



**BCGE GROUP
HALF-YEAR RESULTS
AS AT 30 JUNE 2020**

Summary

2

Highlights	3
Consolidated balance sheet – BCGE Group	6
Consolidated income statement – BCGE Group	7
Consolidated statement of changes in equity – BCGE Group	8
Balance sheet – Parent company	9
Income statement – Parent company	10

Impressum

Publisher: Banque Cantonale de Genève
Communication
communication@bcge.ch

Only the French version shall be binding

Highlights

The results show strong resilience

Half-year results show strong resilience in a recessionary economy. Although operating profit was down at CHF 51 million, net profit was resilient at CHF 55 million (-6.6%). Key business indicators improved with an increase in assets under management and administration to CHF 30.9 billion and growth in mortgage loans of CHF 226 million (total: CHF 11.9 billion). BCGE also granted Covid-19 loans to nearly 2,000 SMEs totalling approximately CHF 200 million. The bank increased its equity capital to CHF 1.675 billion (+0.5%). It thus has a capital coverage of 16.0%. In an environment severely disrupted by the health crisis and its impact on companies, the bank has set aside more cautious provisions than last year. Barring any further decline in the economic situation and taking into account the very positive commercial developments recorded, the bank expects overall earnings to be down over the year, while still seeing equity capital growth and the distribution of a dividend. Annual results will be published on 23 February 2021.

- **BCGE Group shows solid resistance despite the economic situation**

Business volumes were unaffected by the health crisis, as reflected by the increase in mortgage loans (CHF 11.9 billion) and assets under management and administration (CHF 30.9 billion). Although operating profit was down to CHF 51 million, this decline was essentially non-recurring in nature. Net profit was resilient at CHF 55 million (-6.6%).

The income structure remains well diversified which represents an advantage in this difficult period for some economic sectors. Net interest income was robust at CHF 111.5 million and commissions remained at a good level at CHF 59.1 million. Other results were affected by a fall in dividends from participations and a reduction in income from the bank's investment portfolios. Revenues in EUR and USD represent 30% of turnover, proof of the beneficial internationalisation of activities. Operating expenses are stable at CHF 117.8 million. They reflect the bank's commitment to maintaining all of its medium- and long-term development projects. Seventeen new positions were created during the first half of the year (headcount: 797 FTE).

- **A major contributor to the financing of Geneva's economy**

The bank lends a total of CHF 17.2 billion to companies and individuals. Since 31 December 2019, an additional 469 businesses have joined the ranks of partner-clients, bringing the total to 20,450 businesses (legal entities). Mortgage loans increased by a targeted CHF 11.9 billion (+1.9%). Their share in the balance sheet total is moderate (44.3%), reflecting efficient diversification. It should be noted that BCGE contributed to the Geneva economy in a recessionary environment by granting 2,000 Covid-19 loans for a total of approximately CHF 200 million.

- **Increase in assets under management and administration**

Private client assets increased by CHF 612 million (+4.0%), while institutional client assets fell slightly by CHF -92 million (-0.6%). Overall, assets under management and administration rose by CHF 520 million to CHF 30.9 billion. Noteworthy was the signing of more than 800 new Best of management mandates, boosted in particular by the newest addition to the range: the Best of Genesis.

- **Strong equity capital coverage**

Equity capital increased by CHF 7.9 million (+0.5%), bringing it to CHF 1.675 billion. The consolidated equity capitalisation ratio exceeds 16% and positions BCGE in the circle of well-capitalised and sound banks, as reflected in its rating of A+/Positive/A-1, confirmed on 4 August 2020. Also noteworthy is the very high level of liquidity and the quality of refinancing, which for the most part is not dependent on the capital market.

- **The bank passes the milestone of 15,000 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 (+298 individuals or entities). As at 30 June, the bank had 15,131 registered shareholders (compared with 14,833 at the end of 2019).

- **Moderate decline in the share price in the first half of the year**

The BCGE share price ended the half year period at CHF 182.50. Its evolution reflects the currently cautious climate for corporate securities in the banking sector. In relation to the size of equity capital, the intrinsic value of the share stands at CHF 234.69 and thus shows considerable potential for growth.

Highlights

▪ **Strategic priorities 2020**

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.
- Support for Geneva's economic influence and its players in Switzerland, France and around the world.
- Continued digitisation and growth in the distribution of online banking services

▪ **Outlook for 2020**

The bank is continuing its business expansion despite a recessionary economic environment. 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 interest rates and the deteriorated economic climate to continue, factors which are likely to affect its interest margin and commission income.
- The increase in lending will remain moderate due to the regulations governing capital requirements and a weakened economic environment.
- 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).

Barring any further decline in the economic situation and taking into account the very positive commercial developments recorded, the bank expects overall earnings to be down over the year, while still seeing equity capital growth and the distribution of a dividend.

Highlights

Key consolidated figures for the first half of 2020

Results, in CHF thousand	30.06.2020	30.06.2019	Variation 2020 vs 2019	
Operating income	183,132	220,058	-36,926	-16.8%
Operating expenses	117,751	117,506	245	0.2%
Operating profit	50,586	94,574	-43,988	-46.5%
Net profit	55,320	59,253	-3'933	-6.6%
ROE (return on equity)	6.73%	7.44%	-71 basis points	-9.6%
Balance sheet and AUM, in CHF thousand				
	30.06.2020	31.12.2019		
Total assets	26,867,262	24'919,240	1,948,022	7.8%
Mortgage loans	11,904,465	11,678,303	226,162	1.9%
Assets under management and administration	30,922,258	30,402,606	519,652	1.7%
Equity capital	1,674,620	1,666,736	7'884	0.5%
Tier 1 capital ratio	14.99%	15.08%	-9 basis points	-0.6%
Ratio of regulatory capital available	16.03%	16.09%	-6 basis points	-0.4%
Staff (full-time equivalents)	797	780	17	2.1%

Consolidated balance sheet – BCGE Group

ASSETS	30.06.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Liquid assets	5,784,384	4,746,110	1,038,274	21.9
Amounts due from banks	756,290	475,895	280,395	58.9
Amounts due from securities financing transactions	23,748	-	23,748	n/a
Amounts due from customers	5,247,094	5,346,513	(99,419)	(1.9)
Mortgage loans	11,904,465	11,678,303	226,162	1.9
Trading portfolio assets	52,059	50,717	1,342	2.6
Positive replacement values of derivative financial instruments	18,267	16,756	1,511	9.0
Financial investments	2,531,122	1,956,852	574,270	29.3
Accrued income and prepaid expenses	44,524	28,236	16,288	57.7
Participations	60,131	60,702	(571)	(0.9)
Tangible fixed assets	122,547	121,584	963	0.8
Intangible assets	705	795	(90)	(11.3)
Other assets	321,926	436,777	(114,851)	(26.3)
Total assets	26,867,262	24,919,240	1,948,022	7.8
Total subordinated claims	26,164	23,969	2,195	9.2
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	-
LIABILITIES	30.06.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	3,430,577	3,275,195	155,382	4.7
Liabilities from securities financing transactions	1,375,802	544,762	831,040	152.6
Amounts due in respect of customer deposits	15,612,481	14,948,006	664,475	4.4
Trading portfolio liabilities	13,661	1,159	12,502	1,078.7
Negative replacement values of derivative financial instruments	5,300	8,010	(2,710)	(33.8)
Cash bonds	1,300	2,180	(880)	(40.4)
Bond issues and central mortgage institution loans	4,457,155	4,016,855	440,300	11.0
Accrued expenses and deferred income	100,165	115,890	(15,725)	(13.6)
Other liabilities	176,534	328,257	(151,723)	(46.2)
Provisions	19,667	12,190	7,477	61.3
Reserves for general banking risks	230,000	245,000	(15,000)	(6.1)
Bank's capital	360,000	360,000	-	0.0
Statutory capital reserve	320,348	319,859	489	0.2
Statutory retained earnings reserve	741,301	676,887	64,414	9.5
Currency translation reserve	(21,191)	(19,642)	(1,549)	7.9
Own shares (negative item)	(11,550)	(12,593)	1,043	(8.3)
Minority interests in own capital	392	411	(19)	(4.6)
Half-year profit / half-year loss	55,320	96,814	(41,494)	(42.9)
<i>of which minority interests in profit & loss account</i>	(7)	25	(32)	(128.0)
Total liabilities	26,867,262	24,919,240	1,948,022	7.8
Total subordinated liabilities	334,655	442,355	(107,700)	(24.3)
<i>of which subject to mandatory conversion and / or debt waiver</i>	334,655	442,355	(107,700)	(24.3)
OFF-BALANCE-SHEETS TRANSACTIONS	30.06.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	746,274	1,104,078	(357,804)	(32.4)
Irrevocable commitments	750,913	834,957	(84,044)	(10.1)
Obligations to pay up shares and make further contributions	165,520	163,858	1,662	1.0
Credit commitments	117,009	51,244	65,765	128.3

Consolidated income statement – BCGE Group

	30.06.2020	30.06.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
RESULT FROM INTEREST OPERATIONS				
Interest and discount income	133,745	147,570	(13,825)	(9.4)
Interest and dividend income from trading portfolios	27	43	(16)	(37.2)
Interest and dividend income from financial investments	3,910	5,730	(1,820)	(31.8)
Interest expense	(15,452)	(32,297)	16,845	(52.2)
Gross result from interest operations	122,230	121,046	1,184	1.0
Changes in value adjustments for default risks and losses from interest operations	(10,686)	(1,789)	(8,897)	497.3
Subtotal net result from interest operations	111,544	119,257	(7'713)	(6.5)
RESULT FROM COMMISSION BUSINESS AND SERVICES				
Commission income from securities trading and investment activities	29,121	25,216	3,905	15.5
Commission income from lending activities	17,036	20,868	(3,832)	(18.4)
Commission income from other services	17,420	19,761	(2,341)	(11.8)
Commission expense	(4,508)	(3,951)	(557)	14.1
Subtotal result from commission business and services	59,069	61,894	(2,825)	(4.6)
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION				
Subtotal result from trading activities and the fair value option	15,387	14,930	457	3.1
OTHER RESULT FROM ORDINARY ACTIVITIES				
Result from the disposal of financial investments	(6,528)	6,356	(12,884)	(202.7)
Income from participations	4,593	12,504	(7,911)	(63.3)
Result from real estate	426	441	(15)	(3.4)
Other ordinary income	3,103	5,641	(2,538)	(45.0)
Other ordinary expenses	(4,462)	(965)	(3,497)	362.4
Subtotal other result from ordinary activities	(2,868)	23,977	(26,845)	(112.0)
Total operating income	183,132	220,058	(36,926)	(16.8)
OPERATING EXPENSES				
Personnel expenses	(72,284)	(71,920)	(364)	0.5
General and administrative expenses	(45,467)	(45,586)	119	(0.3)
Subtotal operating expenses	(117,751)	(117,506)	(245)	0.2
"Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets"	(7,068)	(7,748)	680	(8.8)
Changes to provisions and other value adjustments, and losses	(7,727)	(230)	(7,497)	3'259.6
Operating result	50,586	94,574	(43,988)	(46.5)
Extraordinary income	126	22	104	472.7
Extraordinary expenses	-	-	-	-
Changes in reserves for general banking risks	15,000	(15,000)	30,000	(200.0)
Taxes	(10,392)	(20,343)	9,951	(48.9)
Half-year profit / half-year loss	55,320	59,253	(3,933)	(6.6)
<i>of which minority interests in profit & loss account</i>	<i>(7)</i>	<i>27</i>	<i>(34)</i>	<i>(126)</i>

Consolidated statement of changes in equity – BCGE Group

en CHF 1'000	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	319,859	773,701	245,000	(19,642)	(12,593)	411	-	1,666,736
Acquisition of own shares						(5,913)			(5,913)
Disposal of own shares						7,109			7,109
Profit (loss) on disposal of own shares		153				(153)			-
Currency translation differences					(1,549)				(1,549)
Dividends and other distributions		336	(27,000)				(12)		(26,676)
Special allocation to the State of Geneva (20% of dividends paid)			(5,400)						(5,400)
Other allocations to (transfers from) the reserves for general banking risks				(15,000)					(15,000)
Other allocations to (transfers from) other reserves							(7)		(7)
Half-year profit / half-year loss								55,320	55,320
Equity at end of current period	360,000	320,348	741,301	230,000	(21,191)	(11,550)	392	55,320	1,674,620

Condensed notes – BCGE Group

a. Additional guidance on changes in accounting and valuation principles

The bank has implemented the new FINMA Ordinance on Accounts (OEPC-FINMA) as well as the Finma circulars "2020/01- Comptabilité – Banques" and "2013/1- Fonds propres pris en compte – banques". These circulars introduce in particular modifications on the constitution of value adjustments for inherent risks of sound default as well as their processing for the calculation of equity capital.

In the context of the health crisis, the Finma has defined the accounting process for loans that were set up under the Order of 25 March 2020 "Ordonnance sur l'octroi de crédits et de cautionnements solidaires à la suite du coronavirus". At its meeting on 27 March 2020, the Federal Council approved the Swiss National Bank's (SNB) proposal to deactivate the countercyclical capital buffer immediately.

b. Information on factors influencing the economic situation

As a consequence of the global CoVid-19 crisis, the bank was affected by fluctuations in the equity, interest rate and commodity markets, which had an impact on the bank's results and led to an increase in default risks, particularly in international trading.

c. Information and comments on extraordinary income and expenses

No significant change in the scope of consolidation

d. Indications and comments on significant events occurring after the balance sheet date

No significant events have occurred after the closing date of the financial statements.

Detail of extraordinary income and expenses

	30.06.2020	30.06.2019
	CHF thousand	CHF thousand
Extraordinary income		
Participations sales	45	-
Other	81	22
Total	126	22
Extraordinary expenses		
Total	-	-

Balance sheet – Parent company

ASSETS	30.06.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Liquid assets	5,766,724	4,728,102	1,038,622	22.0
Amounts due from banks	1,421,546	1,109,082	312,464	28.2
Amounts due from securities financing transactions	23,748	-	23,748	n/a
Amounts due from customers	4,469,251	4,568,789	(99,538)	(2.2)
Mortgage loans	11,904,465	11,678,303	226,162	1.9
Trading portfolio assets	51,915	50,579	1,336	2.6
Positive replacement values of derivative financial instruments	18,318	16,756	1,562	9.3
Financial investments	2,494,033	1,919,150	574,883	30.0
Accrued income and prepaid expenses	40,546	25,959	14,587	56.2
Participations	89,021	89,724	(703)	(0.8)
Tangible fixed assets	120,044	120,024	20	0.0
Other assets	320,557	435,854	(115,297)	(26.5)
Total assets	26,720,168	24,742,322	1,977,846	8.0
Total subordinated claims	4,198	1,913	2,285	119.4
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	-
LIABILITIES	30.06.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	3,408,251	3,258,976	149,275	4.6
Liabilities from securities financing transactions	1,375,802	544,762	831,040	152.6
Amounts due in respect of customer deposits	15,560,549	14,858,688	701,861	4.7
Trading portfolio liabilities	13,661	1,159	12,502	1,079
Negative replacement values of derivative financial instruments	5,404	8,187	(2,783)	(34.0)
Cash bonds	1,300	2,180	(880)	(40.4)
Bond issues and central mortgage institution loans	4,457,155	4,016,855	440,300	11.0
Accrued expenses and deferred income	96,142	111,004	(14,862)	(13.4)
Other liabilities	174,730	326,343	(151,613)	(46.5)
Provisions	19,666	12,190	7,476	61.3
Reserves for general banking risks	230,000	245,000	(15,000)	(6.1)
Bank's capital	360,000	360,000	-	0.0
Statutory capital reserve	304,050	310,890	(6,840)	(2.2)
<i>of which tax-exempt capital contribution reserve</i>	<i>173,352</i>	<i>180,192</i>	<i>(6,840)</i>	<i>(3.8)</i>
Statutory retained earnings reserve	672,897	604,568	68,329	11.3
Own shares	(11,550)	(12,593)	1,043	(8.3)
Profit carried forward / loss carried forward	713	957	(244)	(25.5)
Half-year profit / half-year loss	51,398	93,156	(41,758)	(44.8)
Total liabilities	26,720,168	24,742,322	1,977,846	8.0
Total subordinated liabilities	334,655	442,355	(107,700)	(24.3)
<i>of which subject to mandatory conversion and / or debt waiver</i>	<i>334,655</i>	<i>442,355</i>	<i>(107,700)</i>	<i>(24.3)</i>
OFF-BALANCE-SHEETS TRANSACTIONS	30.06.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	718,858	1,075,273	(356,415)	(33.1)
Irrevocable commitments	646,765	746,561	(99,796)	(13.4)
Obligations to pay up shares and make further contributions	165,520	163,858	1,662	1.0
Credit commitments	117,009	51,244	65,765	128.3

Income statement – Parent company

	30.06.2020	30.06.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
RESULT FROM INTEREST OPERATIONS				
Interest and discount income	123,674	137,684	(14,010)	(10.2)
Interest and dividend income from trading portfolios	26	43	(17)	(39.5)
Interest and dividend income from financial investments	3,028	4,787	(1,759)	(36.7)
Interest expense	(15,485)	(32,338)	16,853	(52.1)
Gross result from interest operations	111,243	110,176	1,067	1.0
Changes in value adjustments for default risks and losses from interest operations	(10,426)	(667)	(9,759)	1,463
Subtotal net result from interest operations	100,817	109,509	(8,692)	(7.9)
RESULT FROM COMMISSION BUSINESS AND SERVICES				
Commission income from securities trading and investment activities	27,761	24,013	3,748	15.6
Commission income from lending activities	15,236	18,499	(3,263)	(17.6)
Commission income from other services	16,466	18,889	(2,423)	(12.8)
Commission expense	(4,522)	(3,951)	(571)	14.5
Subtotal result from commission business and services	54,941	57,450	(2,509)	(4.4)
RESULT FROM TRADING ACTIVITIES AND FAIR VALUE OPTION				
Subtotal result from trading activities and the fair value option	15,436	14,996	440	2.9
OTHER RESULT FROM ORDINARY ACTIVITIES				
Result from the disposal of financial investments	(6,479)	6,356	(12,835)	(201.9)
Income from participations	4,569	15,712	(11,143)	(70.9)
Result from real estate	426	441	(15)	(3.4)
Other ordinary income	3,206	5,749	(2,543)	(44.2)
Other ordinary expenses	(3,020)	(1)	(3,019)	301,900
Subtotal other result from ordinary activities	(1,298)	28,257	(29,555)	(104.6)
Total operating income	169,896	210,212	(40,316)	(19.2)
OPERATING EXPENSES				
Personnel expenses	(67,426)	(67,356)	(70)	0.1
General and administrative expenses	(42,400)	(42,571)	171	(0.4)
Subtotal operating expenses	(109,826)	(109,927)	101	(0.1)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(7,547)	(8,000)	453	(5.7)
Changes to provisions and other value adjustments, and losses	(7,726)	(230)	(7,496)	3,259
Operating result	44,797	92,055	(47,258)	(51.3)
Extraordinary income	81	21	60	285.7
Extraordinary expenses	-	-	-	-
Changes in reserves for general banking risks	15,000	(15,000)	30,000	(200.0)
Taxes	(8,480)	(18,503)	10,023	(54.2)
Half-year profit / half-year loss	51,398	58,573	(7,175)	(12.2)

Banque Cantonale de Genève

Head Office: Quai de l'Île 17 – 1204 Geneva

Telephone: +41 (0)58 211 21 00

E-mail: info@bcge.ch

www.bcge.ch

Lausanne: Avenue de la Gare 50 – 1001 Lausanne

Basel: Aeschengraben 10 – 4051 Basel

Zurich: Lintheschergasse 19 – 8001 Zurich

Representative Offices

Dubai: Sheikh Zayed Road, Park Place – 14th Floor

PO Box 102810 – Dubai – UAE

Hong Kong: Unit 1803 18/F Alexandra House – Chater Road 18

Central – Hong Kong – China

BCGE Subsidiaries**Banque Cantonale de Genève (France) SA**

Lyon: Place Louis-Pradel 20 – France – 69001 Lyon

Annecy: Avenue Gambetta 46 – France – 74000 Annecy

Paris: Rue de la Baume 5 – France – 75008 Paris

www.bcgef.fr

Capital Transmission SA

Quai de l'Île 17 – 1204 Geneva

www.capitaltransmission.ch

Dimension SA

Avenue de la Gare 20 – 1007 Lausanne

www.dimension.ch

Loyal Finance AG

Gessnerallee 38 – 8001