



BCGE Group half-year results
as at 30 June 2019

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Highlights

Continued increase in profitability

The Banque Cantonale de Genève ended the half-year with a growth of 11.9% in its operating profit, which reached a new record level: CHF 94.6 million. Net profit was up 13.9% at CHF 59.3 million. Half-year turnover rose to CHF 220.1 million representing an increase of 5.8%. Results increased strongly thanks to the continued diversification and development of strategic business lines in Geneva, Switzerland and internationally. Productivity is at the same level as top universal Swiss banks with a cost/income ratio of 53.4%. Profitability saw a further increase: return on equity (ROE) rose 7.4%, while the earnings to equity progressed by 11.9%. Assets under management and custody at the BCGE group crossed the threshold of CHF 30 billion. For the full 2019 financial year, the bank expects operating profitability to be close to that of 2018.

- **Strong increase in profitability**

Operating profit reached a record level at CHF 94.6 million (+11.9%), while half-yearly profit increased to CHF 59.3 million (+13.9%). Operating income rose by 5.8% to CHF 220.1 million. All business lines contributed to this continuous growth in turnover. The gross interest margin reached 1.04% in a complex interest rate environment. It benefits from a dynamic ALM management system that compensates for the strong market pressure.

All business lines contributed to the increase in commissions (+3.4% to CHF 61.9 million). It should be noted that the share of commissions in turnover (28.1%) is high compared to comparable institutions. The 3.2% growth in securities commissions was driven by private and institutional asset management. Credit fees increased by 13.4% driven by international trade and export finance. Revenues in EUR and USD represent 30% of sales, proof of the beneficial internationalisation of revenue sources. Operating expenses increased by 1.7%, in line with business growth and innovation. Personnel costs reflect the use of high-level skills to support this growth. In the increasingly complex banking environment, the bank has had to absorb the significant costs associated with new regulations.

- **A major player in financing Geneva's economy**

Over the last three years, the bank has granted more than CHF 2.1 billion in additional loans to companies and private individuals, bringing the total to CHF 16.5 billion. Since 31 December 2018, an additional 148 businesses have joined the ranks of partner-clients, bringing the total to 19,945 businesses (legal entities). Mortgage loans increased by a targeted CHF 11.5 billion (+1.0%). Their share in the balance sheet total is moderate (48.7%), reflecting a healthy diversification of the latter.

- **Threshold of CHF 30 billion assets under management and custody crossed**

The BCGE Group's assets under management exceed CHF 30 billion. Private banking activities grew with the addition of 227 new Best of management mandates. Investment funds rose to CHF 2.9 billion (+13.8%), reflecting the success of the Synchrony Funds brand. The first half of the year was also marked by the acquisition in February of a leading specialist in institutional management in Switzerland: Loyal Finance AG, Zurich.

- **Continued growth in shareholders' equity**

The increase in shareholders' equity was CHF 48.2 million (+3.1%), bringing it to CHF 1.618 billion. An additional CHF 913 million in shareholders' equity has been created since 2005. BCGE belongs to the circle of well-capitalised and sound banks.

- **Increase in the number of private shareholders**

The bank is delighted to see its private and institutional shareholder base expand. The number of individuals and companies that have joined the ranks of its shareholders is constantly increasing (+317 individuals or entities). As at 30 June 2019, the bank had 14,798 registered shareholders (compared with 14,481 at the end of 2018).

- **An attractive BCGE share**

The BCGE share price rose by 4.7% in the first half of the year. This performance, which is above that of the SWX Banks index for the 5th consecutive year, reflects the attractiveness of the share. The potential for appreciation is still significant, as indicated by the ratio between the share price at CHF 201.00 (as at 30 June 2019) and its intrinsic value of CHF 226.66.

Highlights

▪ **Strategic priorities for 2019**

The strategic priorities that guide the bank's development are as follows:

- Core partner for the regional economy and SMEs.
- Key player in the financing of private and social housing in Geneva.
- Targeted expansion of private banking in Switzerland and internationally.
- Increase of its market share in asset management and investment funds on the Swiss market and internationally.
- Continued digitisation and growth in the acquisition of online business.

▪ **Outlook for 2019**

The bank intends to further expand its business activities despite a slowdown in the economy. It relies on the diversity of its skills and on the alignment of its business model with the specific demands of the Geneva economy .

- The growth of high added-value business and the loyalty of its client base confirm the BCGE's favourable strategic positioning.
- The bank's financial strength makes it a safe and stable custodial address.
- The bank expects low rates to persist along with higher market volatility, factors which are likely to affect its interest margin and commission income.
- Growth will remain moderate due to the regulations governing capital requirements and the counter-cyclical buffer.
- The bank is stepping up the development of its business areas that are less capital-intensive (private banking, asset management, investment funds, mergers and acquisitions and financial engineering advice).

For the 2019 financial year, the bank expects overall operating profitability to be close to that of 2018.

Highlights

Main consolidated figures for the first half 2019

Results, in CHF thousand	30.06.2019	30.06.2018	Variation 2019 vs 2018	
Operating income	220,058	208,037	12,021	5.8%
Operating income	117,506	115,526	1,980	1.7%
Operating result	94,574	84,526	10,048	11.9%
Six-month profit	59,253	52,012	7,241	13.9%
ROE (return on equity)	7.44%	6.94%	50 basis points	7.1%
Balance sheet and AUM, in CHF thousand	30.06.2019	31.12.2018		
Total assets	23,627,920	23,033,833	594,087	2.6%
Mortgage loans	11,501,551	11,387,669	113,882	1.0%
Assets under management and administration	30,290,235	26,688,019	3,602,216	13.5%
Shareholders' equity	1,618,113	1,569,922	48,191	3.1%
Tier 1 capital ratio	14.90%	14.67%	23 basis points	1.6%
Ratio of regulatory capital available	15.87%	15.63%	24 basis points	1.5%
Staff (full-time equivalents)	770	761	9	1.2%

Consolidated balance sheet – BCGE Group

Assets	30.06.2019	31.12.2018	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Liquid assets	3,463,699	3,410,649	53,050	1.6
Amounts due from banks	820,907	464,007	356,900	76.9
Amounts due from securities financing transactions	220,000	49,205	170,795	347.1
Amounts due from customers	5,003,799	5,215,130	(211,331)	(4.1)
Mortgage loans	11,501,551	11,387,669	113,882	1.0
Trading portfolio assets	64,247	60,782	3,465	5.7
Positive replacement values of derivative financial instruments	16,188	12,716	3,472	27.3
Financial investments	2,123,875	1,883,422	240,453	12.8
Accrued income and prepaid expenses	42,024	28,887	13,137	45.5
Participations	62,644	61,450	1,194	1.9
Tangible fixed assets	118,625	121,878	(3,253)	(2.7)
Intangible assets	885	-	885	n/a
Other assets	189,476	338,038	(148,562)	(43.9)
Total assets	23,627,920	23,033,833	594,087	2.6
Total subordinated claims	24,943	25,301	(358)	(1.4)
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	0.0
Liabilities	30.06.2019	31.12.2018	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	2,588,543	2,526,459	62,084	2.5
Liabilities from securities financing transactions	308,574	481,086	(172,512)	(35.9)
Amounts due in respect of customer deposits	15,122,752	14,644,276	478,476	3.3
Trading portfolio liabilities	38,885	2,379	36,506	1,534.5
Negative replacement values of derivative financial instruments	1,741	4,277	(2,536)	(59.3)
Cash bonds	2,440	2,540	(100)	(3.9)
Bond issues and central mortgage institution loans	3,797,520	3,411,255	386,265	11.3
Accrued expenses and deferred income	89,517	101,546	(12,029)	(11.8)
Other liabilities	47,414	277,603	(230,189)	(82.9)
Provisions	12,421	12,490	(69)	(0.6)
Reserves for general banking risks	230,000	215,000	15,000	7.0
Bank's capital	360,000	360,000	-	0.0
Statutory capital reserve	319,693	318,299	1,394	0.4
Statutory retained earnings reserve	676,887	615,104	61,783	10.0
Currency translation reserve	(17,614)	(16,434)	(1,180)	7.2
Own shares (negative item)	(10,518)	(13,206)	2,688	(20.4)
Minority interests in own capital	412	-	412	n/a
Profit/loss (result of the period)	59,253	91,159	(31,906)	(35.0)
<i>of which minority interests in profit & loss account</i>	27	-	27	n/a
Total liabilities	23,627,920	23,033,833	594,087	2.6
Total subordinated liabilities	307,960	308,390	(430)	(0.1)
<i>of which subject to mandatory conversion and / or debt waiver</i>	307,960	308,390	(430)	(0.1)
Off-balance-sheets transactions	30.06.2019	31.12.2018	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	943,095	889,735	53,360	6.0
Irrevocable commitments	740,283	729,606	10,677	1.5
Obligations to pay up shares and make further contributions	169,335	153,518	15,817	10.3
Credit commitments	59,945	78,989	(19,044)	(24.1)

Consolidated income statement – BCGE Group

	30.06.2019	30.06.2018	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Result from interest operations				
Interest and discount income	147,570	136,948	10,622	7.8
Interest and dividend income from trading portfolios	43	37	6	16.2
Interest and dividend income from financial investments	5,730	13,590	(7,860)	(57.8)
Interest expense	(32,297)	(29,091)	(3,206)	11.0
Gross result from interest operations	121,046	121,484	(438)	(0.4)
Changes in value adjustments for default risks and losses from interest operations	(1,789)	4,073	(5,862)	(143.9)
Subtotal net result from interest operations	119,257	125,557	(6,300)	(5.0)
Result from commission business and services				
Commission income from securities trading and investment activities	25,216	24,434	782	3.2
Commission income from lending activities	20,868	18,406	2,462	13.4
Commission income from other services	19,761	20,566	(805)	(3.9)
Commission expense	(3,951)	(3,565)	(386)	10.8
Subtotal result from commission business and services	61,894	59,841	2,053	3.4
Result from trading activities and the fair value option				
Subtotal result from trading activities and the fair value option	14,930	14,442	488	3.4
Other result from ordinary activities				
Result from the disposal of financial investments	6,356	2,990	3,366	112.6
Income from participations	12,504	6,922	5,582	80.6
Result from real estate	441	499	(58)	(11.6)
Other ordinary income	5,641	3,382	2,259	66.8
Other ordinary expenses	(965)	(5,596)	4,631	(82.8)
Subtotal other result from ordinary activities	23,977	8,197	15,780	192.5
Total operating income	220,058	208,037	12,021	5.8
Operating expenses				
Personnel expenses	(71,920)	(70,639)	(1,281)	1.8
General and administrative expenses	(45,586)	(44,887)	(699)	1.6
Subtotal operating expenses	(117,506)	(115,526)	(1,980)	1.7
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(7,748)	(8,049)	301	(3.7)
Changes to provisions and other value adjustments and losses	(230)	64	(294)	(459.4)
Operating result	94,574	84,526	10,048	11.9
Extraordinary income	22	-	22	n/a
Extraordinary expenses	-	-	-	-
Changes in reserves for general banking risks	(15,000)	(15,000)	-	-
Taxes	(20,343)	(17,514)	(2,829)	16.2
Profit/loss (result of the period)	59,253	52,012	7,241	13.9
<i>of which minority interests in profit & loss account</i>	27	-	27	n/a

Consolidated presentation of the statement of changes in equity – BCGE Group

CHF thousand	Bank's capital	Statutory capital reserve	Statutory retained earnings reserve	Reserves for general banking risks	Currency translation reserve	Own shares (negative item)	Minority interests	Result of the period	Total
Equity at start of current period	360,000	318,299	706,263	215,000	(16,434)	(13,206)		-	1,569,922
Acquisition of own shares						(4,448)			(4,448)
Disposal of own shares						8,336			8,336
Profit (loss) on disposal of own shares		1,200				(1,200)			-
Currency translation differences					(1,180)				(1,180)
Dividends and other distributions		193	(24,480)						(24,287)
Special allocation to the State of Geneva (20% of dividends paid)			(4,896)						(4,896)
Other allocations to (transfers from) the reserves for general banking risks				15,000					15,000
Allocations to minority interests							412		412
Other allocations to (transfers from) other reserves (round)		1							1
Profit / loss (result of the period)								59,253	59,253
Equity at end of current period	360,000	319,693	676,887	230,000	(17,614)	(10,518)	412	59,253	1,618,113

Condensed notes – BCGE Group

- **Highlights**

The chapter Highlights mentioned in pages 3 to 4 contain information regarding the economic factors that have influenced the results under review and their variations compared to the previous year.

- No significant event has occurred since the results were compiled.

Detail of extraordinary income and expenses

	30.06.2019	30.06.2018
	CHF thousand	CHF thousand
Extraordinary income		
Other	22	-
Total	22	-
Extraordinary expenses		
Total	-	-

Balance sheet – Parent company

Assets	30.06.2019	31.12.2018	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Liquid assets	3,445,215	3,400,882	44,333	1.3
Amounts due from banks	1,472,498	1,124,638	347,860	30.9
Amounts due from securities financing transactions	220,000	49,205	170,795	347.1
Amounts due from customers	4,224,094	4,431,691	(207,597)	(4.7)
Mortgage loans	11,501,551	11,387,669	113,882	1.0
Trading portfolio assets	64,098	60,782	3,316	5.5
Positive replacement values of derivative financial instruments	16,188	12,717	3,471	27.3
Financial investments	2,094,433	1,853,058	241,375	13.0
Accrued income and prepaid expenses	37,260	26,420	10,840	41.0
Participations	92,391	91,709	682	0.7
Tangible fixed assets	117,678	121,185	(3,507)	(2.9)
Other assets	188,339	337,310	(148,971)	(44.2)
Total assets	23,473,745	22,897,266	576,479	2.5
Total subordinated claims	4,577	4,640	(63)	(1.4)
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	-
Liabilities	30.06.2019	31.12.2018	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	2,581,722	2,528,845	52,877	2.1
Liabilities from securities financing transactions	308,574	481,086	(172,512)	(35.9)
Amounts due in respect of customer deposits	15,045,740	14,579,091	466,649	3.2
Trading portfolio liabilities	38,885	2,379	36,506	1,534.5
Negative replacement values of derivative financial instruments	1,889	4,385	(2,496)	(56.9)
Cash bonds	2,440	2,540	(100)	(3.9)
Bond issues and central mortgage institution loans	3,797,520	3,411,255	386,265	11.3
Accrued expenses and deferred income	84,601	96,423	(11,822)	(12.3)
Other liabilities	45,650	272,747	(227,097)	(83.3)
Provisions	12,421	12,490	(69)	(0.6)
Reserves for general banking risks	230,000	215,000	15,000	7.0
Bank's capital	360,000	360,000	-	-
Statutory capital reserve	310,890	310,890	-	-
<i>of which tax-exempt capital contribution reserve</i>	<i>180,192</i>	<i>180,192</i>	-	-
Statutory retained earnings reserve	604,359	553,934	50,425	9.1
Profit carried forward / loss carried forward	957	1,369	(412)	(30.1)
Own shares	(10,476)	(13,132)	2,656	(20.2)
Profit / loss (result of the period)	58,573	77,964	(19,391)	(24.9)
Total liabilities	23,473,745	22,897,266	576,479	2.5
Total subordinated liabilities	307,960	308,390	(430)	(0.1)
<i>of which subject to mandatory conversion and / or debt waiver</i>	<i>307,960</i>	<i>308,390</i>	<i>(430)</i>	<i>(0.1)</i>
Off-balance-sheets transactions	30.06.2019	31.12.2018	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	915,642	860,264	55,378	6.4
Irrevocable commitments	641,756	628,451	13,305	2.1
Obligations to pay up shares and make further contributions	169,335	153,518	15,817	10.3
Credit commitments	59,945	78,989	(19,044)	(24.1)

Income statement – Parent company

	30.06.2019	30.06.2018	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Result from interest operations				
Interest and discount income	137,684	126,699	10,985	8.7
Interest and dividend income from trading portfolios	43	37	6	16.2
Interest and dividend income from financial investments	4,787	4,998	(211)	(4.2)
Interest expense	(32,338)	(29,053)	(3,285)	11.3
Gross result from interest operations	110,176	102,681	7,495	7.3
Changes in value adjustments for default risks and losses from interest operations	(667)	4,919	(5,586)	(113.6)
Subtotal net result from interest operations	109,509	107,600	1,909	1.8
Result from commission business and services				
Commission income from securities trading and investment activities	24,013	23,781	232	1.0
Commission income from lending activities	18,499	16,430	2,069	12.6
Commission income from other services	18,889	17,996	893	5.0
Commission expense	(3,951)	(3,565)	(386)	10.8
Subtotal result from commission business and services	57,450	54,642	2,808	5.1
Result from trading activities and fair value option				
Subtotal result from trading activities and the fair value option	14,996	14,502	494	3.4
Other result from ordinary activities				
Result from the disposal of financial investments	6,356	2,869	3,487	121.5
Income from participations	15,712	10,589	5,123	48.4
Result from real estate	441	499	(58)	(11.6)
Other ordinary income	5,749	3,470	2,279	65.7
Other ordinary expenses	(1)	(2,223)	2,222	(100.0)
Subtotal other result from ordinary activities	28,257	15,204	13,053	85.9
Total operating income	210,212	191,948	18,264	9.5
Operating expenses				
Personnel expenses	(67,356)	(65,583)	(1,773)	2.7
General and administrative expenses	(42,571)	(42,125)	(446)	1.1
Subtotal operating expenses	(109,927)	(107,708)	(2,219)	2.1
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(8,000)	(8,000)	-	-
Changes to provisions and other value adjustments and losses	(230)	64	(294)	(459.4)
Operating result	92,055	76,304	15,751	20.6
Extraordinary income	21	-	21	n/a
Extraordinary expenses	-	-	-	-
Changes in reserves for general banking risks	(15,000)	(15,000)	-	-
Taxes	(18,503)	(15,239)	(3,264)	21.4
Profit/loss (result of the period)	58,573	46,065	12,508	27.2



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