2019 Annual Results

BCGE – Record profitability and dividend (+10%)

Geneva, 25 February 2020 – The Banque Cantonale de Genève recorded excellent 2019 results. Operating profit stands at a record level of CHF 165.4 million, underpinned by all of the bank’s activities. Net profit was up 6.2% at CHF 96.8 million. Total income exceeded CHF 420 million, mortgage loans (at CHF 11.7 billion, +2.6%) increased based on a targeted approach while assets under management and administration crossed the CHF 30.4 billion threshold (+13.9%). Productivity corresponds to the levels achieved by the best universal Swiss banks with international activities, as indicated by the cost/income ratio of 56.9%. Current operating expenses are contained, hence enabling the bank to engage greater resources to widen the service offer, including digital banking, in favour of business and individual clients. Profitability, expressed by the earnings to equity ratio, comes out at 10.1% and compares favourably with its peers. For 2020, the Bank expects operating profitability to be close to 2019 levels. The dividend of CHF 3.75 to be proposed at the Annual General Meeting is up by 10%.

Main consolidated figures for the financial year 2019

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<tbody>
<tr>
<td>Operating income</td>
<td>420,328</td>
<td>409,423</td>
<td>10,905</td>
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<tr>
<td>Operating expenses</td>
<td>239,295</td>
<td>232,025</td>
<td>7,270</td>
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<tr>
<td>Operating profit</td>
<td>165,378</td>
<td>161,317</td>
<td>4,061</td>
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<tr>
<td>Net profit</td>
<td>96,814</td>
<td>91,159</td>
<td>5,655</td>
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<td>ROE (return on equity)</td>
<td>5.9%</td>
<td>5.9%</td>
<td>1 basis point</td>
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<tr>
<td>Dividend</td>
<td>7.5%(^1)</td>
<td>6.8%</td>
<td>70 basis points</td>
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Balance sheet volumes, in CHF thousand

| Total assets             | 24,919,240 | 23,033,833 | 1,885,407 | 8.2%       |
| Mortgage loans           | 11,678,303 | 11,387,669 | 290,634   | 2.6%       |
| Assets under management and custody | 30,402,606 | 26,688,019 | 3,714,587 | 13.9%      |
| Shareholders’ equity     | 1,666,736  | 1,569,922  | 96,814    | 6.2%       |

| Tier 1 capital ratio     | 15.08%     | 14.67%     | 41 basis points | 2.8%       |
| Ratio of regulatory capital available | 16.09% | 15.63% | 46 basis points | 2.9%       |
| Staff (full-time equivalents) | 780     | 761        | 20\(^2\)  | 2.6%       |

\(^1\) Proposal to be submitted to the Annual General Meeting on 05 May 2020.
\(^2\) Due to rounding up/down (staff numbers have gone from 760.6 to 780.4).
The key performance indicators are at a high level
Operating profit grew by CHF 4 million, having reached CHF 165.4 million, whereas net profit, up by
6.2%, came in at CHF 96.8 million. An operating income of CHF 420.3 million, up 2.7%, positions the
bank towards the top of the table for comparable banks. Operating expenses amount to CHF 239.3
million and are under control thanks to a high level of productivity (cost/income ratio of 56.9%). The
bank is a net job creator (+20) with a workforce of 833 staff (780 in full-time equivalents).

The net interest margin, although slightly down, remains robust thanks to certain technical elements,
in particular an allocation of CHF 6.3 million to the provision for “non-impaired loans”. Commissions,
representing 28.7% of total income, reflect the offensive diversification of revenue sources and risks.
The proportion of total income in EUR and USD has risen to 30.3%, another sign of the healthy
diversification of the portfolio of business lines and scope of intervention.

Factor of success for Geneva’s economy
The bank has granted loans totalling CHF 17 billion to businesses and individuals, up 2.5% in 2019.
Thanks to the targeted approach, mortgage loans have increased to CHF 11.7 billion, and now
represent 47% of the balance sheet total. This proportion demonstrates the efficient diversification of
the bank’s balance sheet. Loans to businesses and public authorities have risen by CHF 131 million
(to CHF 5.3 billion). Since 1st January 2019, 184 companies have joined the already extensive
business client portfolio of some 20,000 businesses.

Assets under management and administration pass the CHF 30 billion threshold
Assets under management and administration have gained ground and now stand at CHF 30.4 billion,
split almost equally between private and institutional clients. The institutional sector has reinforced its
national profile with the acquisition of Loyal Finance AG, Zurich. Private banking activities have been
strengthened with more than 600 new Best of management mandates. Investment funds have also
gained ground, having now reached the CHF 3.1 billion mark (+20.3%), a reflection of the success and
the good spread of the Synchrony brand.

Sustained equity increase
Shareholders’ equity increased by CHF 96.8 million over the year (+6.2%), taking it up to CHF 1.67
billion. An additional CHF 962 million of shareholders’ equity has been created since 2005. BCGE
belongs to the circle of banks which are well capitalised and secure. At the beginning of February,
Standard & Poor’s upgraded the bank’s rating outlook to A+/positive/A-1.

352 new shareholders
The expansion of the shareholder base of private and institutional investors testifies to the Bank’s
reputation and attractiveness. The number of individual and business clients to have joined the circle
of its shareholders has increased (+352 individuals or entities). As at 31 December 2019, the Bank
had 14,833 registered shareholders (compared with 14,481 at the end of 2018). In addition, there are
also several hundred shareholders who have deposited more than 938,000 shares with other
institutions. The shareholder base is well diversified (83% of shareholders known to the Bank hold
between one and fifty shares). 77% of BCGE employees are shareholders, holding 2.7% of the Bank’s
capital.

Stock market capitalisation has moved up to CHF 1.4 billion
Over the last 4 years the bank’s market capitalisation has risen consistently. It is getting closer, year
after year, to the amount of shareholders’ equity of which it represented 83% as at 31.12.2019. The
BCGE share has some substantial upside potential when taking its intrinsic value (net asset value)
into account.

Further dividend increase
A dividend of CHF 3.75 will be proposed at the Annual General Meeting, an increase of 10%. The
value contribution to the public authorities, the Canton of Geneva and its municipalities in particular,
mainly in taxes and dividends, amounts to CHF 65 million, up 10% for the 2019 financial year.
Strategic priorities for 2020
The Bank is working on six strategic priorities for the current year, summarised 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,
- to increase its market share in asset management and investment funds on the Swiss market and internationally,
- to support the spread of the economic influence of Geneva and its players in Switzerland, in France and throughout the world,
- to pursue its digital transition and growth in the distribution of online services.

Outlook for 2020
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 and Swiss economy.
- The growth of high added-value business and the loyalty of its client base reaffirm 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 in lending 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 2020 financial year, the Bank expects overall operating profitability to be close to that of 2019.