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BONDPARTNERS SA

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Lausanne, March 27th, 2024
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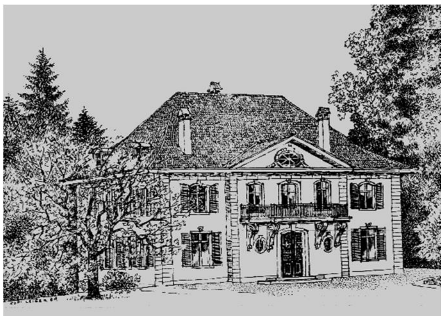

PRESS RELEASE (No 142) *(translation, French text prevails)*

Bondpartners SA: audited accounts as of 31.12.23

Unreserved confirmation of preliminary figures: the final net profit amounted to CHF 3'016k (vs CHF 47k at 31.12.2022), a significant increase driven by the results of trading operations and by the improved valuation of own positions (total CHF 11 million vs CHF +455k for the previous year), even if the strengthening of the Swiss franc penalized the currency result and consequently had a negative impact on assets and revenues (CHF -2,25mio vs CHF -750k). Therefore, the operating profit recorded a substantial rise at CHF +4.6 million (vs -4,4mio).

The balance sheet total reached CHF 165.4 million, i.e. by 42% (with current assets of CHF 156mio and shareholders' equity of CHF 83.2mio). The simplified leverage ratio (CET1) stood at nearly 46% (min. required 8%).

After a difficult year in 2022, to say the least, the improvement in certain market conditions, against a still tense geopolitical backdrop, had a positive influence on trading and proprietary positions. Volumes strengthened significantly, although margins narrowed over the course of the year, given the continuing importance of intermediation in structured products. Bond dealing grew in line with interest rate trends. Operating expenses remained contained, and reserves for general banking risks (CHF 39.2 million) were partially replenished. As in the past, regulatory capital requirements were comfortably met, despite the marked increase in the balance sheet total.

At the Annual General Meeting in May, the Board of Directors will propose a 40% dividend to shareholders, twice the percentage offered the previous year (20%). Based on the stock's annual closing price (CHF 875.-), this brings the gross yield to 4.6%.

Background and activities in 2023

The excellent performance of most of the world's stock markets in 2023 can be explained by multiple factors. Firstly, advanced economies have generally shown resilience over the past year, as inflation has fallen and a full-blown recession has not occurred. In particular, corporate margins were maintained at high levels and profit prospects remained strong, despite geopolitical tensions which were further exacerbated by the situation in the Middle East. Then, hopes that interest rates had peaked also sparked some recovery in the bond markets.

For Bondpartners, the good behaviour of equity markets (with the notable exception of the Swiss stock market, which lagged massively behind its peers) as well as the improvement of bond markets (boosted by the prospect of lower interest rates) had a positive impact on the Company's "Nostro" portfolios. In addition, sustained trading volumes proved more profitable. Thus, even though the strength of the Swiss franc adversely affected revenues and assets expressed in foreign currencies (despite systematic hedging transactions), 2023 was a significantly more productive year than the previous one. As a result, operating income and net profit rose significantly. The balance sheet structure, whose total grew strongly, and solvency ratios remained extremely solid. As in the past, regulatory requirements were amply met. Expenses remained contained and budgets were respected. Full details are given in the "Financial statements as of 31.12.2023" section below.

On the development front, the Company continued to perfect its IT and trading tools, a long-term project which again, this year, received the necessary attention, as did the renovation plan for the commercial premises in a building which, as a reminder, is listed. In addition, we continued to increase our customer canvassing and retaining efforts, at a time when bonds are once again proving attractive.

BPL's ordinary registered share price, traded on the BEKB's OTC-X platform, declined by 4% (to CHF 875.-) in the year under review, despite increasing volumes. On the basis of published shareholders' equity, the share's book value (CHF 1,500.-) continues to be well above market value.

Financial statements as of 31.12.2023

BALANCE SHEET

The balance sheet total rose by 42.3% to CHF 165.4 million. The overall structure and composition of the aforesaid remained unchanged, with the exception of a significant increase in trading assets and liabilities.

On the assets side, cash and cash equivalents plus sight deposits at banks amounted to almost CHF 28.5 million (+2%), while receivables from trading operations, both from banks or from customers and non-banking institutions, substantially rose by 148% to CHF 77 million. In terms of securities held in positions, the trading portfolio, -including the currency effect-, rose by almost 6% to CHF 50m, following improved share and bond prices; the financial investment portfolio (precious metals) was unchanged at CHF 0.5m. Current assets amounted to CHF 156 million (+46%), representing almost 94% of the balance sheet, a constant percentage compared with previous years, irrespective of the size of the total, while fixed assets, consisting largely of two buildings owned by the Company (total land area 4,625 m2, with a total fire insurance value of CHF 20.5 million), remained more or less unchanged at CHF 9.5 million (-1%).

On the liabilities side, commitments to banks totaled CHF 27.8 million, an increase of 276% (represented by an unchanged engagement of CHF 2.5 million in respect of mortgages on the two properties mentioned above, and by an amount of CHF 25.3 million in respect of trading operations with the said banks); total liabilities arising from securities dealing (overlapping transactions at the balance sheet date, to be set against receivables arising from the said transactions, namely a net positive balance of CHF 0.47m) amounted to CHF 67.7 million (+232%). Commitments to customers (current accounts with creditor customers and trading with non-bank counterparts) totaled CHF 53 million (+91%). Accruals and deferred income rose in line with the higher tax charge, to CHF 1.1 million (+44.5%).

As a result, total liabilities amounted to CHF 82.2 million (+128.5%), an amount almost twice covered by current assets, a proportion also relatively stable compared with previous years.

Reserves for general banking risks increased by 3% to CHF 39.2 million following the reconstitution of provisions. Other reserves, including the legal reserve and optional reserves, were unchanged at CHF 37.75 million. The reserve for treasury shares (the portion of own-capital held in treasury by the Company) appeared in negative, according to accounting standards, at CHF -4.2 million (+4%). Total individual shareholders' equity (before distribution) thus came to CHF 83.2 million (+3.5%), or 50% of the statutory balance sheet, a lower percentage than the previous year (69%) given the above-mentioned increase in assets and liabilities. As in previous years, the prudential standards recommended by the Basel Committee have been amply met. On an individual basis, regulatory capital stood at CHF 75 million, against a supervisory requirement of CHF 13 million, representing a surplus of almost CHF 62 million and a coverage ratio six times higher than the minimum required by the authorities. The simplified leverage ratio (CET1) stood at almost 46%, a substantial percentage, but lower than last year's financial strength ratio (65%), for the same reasons, as mentioned above, regarding assets and liabilities linked to the increase in trading operations at the end of the accounting year.

PROFIT AND LOSS ACCOUNT

Net income, as published by the Company, rose sharply to CHF +3mio (vs. +0.05mio in 2022, a year that was pretty uncomfortable for the financial markets).

Total gross ordinary income amounted to CHF 11.1 million (+16%), -excluding the currency result-, which, despite currency hedging, was negative at CHF -2.25 million (vs. -0.75 million for the previous year), and -excluding the valuation result on the securities portfolio-, which improved by CHF 3.25 million, compared with a sharp deterioration of CHF -5.55 million at the end of December 2022. Net income from dealing operations (arbitrage and trading) reached CHF 8.1 million (+31%), with volumes up by almost 34% and average margins down by 13.5% due to the less lucrative intermediation of structured products. Bond trading made a marked comeback, but investors remained cautious (albeit their renewed support of the 60/40 strategy), made wary by the volatility and liquidity of issues, whilst uncertainties over interest rate trends continued to loom large. Earnings before interest and dividend expense improved (+8%) to CHF 1.87 million, in an environment marked by the interruption of interest-rate hike cycles, followed by the emergence of hopes for future easing. As in the previous year, gross fee and commission income amounted to almost CHF 0.76 million, in a much improved framework for equities, here too against the backdrop of expectations of a loosening of monetary policies, not forgetting of course the craze for generative AI. Interest and commission expenses, retrocessions and miscellaneous costs (including depreciation, bank charges and settlement fees) totaled CHF 0.9 million, down 20% on the previous year.

Total operating expenses rose moderately by 3% to CHF 6.5 million, an amount covered almost 13 times by shareholders' equity, a sustainable multiple compared with previous years. The combination of a further improvement in trading and a positive trend in the securities held in the Company's “Nostro” portfolios (and this despite the traditionally unwelcome impact of our national currency on BPL’s assets and earnings), boosted operating income, which improved sharply to CHF+4.6mio (2022: CHF -4.35mio). With regard to changes in provisions, the reserves for general banking risks were partially replenished for an amount of CHF 1.1 million (versus a dissolution of CHF 4.5 million in favour of the income statement last year). Lastly, total expenses, -after tax-, without the impact of currency fluctuations or assessment of positions held for own account, and excluding reserve fluctuations, reached CHF 8 million (+2.5%), an amount covered almost 20 times (vs. 14x in 2022) by current assets, a multiple that has remained constant over the years. The ratio between total expenses and revenues (-excluding once more foreign exchange, valuation of positions and changes in reserves-) thus stood at 72% (vs. 81%).

Outlook

As the Company's business depends on market trends and volatility, as well as on the dynamism of its counterparties, the outlook for the current financial year is once again difficult to predict. Thus, a possible easing on the interest rate front, even if later than hoped, would be a positive factor, supported by settled down inflation and reassuring, although weakened, economic growth. However, many geopolitical uncertainties remain, from the war in Ukraine, the conflict (and its potential flare-up) undermining the Middle East, to the US presidential and congressional elections. In addition, debt is once again a hot topic, for governments, companies and individuals alike. There are also concerns about energy prices and the evolution of commercial and private real estate. All this, it goes without saying, at a time when certain limits have been reached faster than expected in global warming, likely to upset climate change forecasts.

As for Bondpartners' core business (bond trading), the increase in market activity has yet to be confirmed, while the period of extremely low (or even negative) interest rates seems well and truly over. As a result, the change of regime observed in this asset class should continue to benefit the Company, as should the recent (but still modest) weakening of our national currency.

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 31.12.2023/31.12.2022

(Audited Accounts according to rules BAG/FINMA)

Statutory income statement

	31.12.2023 CHF	31.12.2022 CHF
Income from trading operations	10.955.976,-	455.362,-
Results from currencies and forex	-2.246.572,-	-749.664,-
Commission income from securities trading and investment activities	577.270,-	608.156,-
Net result from interest operations	1.831.942,-	1.713.308,-
Total operating expenses	-6.512.623,-	-6.321.300,-
Operating result	4.605.009,-	-4.354.750,-
Extraordinary income	4.249,-	33.908,-
Extraordinary expenses	0,-	0,-
Result of the period	3.015.694,-	46.623,-

Statutory balance sheet

	31.12.2023 CHF	31.12.2022 CHF
ASSETS		
Cash and amounts due from banks	78.476.334,-	43.796.286,-
Amounts due from customers and non-banks	27.025.632,-	15.187.500,-
Trading portfolios assets	49.977.922,-	47.191.817,-
Financial investments and precious metals	472.450,-	472.450,-
Participations	1.100.000,-	1.152.500,-
Tangible fixed assets	7.900.000,-	7.900.000,-
LIABILITIES		
Amounts due to banks	27.818.725,-	7.394.614,-
Amounts due in respect to customer deposits and due to non-banks	53.013.768,-	27.743.735,-
Accrued expenses and deferred income	1.100.500,-	761.000,-
Reserves for general banking risks	39.195.000,-	38.108.000,-
Own shares	-4.163.632,-	-4.013.236,-
Statutory capital reserve and voluntary retained earnings reserve	37.750.000,-	37.750.000,-
Total balance-sheet	165.440.681,-	116.241.175,-
Total current assets	155.952.338,-	106.648.053,-
Total shareholders' equity	83.207.217,-	80.255.999,-

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