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BONDPARTNERS SA

Avenue de l'Elysée 24
Case postale / CH-1001 Lausanne
Tel. 021 613 43 43 / Fax: 021 617 97 15
Web: www.bpl-bondpartners.ch

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(Abstract)
Bondpartners SA, provisional figures before audit:
<Once again, a significant increase in turnover, that generated a net income of CHF 2M, to account for a less favourable year in terms of margins on trading income and a less gratifying one in terms of the result on positions for own account, which recorded a more measured gain. However, distributable profit is at a similar level to 2023, as is total shareholder equity, which is also virtually unchanged.>

(Summary)
Bondpartners' preliminary and pre-audit profit for 2024 was down by almost a third in comparison with the previous year, at CHF +2M vs. +3M (-32%).

Although the good figures for 2023 could not be matched, trading and arbitrage results (-12% to CHF 7.5M, -excluding retrocessions-), were generated with higher volumes (+26%) and nevertheless with lower margins due to structured product intermediation. The valuation of the proprietary securities portfolio, whose bond component was increased, generated an unrealized gain of CHF 1.6M (vs. +3.3M). Again the strength of the Swiss franc adversely affected the foreign exchange result (CHF -1.1M vs. -2.25M), albeit to a lesser extent. Operating expenses (CHF 6.8M) rose moderately as a result of salary indexation and investments in facilities and IT equipment/programs. Operating result thus stood at CHF +2M (vs. +4.6M). Reserves for general banking risks (tot. CHF 38.7M -1.25%) were dissolved in the amount of CHF 0.5M, while voluntary retained earnings reserves remained unchanged at CHF 35M.

Finally, the balance sheet total was reduced by 23.5% to CHF 126.6M, in line with the year-end reduction in trading assets and commitments (total liabilities -47%).

As in previous years, the capital's structure and solvency ratios remained extremely solid, with shareholders' equity amounting to almost CHF 83M, or 65% of the balance sheet total (reflected in a CET1 ratio of 60%), and with current assets (CHF 117M) representing over 92% of this same balance sheet total.

All things considered and despite a less prosperous year than the previous one, available earnings reached CHF 5M (+1%).

A complex and contrasting context
The United States confirmed its dominant position in 2024, often eclipsing the performance of other major economies. While Europe sank into stagnation and China faced a structural crisis, the US economy displayed insolent health. This vigour was also reflected in the stock market, where the S&P500 and NASDAQ, boosted by tech and AI equities, posted impressive gains, although this was by no means the case for all indices. Bitcoin and gold were also among the winning assets, while financial markets oscillated between all-time highs and sharp corrections.

While the major economic themes of growth, inflation and interest rates, as well as indebtedness and savings, set the pace for the year, other major events shaped 2024, including persistent geopolitical tensions, various crises and conflicts, public elections and dissolutions, not to mention the climatic and environmental situation.

(In extenso)
For the year ending December 31, 2024, Bondpartners (BPL) announces a provisional and unaudited individual net income of CHF +2M vs. +3M at the end of 2023.

While global inflation was reduced in 2024, the trend towards slower growth has continued since the Covid-19 pandemic, with the USA outperforming and Europe posting weaker-than-expected expansion. For financial markets, the year under review was a mixed one, to say the least, depending on the region and sector, with some assets and indices performing exceptionally well, while others (including our national SMI) were less buoyant in a complex economic and geopolitical context. Tensions linked to the trade war between the USA and China, economic and political challenges in Europe, particularly in France, Germany and the UK, as well as uncertainties surrounding global monetary policy, influenced capital flows. Among the big winners of 2024, gold and bitcoin stood out, as did the technology giants, which contributed strongly to the rise of the indices they are part of.

All this had a less beneficial influence than in the previous year on BPL's trading operations, as well as on proprietary positions, despite the significant increase in volumes. Our domestic currency continued to show resilience despite the strengthening of the greenback, once again affecting the foreign exchange result at least to a lesser extent, despite systematic hedging operations.

In terms of net ordinary revenue, interest income rose by 8% to CHF +1.98M, commission income increased by 14% to CHF +0.38M, and trading income declined by 30% to CHF +5.4M. Overall turnover rose by almost 26%, while margins fell by the same percentage (-26%). Results from the fair-value assessment of the securities portfolio were less favourable compared to the previous year, at CHF +1.64M vs. CHF +3.26M, and those from foreign exchange were less negative at CHF -1M vs. CHF -2.25M.

Operating expenses were 3.5% higher at CHF 6.77M (vs. 6.5M), while total expenses, including depreciation and excluding taxes, amounted to CHF 9M. Total gross income, including foreign exchange results, came to CHF 11M. Operating result thus reached nearly CHF +2M (vs. CHF +4.6M) according to OEPC-FINMA standards.

Reserves for general banking risks (tot. CHF 38.7M) were released by CHF 0.5M, whereas they had been replenished by CHF 1.1M (tot. CHF 39.2M) in 2023.

The balance sheet narrowed by 23.5% to CHF 126.6M from CHF 165.4M, 92.5% of which was made up of current assets (i.e., due from banks: 37% of the balance sheet total, due from customers and non-banks: 12% and securities portfolios: 43% of this same balance sheet total). Non-current and fixed assets (consisting mainly of two buildings owned by the Company) represent 7.6% of the balance sheet total.

On the liabilities side, total due to banks (including trading transactions) amounted to CHF 14.25M vs. 27.8M as of 31.12.24, while customer deposits and due to non-banks (also including trading operations) totalled CHF 28.3M vs. 53M. Total liabilities thus amounted to CHF 43.9M vs. 82.2M. Reserves for general banking risks stood at CHF 38.7M vs. 39.2M (-1.25%), other statutory and voluntary reserves were unchanged at CHF 37.75M, and individual shareholders' equity was little changed at CHF 82.7M vs. 83.2M. Profit available to shareholders was nearly the same at CHF 5M vs. 4.9M.

The parent company's provisional solvency ratio ("Tier One/CET1" according to Basel III principles) stood at 60.2% (vs. 46%). Determining and required equity amounted to around CHF 75.5M and CHF 10M respectively, giving total free capital of around CHF 65.5M (vs. 62M) based on preliminary figures, or almost 7.5x the minimum legal requirement (RPB characteristics). These capital adequacy figures therefore remain, as before, well in excess of regulatory requirements and criteria.

For the months to come, the optimism generated by a possible continuation of the central banks' "pivot", and therefore by further easing on the interest-rate front, has been met at this stage met with some setbacks and disappointments, as financial markets have not always enjoyed the data and forecasts on growth, inflation and massive government indebtedness. The risk/return trade-off once again poses a threat of reallocation and hence of correction. On the other hand, the uncertainties that the markets abhorred remain numerous, and add to the recent multiplication of adverse signals, whether concerning the global economy (including inflation and protectionism), the geopolitical situation or the climatic/environmental problem. Given the current craze for AI and tech giants, valuation/concentration multiples and earnings forecasts could experience jolts, likely to lead to increased overall volatility. On the debenture front, current yields look attractive and correlation with equities has recently returned to negative, with lower interest rate risk (unless, of course, inflationary pressures increase significantly), arguing in favour of this asset class, which is BPL's core business. Finally, on the currency front, major fluctuations are expected, and depending on the ups and downs, our national currency could further strengthen its role as a safe-haven asset.

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 and intermediation, market maintenance and animation, and the execution of transactions on behalf of regulated counterparties. As a securities firm, it is authorized and supervised by FINMA.

Contact :
Christian Plomb, CEO
Tél. ++41 (0)21 613 43 43
E-mail : christian.plomb @bpl-bondpartners.ch

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