

A woman with dark hair in a ponytail, wearing a white visor and a red tank top, is captured in a dynamic pose swinging a tennis racket. The background is dark, and the lighting highlights her form and the red of her shirt. The racket has a red and blue head.

**BCGE GROUP
HALF-YEAR RESULTS
AS AT 30 JUNE 2021**

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Impressum

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Only the French version shall be binding

Highlights

Record net profit

BCGE posted an excellent economic performance in the first half of the year. Net profit reached a record level of CHF 64 million (+16.3%) and all performance indicators were up. Assets under management and administration reached CHF 33.4 billion (+5.1%), mortgage loans CHF 12.4 billion (+3.1%) and equity capital CHF 1.754 billion (+2.2%). The operating profit on equity is at a very high level at 9% and capital coverage is optimal at 15.9%. Barring a deterioration in the economic situation and taking into account the very positive commercial developments, the bank expects an increase in overall earnings for the year, allowing for growth in equity capital and the dividend¹.

- **Turnover continues its strong growth trend**

The bank's business model enables it to adapt well to the recovery of the Swiss and international economies. Assets under management and administration rose to CHF 33.4 billion (+5.1%) and mortgage loans to CHF 12.4 billion (+3.1%). Net profit reached a record level at CHF 64 million (+16.3%).

The bank recorded a marked increase in revenues (+12%) thanks to the contribution of all its business lines. Net interest income totalled CHF 104 million and, taking into account the early regulatory provisions for sound loans, reached a total of CHF 126 million². Commissions rose to CHF 65.8 million (+11%) and trading operations to CHF 17.0 million (+11%). Turnover thus rose to CHF 205.3 million. The share of the Group's turnover in EUR and USD was 28.7%, reflecting the Group's focus on international business. Operating expenses remained under control at CHF 125.4 million and reflect the expansion of the Group, which is digitalising and making the transition to energy-efficient buildings and recruiting in cutting-edge areas. The Group's workforce grew by 27 new positions over the year to reach 824 employees (in full-time equivalents).

- **BCGE: a major contributor to the financing Geneva's economy**

The bank grants loans worth CHF 18.2 billion to companies and private individuals. Since 31 December 2020, an additional 255 businesses have joined the ranks of clients, bringing the total to 20,864 businesses (legal entities). Mortgage loans increased by a targeted CHF 12.4 billion (+3.1%). Their share in the balance sheet total is moderate (44.3%), reflecting a disciplined risk diversification policy.

- **Increase in assets management and administration**

Assets under management and administration rose to CHF 1.6 billion to reach the significant milestone of CHF 33 billion. Private clients were the main contributors to this remarkable growth, and private banking registered 1,053 new Best of management mandates during the half-year. Synchrony investment funds reached CHF 3.7 billion.

- **Equity capital continues to increase**

Equity capital increased by CHF 38 million (+2.2%), bringing it to CHF 1.754 billion. The consolidated equity capitalisation ratio is close to 16%. The bank belongs to the group of well-capitalised and secure banks, as reflected in its A+/Positive/A-1 rating, which was confirmed in 2021.

- **340 new shareholders**

The number of private and institutional shareholders has been growing year on year, reaching 15,408 on 30 June. The floating part of the capital is widely distributed as 83.3% of shareholders hold between 1 and 50 shares.

- **The BCGE share price grew by 8.5%**

The BCGE share price ended the half year period at CHF 172.50. The potential for growth remains high, since compared to the level of equity capital, the intrinsic value of the share stands at CHF 246.92.

¹ Annual results will be published on 22 February 2022

² Based on the excellent results of the first half of the year, the bank has decided to anticipate the regulatory provisions of sound loans / Expected Credit Losses allocation of CHF 25.6 million in full. See the notes to the financial statements for more details.

Highlights

▪ **Strategic priorities for 2021**

The strategic priorities that guide the BCGE'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.
- Recognised experience in advisory services for Swiss and international private banking.
- Expert in asset management and investment funds.
- Beacon for the influence of Geneva's economy and trade in Switzerland and around the world.
- Innovative leader in bank digitisation.
- Partner to corporate and private clients in the energy transition process.

▪ **Outlook for 2021**

The bank is stepping up the pace of business expansion, backed by the recovery of the Swiss and international economies. Its current impetus is based on the diversity of its skills and on the suitability of its business model to the demands of its clients.

- The growth of high added-value business and the loyalty of its client base reaffirm 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 a deteriorated economic climate to continue, factors which are likely to affect its interest margin and commission revenues.
- The increase in lending remains moderate due to the regulations governing capital requirements and a policy of caution.
- The bank is promoting the development of its less capital-intensive businesses (private and institutional asset management, corporate advisory services, private equity).

Barring a deterioration in the economic situation and taking into account the very positive commercial developments, the bank expects an increase in overall earnings for the year, allowing for growth in equity capital and the dividend.

Highlights

Key consolidated figures for the first half of 2021

Results, in CHF thousand	30.06.2021	30.06.2020	Variation 2021 vs 2020	
Operating income	205,342	183,132	22,210	12.1%
Operating expenses	125,353	117,751	7,602	6.5%
Operating profit	77,258	50,586	26,672	52.7%
Net profit	64,345	55,320	9,025	16.3%
ROE (return on equity)	7.46%	6.73%	74 basis points	11.0%
Balance sheet and AUM, in CHF thousand	30.06.2021	31.12.2020		
Total assets	27,914,280	27,541,692	372,588	1.4%
Mortgage loans	12,376,849	12,005,607	371,242	3.1%
Assets under management and administration	33,365,744	31,756,641	1,609,103	5.1%
Equity capital	1,754,366	1,716,341	38,025	2.2%
Tier 1 capital ratio	14.58%	15.04%	-46 basis points	(3.1%)
Ratio of regulatory capital available	15.92%	16.15%	-23 basis points	(1.4%)
Staff (full-time equivalents) ³	824	820	5	0.6%

³ Due to rounding (staff numbers have increased from 819.60 to 824.40).

Consolidated balance sheet – BCGE Group

Assets	30.06.2021	31.12.2020	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Liquid assets	6,215,216	6,474,360	(259,144)	(4.0)
Amounts due from banks	715,236	732,421	(17,185)	(2.3)
Amounts due from securities financing transactions	46,215	-	46,215	n/a
Amounts due from customers	5,804,183	5,587,154	217,029	3.9
Mortgage loans	12,376,849	12,005,607	371,242	3.1
Trading portfolio assets	74,454	53,729	20,725	38.6
Positive replacement values of derivative financial instruments	13,204	15,953	(2,749)	(17.2)
Financial investments	2,147,953	2,210,757	(62,804)	(2.8)
Accrued income and prepaid expenses	59,908	37,131	22,777	61.3
Participations	53,473	53,613	(140)	(0.3)
Tangible fixed assets	121,703	120,102	1,601	1.3
Intangible assets	617	615	2	0.3
Other assets	285,269	250,250	35,019	14.0
Total assets	27,914,280	27,541,692	372,588	1.4
Total subordinated claims	21,017	20,627	390	1.9
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	-
Liabilities	30.06.2021	31.12.2020	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	3,551,575	3,385,977	165,598	4.9
Liabilities from securities financing transactions	261,824	817,425	(555,601)	(68.0)
Customer deposits	17,536,471	16,883,771	652,700	3.9
Trading portfolio liabilities	31	511	(480)	(93.9)
Negative replacement values of derivative financial instruments	7,014	12,562	(5,548)	(44.2)
Cash bonds	863	1,100	(237)	(21.5)
Bond issues and central mortgage institution loans	4,495,155	4,491,155	4,000	0.1
Accrued expenses and deferred income	89,720	97,848	(8,128)	(8.3)
Other liabilities	210,147	122,057	88,090	72.2
Provisions	7,114	12,945	(5,831)	(45.0)
Reserves for general banking risks	230,000	230,000	-	0.0
Share capital	360,000	360,000	-	0.0
Statutory capital reserve	306,771	320,358	(13,587)	(4.2)
Statutory retained earnings reserve	827,544	741,301	86,243	11.6
Currency translation reserve	(18,317)	(19,836)	1,519	(7.7)
Own shares (negative item)	(16,355)	(20,832)	4,477	(21.5)
Minority interests in own capital	378	388	(10)	(2.6)
Profit/loss (result of the period)	64,345	104,962	(40,617)	(38.7)
<i>of which minority interests in profit & loss account</i>	(10)	(12)	2	(16.7)
Total liabilities	27,914,280	27,541,692	372,588	1.4
Total subordinated liabilities	334'655	334'655	-	-
<i>of which subject to mandatory conversion and / or debt waiver</i>	334'655	334'655	-	-
Off-balance-sheets transactions	30.06.2021	31.12.2020	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	1,057,802	916,005	141,797	15.5
Irrevocable commitments	803,343	817,116	(13,773)	(1.7)
Obligations to pay up shares and make further contributions	212,722	178,565	34,157	19.1
Credit commitments	104,922	118,180	(13,258)	(11.2)

Consolidated income statement – BCGE Group

	30.06.2021	30.06.2020	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Result from interest operations				
Interest and discount income	125,192	133,745	(8,553)	(6.4)
Interest and dividend income from trading portfolios	27	27	0	0.0
Interest and dividend income from financial investments	2,744	3,910	(1,166)	(29.8)
Interest expense	(1,598)	(15,452)	13,854	(89.7)
Gross result from interest operations	126,365	122,230	4,135	3.4
Changes in value adjustments for default risks and losses from interest operations	(22,508)	(10,686)	(11,822)	110.6
Subtotal net result from interest operations	103,857	111,544	(7,687)	(6.9)
Result from comission business and services				
Commission income from securities trading and investment activities	31,273	29,121	2,152	7.4
Commission income from lending activities	21,321	17,036	4,285	25.2
Commission income from other services	18,110	17,420	690	4.0
Commission expense	(4,890)	(4,508)	(382)	8.5
Subtotal result from comission business and services	65,814	59,069	6,745	11.4
Result from trading activities and the fair value option				
Subtotal result from trading activities and the fair value option	17,017	15,387	1,630	10.6
Other result from ordinary activities				
Result from the disposal of financial investments	10,489	(6,528)	17,017	(260.7)
Income from participations	4,856	4,593	263	5.7
Result from real estate	500	426	74	17.4
Other ordinary income	3,209	3,103	106	3.4
Other ordinary expenses	(400)	(4,462)	4,062	(91.0)
Subtotal other result from ordinary activities	18,654	(2,868)	21,522	(750.4)
Total operating income	205,342	183,132	22,210	12.1
Operating expenses				
Personnel expenses	(76,147)	(72,284)	(3,863)	5.3
General and administrative expenses	(49,206)	(45,467)	(3,739)	8.2
Subtotal operating expenses	(125,353)	(117,751)	(7,602)	6.5
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(8,255)	(7,068)	(1,187)	16.8
Changes to provisions and other value adjustments, and losses	5,524	(7,727)	13,251	(171.5)
Operating result	77,258	50,586	26,672	52.7
Extraordinary income	13	126	(113)	(89.7)
Extraordinary expenses	-	-	-	-
Changes in reserves for general banking risks	-	15,000	(15,000)	(100.0)
Taxes	(12,926)	(10,392)	(2,534)	24.4
Half-year profit / half-year loss	64,345	55,320	9,025	16.3
<i>of which minority interests in profit & loss account</i>	<i>(10)</i>	<i>(7)</i>	<i>(3)</i>	<i>42.9</i>

Consolidated 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	320,358	846,263	230,000	(19,836)	(20,832)	388		1,716,341
Acquisition of own shares						(1,274)			(1,274)
Disposal of own shares						5,390			5,390
Profit (loss) on disposal of own shares		(361)				361			-
Currency translation differences					1,519				1,519
Dividends and other distributions		454	(27,000)						(26,546)
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									0
Other allocations to (transfers from) other reserves		(13,680)	13,681				(10)		(9)
Profit / loss (result of the period)								64,345	64,345
Equity at end of current period	360,000	306,771	827,544	230,000	(18,317)	(16,355)	378	64,345	1,754,366

Condensed notes – BCGE Group

- The highlights on pages 3 to 5 provide information on the economic factors that influenced the results under review and their changes from the previous year.
- In accordance with FINMA's Ordinance on the Preparation and Presentation of Financial Statements, the bank has been gradually building up value adjustments for inherent default risks since 2019 (see page 89 of the Annual Report 2020). The value adjustments for inherent default risks must be made within six years of the Ordinance being implemented. The bank has decided to bring forward the constitution of this provision to 30 June 2021. The provision totals CHF 38.7 million (CHF 13.1 million as at 31 December 2020), i.e. an increase of CHF 25.6 million in the first half of 2021. CHF 21.8 million is reported under "Changes in value adjustments for default risks and losses from interest operations". The balance of CHF 3.8 million relating to off-balance sheet positions and financial assets is reported under "Changes in provisions and other value adjustments, losses".
- The bank has dissolved a provision of CHF 10 million made in the past in connection with a dispute, as it is no longer economically necessary.
- There were no significant changes in the scope of consolidation with regard to extraordinary income and expenses.
- No significant events occurred after the closing date of the financial statements.

Detail of extraordinary income and expenses

	30.06.2021	30.06.2020
	CHF thousand	CHF thousand
Extraordinary income		
Participations sales	0	45
Other	13	81
Total	13	126
Extraordinary expenses		
Total	-	-

Balance sheet – Parent company

Assets	30.06.2021	31.12.2020	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Liquid assets	6,197,083	6,456,481	(259,398)	(4.0)
Amounts due from banks	1,504,300	1,413,081	91,219	6.5
Amounts due from securities financing transactions	46,215	-	46,215	n/a
Amounts due from customers	4,864,872	4,731,370	133,502	2.8
Mortgage loans	12,376,849	12,005,607	371,242	3.1
Trading portfolio assets	74,432	53,607	20,825	38.8
Positive replacement values of derivative financial instruments	13,396	16,141	(2,745)	(17.0)
Financial investments	2,102,877	2,170,107	(67,230)	(3.1)
Accrued income and prepaid expenses	54,423	34,638	19,785	57.1
Participations	86,793	89,056	(2,263)	(2.5)
Tangible fixed assets	117,337	116,655	682	0.6
Intangible assets	92	-	92	n/a
Other assets	282,655	248,697	33,958	13.7
Total assets	27,721,324	27,335,440	385,884	1.4
Total subordinated claims	2,916	3,893	(977)	(25.1)
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	-
Liabilities	30.06.2021	31.12.2020	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	3,518,561	3,381,092	137,469	4.1
Liabilities from securities financing transactions	261,824	817,425	(555,601)	(68.0)
Amounts due in respect of customer deposits	17,460,899	16,760,462	700,437	4.2
Trading portfolio liabilities	31	511	(480)	(93.9)
Negative replacement values of derivative financial instruments	7,015	12,562	(5,547)	(44.2)
Cash bonds	863	1,100	(237)	(21.5)
Bond issues and central mortgage institution loans	4,495,155	4,491,155	4,000	0.1
Accrued expenses and deferred income	84,963	92,771	(7,808)	(8.4)
Other liabilities	208,098	120,154	87,944	73.2
Provisions	6,806	12,955	(6,149)	(47.5)
Reserves for general banking risks	230,000	230,000	-	0.0
Bank's capital	360,000	360,000	-	0.0
Statutory capital reserve	297,210	304,050	(6,840)	(2.2)
<i>of which tax-exempt capital contribution reserve</i>	<i>166,512</i>	<i>173,352</i>	<i>(6,840)</i>	<i>(3.9)</i>
Statutory retained earnings reserve	745,840	672,907	72,933	10.8
Own shares	(16,355)	(20,832)	4,477	(21.5)
Profit carried forward / loss carried forward	728	713	15	2.1
Profit/loss (result of the period)	59,686	98,415	(38,729)	(39.4)
Total liabilities	27,721,324	27,335,440	385,884	1.4
Total subordinated liabilities	334,655	334,655	-	-
<i>of which subject to mandatory conversion and / or debt waiver</i>	<i>334,655</i>	<i>334,655</i>	<i>-</i>	<i>-</i>
Off-balance-sheets transactions	30.06.2021	31.12.2020	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	1,025,526	888,168	137,358	15.5
Irrevocable commitments	880,387	690,514	189,873	27.5
Obligations to pay up shares and make further contributions	212,722	178,565	34,157	19.1
Credit commitments	104,922	118,180	(13,258)	(11.2)

Income statement – Parent company

	30.06.2021	30.06.2020	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Result from interest operations				
Interest and discount income	113,561	123,674	(10,113)	(8.2)
Interest and dividend income from trading portfolios	27	26	1	3.8
Interest and dividend income from financial investments	2,417	3,028	(611)	(20.2)
Interest expense	(1,869)	(15,485)	13,616	(87.9)
Gross result from interest operations	114,136	111,243	2,893	2.6
Changes in value adjustments for default risks and losses from interest operations	(20,969)	(10,426)	(10,543)	101.1
Subtotal net result from interest operations	93,167	100,817	(7,650)	(7.6)
Result from comission business and services				
Commission income from securities trading and investment activities	29,683	27,761	1,922	6.9
Commission income from lending activities	19,156	15,236	3,920	25.7
Commission income from other services	17,007	16,466	541	3.3
Commission expense	(4,889)	(4,522)	(367)	8.1
Subtotal result from comission business and services	60,957	54,941	6,016	10.9
Result from trading activities and fair value option				
Subtotal result from trading activities and the fair value option	17,018	15,436	1,582	10.2
Other result from ordinary activities				
Result from the disposal of financial investments	10,489	(6,479)	16,968	(261.9)
Income from participations	5,925	4,569	1,356	29.7
Result from real estate	500	426	74	17.4
Other ordinary income	3,307	3,206	101	3.2
Other ordinary expenses	(410)	(3,020)	2,610	(86.4)
Subtotal other result from ordinary activities	19,811	(1,298)	21,109	(1,626)
Total operating income	190,953	169,896	21,057	12.4
Operating expenses				
Personnel expenses	(70,592)	(67,426)	(3,166)	4.7
General and administrative expenses	(45,371)	(42,400)	(2,971)	7.0
Subtotal operating expenses	(115,963)	(109,826)	(6,137)	5.6
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(9,822)	(7,547)	(2,275)	30.1
Changes to provisions and other value adjustments, and losses	5,849	(7,726)	13,575	(175.7)
Operating result	71,017	44,797	26,220	58.5
Extraordinary income	13	81	(68)	(84.0)
Extraordinary expenses	-	-	-	-
Changes in reserves for general banking risks	-	15,000	(15,000)	(100.0)
Taxes	(11,344)	(8,480)	(2,864)	33.8
Half-year profit	59,686	51,398	8,288	16.1

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