% with an extra 10% on account of the Company's jubilee, a substantially higher allocation of 40%, than in the previous financial year (25%), in the light of the substantial funding available, which exceeds, as in the past, regulatory requirements.

Financial statements as of 31.12.2021

BALANCE SHEET

The statutory balance sheet total slightly declined 1% to CHF 122.6 million; its overall structure as well as its size did not change.

Turning to assets, cash combined with sight and term deposits in banks reached CHF 33.7 million (-20%), in line with the reduction in client current accounts, while receivables resulting from trading operations, ranging from banks to non-banks counterparts, rose 16.5% to CHF 24.4 million.

With regard to proprietary positions, the trading portfolio grew by almost 7.5% to CHF 54.5 million following the stock markets' satisfactory performances; financial investments (precious metals) remained unchanged at CHF 0.5 million. Current assets amounted to CHF 113 million (-1%) representing 92% of the balance sheet, a persistent percentage compared to the previous financial years, irrespective of the size of the latter, while fixed assets, essentially consisting of two buildings owned by the Company (total land 4,625 m², for a fire insurance aggregate value of CHF 19.5m), remained more or less the same at CHF 9.5 million (-1.5%).

Regarding liabilities, commitments with banks increased 149% to CHF 8.1 million (consisting of CHF 2.5m related to unchanged mortgages on the two aforementioned buildings and CHF 5.6m with regard to open trading transactions with banking counterparts); total commitments deriving from securities dealing (outstanding transactions on the closing date, to be seen in parallel with receivables from aforesaid operations, resulting in a net negative balance of CHF 0.1m), for its part, extended to CHF 22.5 million (+24.5%). In terms of commitments to clients (current accounts at sight with a credit balance and



trading with non-banking correspondents) receded to CHF 26.75 million (-24.5%). Accrued expenses and deferred income were relatively stable CHF 1 million (-3%). Consequently, total liabilities shrunk by 10% to CHF 35.9 million, an amount which is nearly covered three times by current assets, also a fairly stable proportion, compared to prior periods.

Reserves for general banking risks went up by 3.5% to CHF 42.6 million, following a reconstitution of provisions. The other reserves, including the general statutory reserve and voluntary reserves experienced no variation and remained at CHF 37.75 million. The reserve for own shares (equity capital in the hands of the Company) appears negative and came to CHF -4 million (unch.). Total individual equity (before distributions) totaled CHF 86.7 million (+3.3%) or 71% of the parent company balance sheet, a higher percentage compared to the previous financial year (68%). The prudential standards recommended by the Basel Committee are therefore bountifully filled. Qualifying equity capital on an individual basis amounted to CHF 78.5 million against a regulatory capital requirement of CHF 9.7 million, leaving a surplus of nearly CHF 69 million and a coverage adequacy of almost eight times the minimum required. The simplified leverage ratio (CET1) rose to 65%, a higher percentage also when compared to financial strength quota of the previous year (63%).

PROFIT AND LOSS ACCOUNT

The net profit (+66%) published by the Company amounted to CHF +2.5 million (vs CHF +1.5m in 2020). Total gross ordinary income reached CHF 8.6 million (-17.5%), -excluding currency exchange effects which had a less negative impact of CHF -0.7 million (vs CHF -1.5 million for the previous year) and excluding valuation results of securities portfolio which posted an improvement of CHF 3.75 million, while it had showed a more modest progression of CHF 0.7m by the end of December 2020. The net trading income (arbitrage as well as dealing) stood at CHF 5.7 million (-22%), volumes having nevertheless increased by 6% in a still, volatile environment, which has persistently remained unfavorable to bond dealing (in contrast with structured instrument trading which pursued its development during the year under review); margins for their part weakened 23.5%, due to the growing intermediation of financial products with underlying securities which generate lower revenue. On the other hand, the gross interest and dividend income, before expenses, showed some progress (+2.5%) to CHF 1.65 million, in a rate background which remained at historically low levels (or even negative) where returns still deemed unattractive, as risks of an emerging inflation were expected to increase. The gross income from commissions and services increased by 30.5%, to CHF 1.2 million. Interest and commission expenses (write-offs, banking and settlement fees included, as well as retrocessions), stood overall at CHF 1 million, down 15.5% over the previous financial year.

Total operating costs increased moderately to CHF 6.1 million (+2.5%) and are covered almost 14 times by shareholders' equity, as in the previous years. Following the considerably more favorable performance realized by equity portfolio held for own account and despite the behavior of our national currency which has maintained its safe-haven status, while losing some ground against the greenback, the operative result noticeably improved to CHF +4.4 million (2020: CHF +2.1 million). With regard to changes in provisions, reserves for general banking risks have been replenished for an amount of CHF +1.5 million (vs +0.4 million). Lastly, total expenses, after tax and without impact of currency or holdings movement and excluding reserve fluctuations, came to CHF 7.6 million (-1%), a figure which is covered almost 15 times by current assets, also a steady multiple over the last years. The relation between spending and revenues (excluding currency effects and variations in reserves) stood therefore at 62% (vs 69%).

Outlook

As for 2022, the outlook is not reassuring. Compounded by fears about rising commodity costs and supply difficulties, uncertainties about economic growth and pandemic situation, among other issues, along with the addition of the war in Ukraine which provokes unpredictable impacts within Bondpartners' activities and assets. The fact remains, once more, that Bondpartners benefits from an equity capital that largely exceeds the regulatory requirements and that the Company's periodic review of own funds planning has, for many years, included the presence of such a disaster scenario. BPL's resilience is not compromised, as it celebrates its first half century of existence.

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



Statutory accounts as at 31.12.21/31.12.2020
(Audited Accounts according to rules BAG/FINMA)

Statutory income statement

	<u>31.12.2021</u> Fr.	<u>31.12.2020</u> Fr.
Income from trading operations	8.890.430,-	7.592.596,-
Results from currencies and forex	-705.840,-	-1.540.662,-
Commission income from securities trading and investment activities	858.405,-	716.416,-
Net result from interest operations	1.626.768,-	1.599.892,-
Total operating expenses	-6.122.497,-	-5.969.509,-
Operating result	4.396.287,-	2.131.743,-
Extraordinary income	0,-	30.656,-
Extraordinary expenses	0,-	0,-
Result of the period	2.517.881,-	1.515.903,-

Statutory balance sheet

	<u>31.12.2021</u> Fr.	<u>31.12.2020</u> Fr.
ASSETS		
Cash and amounts due from banks	47.688.695,-	54.751.829,-
Amounts due from customers and non-banks	10.323.979,-	8.074.142,-
Trading portfolios assets	54.487.268,-	50.627.666,-
Financial investments and precious metals	472.450,-	472.450,-
Participations	1.152.500,-	1.152.500,-
Tangible fixed assets	7.900.000,-	7.900.000,-
LIABILITIES		
Amounts due to banks	8.092.700,-	3.255.610,-
Amounts due in respect to customer deposits and due to non-banks	26.693.710,-	35.349.976,-
Accrued expenses and deferred income	1.013.600,-	1.044.900,-
Reserves for general banking risks	42.595.000,-	41.125.000,-
Own shares	-4.002.548,-	-4.002.615,-
Statutory capital reserve and voluntary retained earnings reserve	37.750.000,-	37.750.000,-
Total balance-sheet	122.594.660,-	123.717.574,-
Total current assets	113.043.431,-	114.029.716,-
Total shareholders' equity	86.708.144,-	83.970.871,-

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