BONDPARTNERS
1972-2022

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Bondpartners SA: Net income was at break-even and provisions for market risks have been used as a result of the synchronized decline in the equity and bond markets, which affected in 2022 the Company's own positions.

(Summary)
Bondpartners' preliminary and pre-audit profit for 2022 declined significantly from the previous year to CHF +0.05m vs +2.5m. The sharp downturn in the valuation of the own-account securities portfolio has also markedly deteriorated the operating result, which was negative at CHF -4.4m (vs. +4.4m at the end of 2021). This has led to the dissolution of previously established latent reserves in the amount of CHF 4.5m. Expenses remained contained despite the costs associated with the 50th anniversary and the scheduled renovation of facilities.

Thus, against the backdrop of inflation, rising interest rates and war, the year was a very poor one for the financial markets, which experienced a concomitant fall in equities and bonds of historically high proportions, which, on the one hand, burdened the unrealized result of the security holdings and, on the other, favoured the trading result, whose margins appreciated. The foreign exchange result was down in the same proportions as in the previous year.

Nevertheless, both the balance sheet structure and the solvency ratios remained, as in the past, extremely solid, with shareholders' equity at nearly CHF 80m, or 69% of the balance sheet total (reflected by a CET1 ratio of 65%) and current assets (CHF 107m) representing 92% of this same balance sheet.

For the fiscal year ended 31st December 2022, Bondpartners (BPL), hereby announces a *preliminary and non-audited* net individual income of CHF +0.05m versus CHF +2.5m in 2021. The gross ordinary income (*including valuation of own equity positions and currency exchange gains or losses*), reached CHF 3.3m (vs CHF 11.6m at the end of 2021) and the operating result amounted to CHF -4.4m (vs CHF +4.4m in 2021).

Turnover decreased 20% whilst margins improved 40% in a context of massive monetary and quantitative tightening, boosted by a galloping inflation (while threatened by recession), and aggravated by the geopolitical situation and market volatility. Bonds, the Company's core business, have seen a gradual return to favour between the end of negative interest rates and the sharp rise in yields (and the consequent fall in their prices), while interest in structured products, although still present, has waned. As already mentioned, the calamitous performance of equities (and thus bonds as well) had, at the very least, unpleasant repercussions (albeit unrealized) on the valuation of own-account securities portfolios. Our national currency once again strengthened significantly, particularly against the pound sterling and the yen and, to a lesser extent, against the euro and the dollar, which had a negative impact on the exchange rate result despite hedging operations.

In terms of *net* ordinary results, interest income was up 5.5% at CHF 1.7m, proceeds from commission transactions regressed 32.5% to CHF 0.4m and income from trading transactions reported +16.5% higher earnings at CHF 6m. Income from the valuations of securities holdings amounted therefore notably lower at CHF -5.55m (vs+3.7m) and the result from currencies and forex totalled a loss, as in the previous year, of CHF -0.75m (vs CHF -0.7m in 2021). Operating expenses were higher by 3.25% at CHF 6.3m (vs 6.1m), whilst total charges, *including amortization/depreciation and excluding taxes*, amounted to CHF 7.6m (+5.5%).

Reserves for general banking risks registered an adjustment of CHF -4.5m, in favour of the income statement, when in 2021 a reserve constitution of CHF +1.5m took place.

The statutory balance sheet fell by 5% at CHF 116.2m (vs 122.6m); current assets making up 92% of the latter (namely, receivables from banks: 41%, due from customers and non-banking companies: 14.25%, securities portfolio: 44.25% of the balance-sheet total). Fixed assets (comprised mostly of two buildings owned by the Company) accounted for 8% of this same balance sheet.

With regard to liabilities as of 31.12.2022, commitments towards banks (including trading operations) reached CHF 7.4m (vs 8.1m) and amounts due to customers (deposits) and non-banking institutions (also including open transactions) came to CHF 27.7m (vs 26.7m). Total liabilities amounted thus to CHF 36m (vs 35.9m). The reserves for general banking risks amounted to CHF 38.1m (-10.5%), while other reserves remained steady at CHF 37.75m and individual shareholders' equity contracted 7.5% to CHF 80.25m.

The parent company's solvency ratio (Tier One/CET1, according to Basel III principles) reflected a persisting high rate of 65.20% (vs 64.65%). Eligible and required capitals respectively amount to about CHF 75m and CHF 9.2m, giving a net free equity of CHF 66m (vs 69m) according to preliminary figures. These data on capital adequacy continue, as in the past, to be widely above regulatory requirements.

Even though the markets have performed better at the very beginning of the year, there are still many uncertainties, whether it be inflation and the more or less brutal landing of the economy, or the geopolitical situation in the wake of the war in Ukraine, to name but a few. The fact remains that, despite the risk of recession that will guide the evolution of central banks' monetary policies, yield spreads have become attractive again after a long period of dearth. This should continue to have a positive impact on BPL's bond trading activities.

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 firm.

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