

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

Results, in CHF thousand	31.12.2019	31.12.2018	Variation 2019 vs. 2018	
Operating income	420,328	409,423	10,905	2.7%
Operating expenses	239,295	232,025	7,270	3.1%
Operating profit	165,378	161,317	4,061	2.5%
Net profit	96,814	91,159	5,655	6.2%
ROE (return on equity)	5.9%	5.9%	1 basis point	0.1%
Dividend	7.5% ¹	6.8%	70 basis points	10.3%
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.

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Translation of the original French version. In case of any divergence, the French version shall prevail.

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 Zurich, Lausanne, Basel, Paris, Lyon and Annecy. It has representative offices in Dubai and Hong Kong. It employs 833 people (of whom 780 are full-time equivalents, as at 31 December 2019). BCGE is listed on the Swiss stock exchange, SIX Swiss Exchange (security no. 35 049 471) and is rated A+/positive/A-1 by Standard & Poor's (S&P).