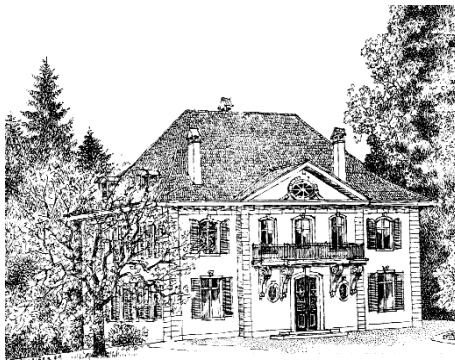




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PRESS RELEASE (No 137)

(Free translation)

Bondpartners SA (BPL), Lausanne: In a rather disturbing economic and geopolitical environment, the first half-year was singularly unfavorable for the Company's own positions, with a significant decline in net income. Currency effects were negative in line with the strengthening of the Swiss franc, while trading operations backed up slightly, although margins improved somewhat. The provisions set aside to cover this type of market risks, were therefore put in use. However, shareholders' equity still accounted for more than half of the total balance-sheet. For its part, the solvency ratio broadly and consistently exceeded the regulatory requirements.

BPL recorded a net accounting loss of CHF -1.92m for the first six months of the year under review, compared with a net gain of +2.3m at the end of June 2021. The reinforcement of the Swissie against most currencies, as well as the decidedly adverse trend in proprietary securities portfolios throughout nearly the whole period considered, have noticeably reduced overall trading revenues, while dealing operations, whose margins have improved in less sustained volumes, have remained relatively stable. Operating expenses were contained (-0.5%). Shareholder's equity, after distribution (ordinary and special), suffered from the market corrections and from the release of provisions (-8%) at CHF 79m, representing at least 55% of the balance sheet total. The solvency ratio (CET1) stood at almost 52% (+21%).



Between new crises and unprecedented situations, the extraordinary circumstances that have prevailed since the start of the pandemic have only experienced some temporarily respite, not without a backlash, during 2021, with concerns about economic growth, inflation, interest rates, the climate situation and, of course, the Russian-Ukrainian conflict, to name but a few, leading to declines of historic proportions in the financial markets during the first half of 2022. At this stage, such a concomitance of corrections is rare and the value of most assets has fallen, with almost no real possibility of refuge (except perhaps energy commodities). Volatility and risk aversion have thus made a marked comeback, with the role of central banks remaining the focus of attention, as they shift from managing a demand shock to fighting a supply shock.

Unsurprisingly, the heavy losses recorded by the markets during this first part of the year, further inflamed by the geopolitical context and especially the war in Europe, had highly unfavorable repercussions on BPL's assets, whether in terms of equity, bond or foreign exchange positions. Trading, intermediation and brokerage activities held up well, but to a lesser extent than expected, with most counterparties remaining passive, or even stunned, in the face of developments in interest rates and indices.

The balance sheet structure has changed little, with current assets and equity in similar proportions to previous periods. The solvency ratios remained strongly in surplus. The high level of reserves that the Company has built up over the years, in view of this type of risk (and debacle), still takes on its full meaning here, as in the past, the objective of the management being to ensure its durability and its capacity to assume the development, financing and liquidation of operations under greatly deteriorated conditions. The dynamics of interest rates and spreads should create opportunities that have not arisen in recent years, and could thus favor bond trading, the Company's core business.

In this once again damaging background, it is difficult to forecast the end of the year. The reasons for the instability of the markets are multiple and profound and call for caution, even though BPL's financial situation remains robust, which will enable it to face up to the situation and preserve its operational conditions, as it has done for the past 50 years.

(NB. comparative figures June 2022/June 2021)

Bondpartners reported a net book loss of CHF -1.9m for the first half of 2022 (vs. a gain of CHF +2.3m for the first 6 months of 2021).

Also compared to the first half of 2021, the statutory balance sheet total decreased by 22% to CHF 142.4m, mainly due to the reduction in pending/overlapping transactions at the end of June and, to a lesser extent, due to the decline of the own-account securities portfolio.

Current assets account for 93% of the balance sheet (a figure that has remained stable compared with previous periods), i.e. cash and sight deposits (CHF 36.8 million -3.5%), receivables from banks resulting from trading operations (CHF 28.5 million -46%), receivables from customers and non-banks (CHF 19.4 million -27%) and securities portfolios excluding own shares held by the Company and precious metals (CHF 47.5 million -13.5%). Total liabilities amounted to CHF 63.4 million (-35%). The aggregate of commitments, irrespective of their maturity, is more than twice covered by current assets (CHF 132.7 m), a ratio that is also very constant compared with previous periods.



In terms of individual shareholders' equity, its total amounted to CHF 79m (-8%) and represents 55.5% of the balance sheet after deduction of the reserve for own shares (CHF -4m). The reserves for general banking risks amount to CHF 38.8m (-7%), while the other reserves amount to CHF 37.75m (unchanged). Disclosed equity value per share (calculated on the entire capital) thus amounts to CHF 1'435,-. The last price paid on the BEKB's electronic platform OTC-X was CHF 950,-.

The individual capital adequacy (solvency ratio/CET1) reaches 52%, which is higher than in the same period last year. The required equity capital is covered almost 6.5 times by the regulatory eligible available capital.

In the income statement, net interest income totaled CHF 1 million (+0.5%) and net commission income CHF 0.27 million (-23%). Net income from trading operations (CHF +2.5m) fell moderately by 2.5%, while the valuation result of the securities portfolio was down significantly (CHF -6.3m vs. +2.26m); the foreign exchange result also declined, albeit more modestly, to CHF -0.33m (vs. +0.12m). Operating costs remained contained at CHF 2.9m (-0.5%). The operating result thus amounts to CHF -5.7m (vs. +3.3m), before dissolution of reserves for CHF 3.8m.

About Bondpartners: BPL is a Swiss financial company founded in 1972 in Lausanne, whose activities are focused on three main areas: inter-professional securities trading, market making and execution of transactions on behalf of institutional clients and independent asset managers. It is authorized and supervised by the FINMA as a securities firm. The ordinary registered shares issued are traded on the OTC-X market of the BEKB.



Statutory half-year end yearly accounts as at 30.06.22/31.12.21/30.06.21
(Comparative and non-audited accounts according to rules BAG/FINMA)

Statutory income statement

	<u>30.06.2022</u> CHF	<u>30.06.2021</u> CHF
Net income from trading operations	2.476.525,-	2.540.530,-
Results from own portfolio evaluation	-6.260.736,-	2.213.632,-
Results from currencies and forex	-328.590,-	115.088,-
Net result from commission business and services	274.734,-	357.743,-
Net interest income	1.033.530,-	999.532,-
Total operating expenses	-2.965.009,-	-2.974.670,-
Operating result	-5.732.476,-	3.277.297,-
Changes in reserves for general banking risks	3.820.000,-	-585.000,-
Extraordinary results	33.908,-	0,-
Net result of the period	-1.917.605,-	2.281.598,-

Statutory balance sheet

	<u>30.06.2022</u> CHF	<u>31.12.2021</u> CHF
ASSETS		
Cash and amounts due from banks	65.337.588,-	47.759.734,-
Amounts due from customers and non-banks	19.362.000,-	10.323.979,-
Trading portfolios assets	47.495.316,-	54.487.268,-
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 (trading operations)	20.619.992,-	8.092.700,-
Amounts due in respect to customer deposits and due to non-banks (trading)	39.556.957,-	26.693.710,-
Accrued expenses and deferred income	625.900,-	1.013.600,-
Reserves for general banking risks	38.775.000,-	42.595.000,-
Share capital	5.500.000,-	5.500.000,-
Own shares	-4.001.755,-	-4.002.548,-
Statutory capital reserve and voluntary retained earnings reserve	37.750.000,-	37.750.000,-
Total balance-sheet	142.360.160,-	122.594.660,-
Total current assets	132.667.354,-	113.043.431,-
Total shareholders' equity	78.970.252,-	86.708.144,-
Total liabilities	63.389.908,-	35.886.516,-
Total eligible capital (CET1)	73.818.000,-	78.538.000,-
Total required capital	11.299.000,-	9.718.000,-

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