



BCGE Group results
as at 31 December 2020

Summary

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

Impressum

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communication@bcge.ch

Only the French version shall be binding

Highlights

Resilient economic performance

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. 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. The dividend proposed to the General Meeting remains unchanged compared to the previous year at CHF 3.75.

- **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.

Highlights

▪ **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.

Highlights

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% ¹	7.5%	-	0%

Balance sheet volumes, in CHF thousand				
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 ²	5.0%

¹ Proposal to be submitted to the General Meeting on 29 April 2021.

² Due to rounding (staff numbers have increased from 780.4 to 819.6).

Consolidated balance sheet – BCGE Group

ASSETS	31.12.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Liquid assets	6,474,360	4,746,110	1,728,250	36.4
Amounts due from banks	732,421	475,895	256,526	53.9
Amounts due from securities financing transactions	-	-	-	n/a
Amounts due from customers	5,587,154	5,346,513	240,641	4.5
Mortgage loans	12,005,607	11,678,303	327,304	2.8
Trading portfolio assets	53,729	50,717	3,012	5.9
Positive replacement values of derivative financial instruments	15,953	16,756	(803)	(4.8)
Financial investments	2,210,757	1,956,852	253,905	13.0
Accrued income and prepaid expenses	37,131	28,236	8,895	31.5
Participations	53,613	60,702	(7,089)	(11.7)
Tangible fixed assets	120,102	121,584	(1,482)	(1.2)
Intangible assets	615	795	(180)	(22.6)
Other assets	250,250	436,777	(186,527)	(42.7)
Total assets	27,541,692	24,919,240	2,622,452	10.5
Total subordinated claims	20,627	23,969	(3,342)	(13.9)
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	-
LIABILITIES	31.12.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	3,385,977	3,275,195	110,782	3.4
Liabilities from securities financing transactions	817,425	544,762	272,663	50.1
Amounts due in respect of customer deposits	16,883,771	14,948,006	1,935,765	12.9
Trading portfolio liabilities	511	1,159	(648)	(55.9)
Negative replacement values of derivative financial instruments	12,562	8,010	4,552	56.8
Cash bonds	1,100	2,180	(1,080)	(49.5)
Bond issues and central mortgage institution loans	4,491,155	4,016,855	474,300	11.8
Accrued expenses and deferred income	97,848	115,890	(18,042)	(15.6)
Other liabilities	122,057	328,257	(206,200)	(62.8)
Provisions	12,945	12,190	755	6.2
Reserves for general banking risks	230,000	245,000	(15,000)	(6.1)
Bank's capital	360,000	360,000	-	-
Statutory capital reserve	320,358	319,859	499	0.2
Statutory retained earnings reserve	741,301	676,887	64,414	9.5
Currency translation reserve	(19,836)	(19,642)	(194)	1.0
Own shares (negative item)	(20,832)	(12,593)	(8,239)	65.4
Minority interests in own capital	388	411	(23)	(5.6)
Profit/loss (result of the period)	104,962	96,814	8,148	8.4
<i>of which minority interests in profit & loss account</i>	(12)	25	(37)	(148.0)
Total liabilities	27,541,692	24,919,240	2,622,452	10.5
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	31.12.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	916,005	1,104,078	(188,073)	(17.0)
Irrevocable commitments	817,116	834,957	(17,841)	(2.1)
Obligations to pay up shares and make further contributions	178,565	163,858	14,707	9.0
Credit commitments	118,180	51,244	66,936	130.6

Consolidated income statement – BCGE Group

	31.12.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
RESULT FROM INTEREST OPERATIONS				
Interest and discount income	260,230	291,258	(31,028)	(10.7)
Interest and dividend income from trading portfolios	36	74	(38)	(51.4)
Interest and dividend income from financial investments	5,891	9,010	(3,119)	(34.6)
Interest expense	(21,187)	(61,123)	39,936	(65.3)
Gross result from interest operations	244,970	239,219	5,751	2.4
Changes in value adjustments for default risks and losses from interest operations	(29,343)	(8,051)	(21,292)	264.5
Subtotal net result from interest operations	215,627	231,168	(15,541)	(6.7)
RESULT FROM COMISSION BUSINESS AND SERVICES				
Commission income from securities trading and investment activities	56,170	50,777	5,393	10.6
Commission income from lending activities	33,838	40,889	(7,051)	(17.2)
Commission income from other services	34,120	38,087	(3,967)	(10.4)
Commission expense	(8,503)	(9,309)	806	(8.7)
Subtotal result from comission business and services	115,625	120,444	(4,819)	(4.0)
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION				
Subtotal result from trading activities and the fair value option	30,377	31,429	(1,052)	(3.3)
OTHER RESULT FROM ORDINARY ACTIVITIES				
Result from the disposal of financial investments	(6,800)	16,054	(22,854)	(142.4)
Income from participations	6,147	14,250	(8,103)	(56.9)
Result from real estate	1,080	945	135	14.3
Other ordinary income	10,864	7,950	2,914	36.7
Other ordinary expenses	(6,201)	(1,912)	(4,289)	224.3
Subtotal other result from ordinary activities	5,090	37,287	(32,197)	(86.3)
Total operating income	366,719	420,328	(53,609)	(12.8)
OPERATING EXPENSES				
Personnel expenses	(147,762)	(147,973)	211	(0.1)
General and administrative expenses	(89,534)	(91,322)	1,788	(2.0)
Subtotal operating expenses	(237,296)	(239,295)	1,999	(0.8)
"Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets"	(15,285)	(15,400)	115	(0.7)
Changes to provisions and other value adjustments, and losses	(1,143)	(255)	(888)	348.2
Operating result	112,995	165,378	(52,383)	(31.7)
Extraordinary income	127	70	57	81.4
Extraordinary expenses	-	-	-	-
Changes in reserves for general banking risks	15,000	(30,000)	45,000	(150.0)
Taxes	(23,160)	(38,634)	15,474	(40.1)
Profit	104,962	96,814	8,148	8.4
<i>of which minority interests in profit & account</i>	<i>(12)</i>	<i>25</i>	<i>(37)</i>	<i>(148.0)</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	319,859	773,701	245,000	(19,642)	(12,593)	411	-	1,666,736
Acquisition of own shares						(15,806)			(15,806)
Disposal of own shares						7,730			7,730
Profit (loss) on disposal of own shares		163				(163)			-
Currency translation differences					(194)				(194)
Dividends and other distributions		336	(27,000)						(26,664)
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							(23)		(23)
Profit / loss (result of the period)								104,962	104,962
Equity at end of current period	360,000	320,358	741,301	230,000	(19,836)	(20,832)	388	104,962	1,716,341

Condensed notes – BCGE Group

- **Highlights**

The chapter Highlights mentioned in pages 3 to 5 contain information regarding the economic factors that have influenced the results under review and their variations compared to the previous year.

- No significant event has occurred since the results were compiled.

Detail of extraordinary income and expenses

	31.12.2020	31.12.2019
	CHF thousand	CHF thousand
Extraordinary income		
Participations sales	45	0
Other	82	70
Total	127	70
Extraordinary expenses		
Total	-	-

Balance sheet – Parent company

ASSETS	31.12.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Liquid assets	6,456,481	4,728,102	1,728,379	36.6
Amounts due from banks	1,413,081	1,109,082	303,999	27.4
Amounts due from securities financing transactions	-	-	-	n/a
Amounts due from customers	4,731,370	4,568,789	162,581	3.6
Mortgage loans	12,005,607	11,678,303	327,304	2.8
Trading portfolio assets	53,607	50,579	3,028	6.0
Positive replacement values of derivative financial instruments	16,141	16,756	(615)	(3.7)
Financial investments	2,170,107	1,919,150	250,957	13.1
Accrued income and prepaid expenses	34,638	25,959	8,679	33.4
Participations	89,056	89,724	(668)	(0.7)
Tangible fixed assets	116,655	120,024	(3,369)	(2.8)
Other assets	248,697	435,854	(187,157)	(42.9)
Total assets	27,335,440	24,742,322	2,593,118	10.5
Total subordinated claims	3,893	1,913	1,980	103.5
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	-
LIABILITIES	31.12.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	3,381,092	3,258,976	122,116	3.7
Liabilities from securities financing transactions	817,425	544,762	272,663	50.1
Amounts due in respect of customer deposits	16,760,462	14,858,688	1,901,774	12.8
Trading portfolio liabilities	511	1,159	(648)	(55.9)
Negative replacement values of derivative financial instruments	12,562	8,187	4,375	53.4
Cash bonds	1,100	2,180	(1,080)	(49.5)
Bond issues and central mortgage institution loans	4,491,155	4,016,855	474,300	11.8
Accrued expenses and deferred income	92,771	111,004	(18,233)	(16.4)
Other liabilities	120,154	326,343	(206,189)	(63.2)
Provisions	12,955	12,190	765	6.3
Reserves for general banking risks	230,000	245,000	(15,000)	(6.1)
Bank's capital	360,000	360,000	-	-
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	672,907	604,568	68,339	11.3
Own shares	(20,832)	(12,593)	(8,239)	65.4
Profit carried forward / loss carried forward	713	957	(244)	(25.5)
Profit/loss (result of the period)	98,415	93,156	5,259	5.6
Total liabilities	27,335,440	24,742,322	2,593,118	10.5
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	31.12.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	888,168	1,075,273	(187,105)	(17.4)
Irrevocable commitments	690,514	746,561	(56,047)	(7.5)
Obligations to pay up shares and make further contributions	178,565	163,858	14,707	9.0
Credit commitments	118,180	51,244	66,936	130.6

Income statement – Parent company

	31.12.2020	31.12.2019	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
RESULT FROM INTEREST OPERATIONS				
Interest and discount income	238,756	270,984	(32,228)	(11.9)
Interest and dividend income from trading portfolios	36	74	(38)	(51.4)
Interest and dividend income from financial investments	5,273	8,066	(2,793)	(34.6)
Interest expense	(21,263)	(61,191)	39,928	(65.3)
Gross result from interest operations	222,802	217,933	4,869	2.2
Changes in value adjustments for default risks and losses from interest operations	(27,799)	(5,702)	(22,097)	387.5
Subtotal net result from interest operations	195,003	212,231	(17,228)	(8.1)
RESULT FROM COMISSION BUSINESS AND SERVICES				
Commission income from securities trading and investment activities	53,384	48,382	5,002	10.3
Commission income from lending activities	29,375	34,291	(4,916)	(14.3)
Commission income from other services	32,320	36,282	(3,962)	(10.9)
Commission expense	(8,537)	(9,309)	772	(8.3)
Subtotal result from comission business and services	106,542	109,646	(3,104)	(2.8)
RESULT FROM TRADING ACTIVITIES AND FAIR VALUE OPTION				
Subtotal result from trading activities and the fair value option	30,448	31,590	(1,142)	(3.6)
OTHER RESULT FROM ORDINARY ACTIVITIES				
Result from the disposal of financial investments	(6,752)	16,047	(22,799)	(142.1)
Income from participations	8,351	18,224	(9,873)	(54.2)
Result from real estate	1,080	945	135	14.3
Other ordinary income	11,100	8,156	2,944	36.1
Other ordinary expenses	(5,253)	(112)	(5,141)	4,590.2
Subtotal other result from ordinary activities	8,526	43,260	(34,734)	(80.3)
Total operating income	340,519	396,727	(56,208)	(14.2)
OPERATING EXPENSES				
Personnel expenses	(137,688)	(138,888)	1'200	(0.9)
General and administrative expenses	(83,212)	(85,096)	1'884	(2.2)
Subtotal operating expenses	(220,900)	(223,984)	3'084	(1.4)
"Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets"	(16,180)	(15,407)	(773)	5.0
Changes to provisions and other value adjustments, and losses	(1,152)	(255)	(897)	351.8
Operating result	102,287	157,081	(54,794)	(34.9)
Extraordinary income	82	70	12	17.1
Extraordinary expenses	-	-	-	-
Changes in reserves for general banking risks	15,000	(30,000)	45,000	(150.0)
Taxes	(18,954)	(33,995)	15,041	(44.2)
Profit	98,415	93,156	5,259	5.6



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
Zurich: Lintheschergasse 19, 8001 Zurich
Basel: Aeschengraben 10, 4051 Basel

Representative offices

Dubai: Sheikh Zayed Road, Park Place 14th Floor
P.O. Box 102810, Dubai, UAE
Hong Kong: Unit 1803, 18/F Alexandra House,
18 Chater Road, Central, Hong Kong

SUBSIDIARIES

Banque Cantonale de Genève (France) SA
Lyon: Place Louis-Pradel 20, 69001 Lyon
Annecy: Avenue Gambetta 46, 74000 Annecy
Paris: Rue de la Baume 5, 75008 Paris
www.bcgef.fr

Capital Transmission SA
Quai de l'Île 17, 1211 Geneva 2
www.capitaltransmission.ch

Dimension SA
Avenue de la Gare 20, 1003 Lausanne
www.dimension.ch

Loyal Finance AG
Gessneralee 38, 8001 Zurich
www.loyalfinance.ch

