

## 2020 Annual Results

# BCGE – Resilient economic performance

Geneva, 23 February 2021 – Banque Cantonale de Genève recorded a resilient economic performance for the financial year 2020. Net profit increased to CHF 105.0 million (+8.4%) Although turnover declined by 12.8% to CHF 367 million due to the recession and non-recurring items, the bank remains competitive. Business volume increased, with mortgage loans exceeding CHF 12 billion (+2.8%) while assets under management and administration increased by +4.5% to CHF 31.8 billion. The bank's productivity, with a cost income ratio of 64.7%, is at a good level for a universal bank with international activities. The group also created 39 new jobs in 2020. Shareholders' equity rose steadily (+CHF 49.6 million, +3.0%) to reach a total of CHF 1.716 billion resulting in an excellent equity ratio. The dividend proposed to the General Meeting remains unchanged compared to the previous year at CHF 3.75. Barring any further decline in the economic situation and taking into account the very positive commercial developments, the bank expects overall earnings to increase slightly over this year.

### Main consolidated figures for the financial year 2020

Results, in CHF thousand	31.12.2020	31.12.2019	Variation 2020 vs 2019	
Operating income	366,719	420,328	-53,609	-12.8%
Operating expenses	237,296	239,295	-1,999	-0.8%
Operating profit	112,995	165,378	-52,383	-31.7%
Net profit	104,962	96,814	8,148	8.4%
ROE (return on equity)	6.2%	5.9%	3 basis points	5.2%
Dividend	7.5% <sup>1</sup>	7.5%	-	0%
<b>Balance sheet volumes, in CHF thousand</b>				
Total assets	27,541,692	24,919,240	2,622,452	10.5%
Mortgage loans	12,005,607	11,678,303	327,304	2.8%
Assets under management and custody	31,756,641	30,402,606	1,354,035	4.5%
Shareholders' equity	1,716,341	1,666,736	49,605	3.0%
Tier 1 capital ratio	15.04%	15.08%	-4 basis points	-0.3%
Ratio of regulatory capital available	16.15%	16.09%	6 basis points	0.4%
Staff (full-time equivalents)	820	780	39 <sup>2</sup>	5.0%

<sup>1</sup> Proposal to be submitted to the General Meeting on 29 April 2021.

<sup>2</sup> Due to rounding (staff numbers have increased from 780.4 to 819.6).

### **Key performance indicators remain at a good level**

The banks' economic performance has been resilient despite many challenges. Turnover declined to CHF 366.7 million, but this result is due to non-recurring and cyclical factors. The net interest margin is influenced in particular by the constitution of provisions for credit risks. In parallel, net profit rose to CHF 105.0 million and business volume is also on the rise. Operating expenses of CHF 237.3 million were kept under control thanks to high productivity (cost income ratio of 64.7%). The group created 39 new jobs in 2020 and the number of employees now stands at 873 employees (or 820 full-time equivalents).

Net interest income remained stable at CHF 216 million (-6.7%). Commission revenues declined slightly to CHF 116 million (-4%), with its share of turnover reflecting the active diversification of income sources and risks. The share of revenues in EUR and USD amounted to 29.8% of turnover, reflecting a healthy diversification of the business lines and services provided.

### **Reliable partner in financing Geneva's economy**

The bank granted a total of CHF 18 billion in loans to companies and individuals, up CHF 568 million in 2020 (+3.3%). Mortgage loans exceeded the CHF 12 billion threshold and represent 44% of the balance sheet total, a proportion that reflects the efficient diversification of the bank's balance sheet. Loans to companies and public authorities increased by CHF 240 million (to CHF 5.6 billion). Since 31 December 2019, 628 corporate clients joined a client base of more than 20,000 companies. In a year marked by the health crisis, the bank granted around 2,000 Covid loans totalling almost CHF 200 million.

### **Assets under management and administration crossed the threshold of CHF 31 billion**

Total assets under management and administration increased by CHF 1.4 billion, split almost equally between private and institutional clients. Private banking activities were boosted with more than 1,140 new management mandates from the Best of range. Investment funds also grew to CHF 3.3 billion (+6.3%), reflecting the success of the Synchrony brand.

### **Continued increase in shareholders' equity**

Shareholders' equity continued to grow (+ CHF 49.6 million, up 3%) to reach a total of CHF 1.7 billion. An additional CHF 1 billion of shareholders' equity has been created since 2005. BCGE belongs to the circle of well-capitalised and sound banks. The rating agency Standard & Poor's confirmed the bank's A+/positive/A-1 rating on 6 February 2020.

### **The bank passes the milestone of 15,000 shareholders**

The number of private and institutional shareholders of the bank is increasing every year. The number of individuals and companies that have joined the ranks of its shareholders increased by +235 individuals and companies. The bank thus registered 15,068 shareholders as at 31 December 2020 compared to 14,833 at the end of 2019. 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.

### **The potential for an increase in market capitalisation remains significant**

The bank's market capitalisation declined last year for the first time after a decade of significant growth. It stands at CHF 1.145 billion for 2020, while shareholders' equity amounts to CHF 1.716 billion. With an intrinsic value of CHF 242.4, the BCGE share thus has a significant growth margin.

### **The proposed dividend remains stable**

The dividend submitted for approval by the General Meeting is stable at 7.5% of the nominal value. The bank's contribution to public authorities, mainly the State and Geneva municipalities, in the form of taxes and dividends, totals CHF 50 million for the 2020 financial year.

## Strategic priorities for 2021

The bank is currently working on six strategic priorities, summarised 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 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 a deteriorated economic climate to continue, factors which are likely to affect its interest margin and commission revenues.
- The increase in lending will remain moderate due to the regulations governing capital requirements and a policy of caution.
- 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, the bank expects overall earnings to increase slightly over this year.

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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 Zurich, Lausanne, Basel, Paris, Lyon and Annecy. It has representative offices in Dubai and Hong Kong. It employs 873 people (of whom 820 are full-time equivalents, as at 31 December 2020). 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).*