

Half-year group results as at 30 June 2019

## BCGE – Continued increase in profitability

Geneva, 6 August 2019 – 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.

### Key consolidated figures for the first half of 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 expenses	117,506	115,526	1,980	1.7%
Operating profit	94,574	84,526	10,048	11.9%
Net profit	59,253	52,012	7,241	13.9%
ROE (return on equity)	7.44%	6.94%	50 basis points	7.1%
<b>Balance sheet volumes, in CHF thousand</b>	<b>30.06.2019</b>	<b>31.12.2018</b>		
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 custody	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%

### **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 5<sup>th</sup> 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.

### **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.
- Credit 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.

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**BCGE: Banking solutions made in Geneva**

*A universal bank since 1816, the BCGE provides high-quality banking services for private, business and institutional clients in Geneva and its surrounding area. BCGE develops the following business lines: everyday banking services, private banking, asset management, investment funds, pension planning, mortgages and lending to the private and public sectors. It runs a trading room and offers financial engineering, business valuation and transmission, private equity and trade finance services. The BCGE Group has 21 branches in Geneva and operates a number of its business lines in Lausanne, Zurich, Lyon, Annecy, Paris, Dubai and Hong Kong. It employs 811 people (of whom 761 are full-time equivalents, as at 31 December 2018). BCGE is listed on the Swiss stock exchange, SIX Swiss Exchange (security no. 35 049 471) and is rated A+/stable/A-1 by Standard & Poor's (S&P).*