



BCGE GROUP HALF-YEAR RESULTS AS AT 30 JUNE 2023

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Impressum

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Highlights

Record Earnings

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BCGE posted an excellent economic performance in the first half of the year. Net profit rose by 49.0% to reach a record CHF 116.9 million. All performance indicators are at a high level. Assets under management and administration stood at CHF 34.9 billion while client and mortgage loans amounted to CHF 18.8 billion. Shareholders' equity rose 3.7% to more than CHF 2 billion. Operating profit rose sharply to CHF 137 million, with solid equity capital coverage at 16.9%. Barring a deterioration in the economic situation and taking into account current business developments, the Bank expects overall earnings for the year to increase. The annual results for 2023 will be published on 05 March 2024.

- **Sharp rise in business turnover**

Because of its strategic positioning, the Bank was able to capture the dynamism of the Geneva economy, both domestically and internationally. Assets under management and administration rose 4.6% to CHF 34.9 billion, and client and mortgage loans rose a total of 1.5% to CHF 18.8 billion. Net profit reached a record level of CHF 116.9 million, up 49.0%.

The Bank recorded a marked increase in revenues, with turnover rising 25.7% to total CHF 290.6 million. The Bank adapted well to the change in interest rates, as can be seen from its net interest income of CHF 187.0 million. Sources of revenue remain well diversified, with commissions at CHF 67.3 million and trading operations at CHF 17.8 million. The proportion of turnover in EUR and USD reached 25%, reflecting the international focus of the BCGE Group's activities. Operating expenses of CHF 141.6 million reflect the Bank's investment in new skills and technologies to support future growth. The Group's workforce grew by 13 new positions and now totals 887 employees (full-time equivalents).

- **BCGE: helping to finance Geneva's economy**

The Bank granted CHF 18.8 billion in loans to companies and individuals. A total of 21,809 companies have placed their trust in BCGE, an increase of 452 companies since the beginning of the year under review. Mortgages increased by 2%. The share of mortgage loans in the balance sheet equalled 44%, reflecting a policy of disciplined asset diversification.

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

Private client assets increased by CHF 904 million (4.8%) to CHF 19.7 billion. Institutional clients grew by 4.2%, passing the CHF 15 billion mark. New discretionary mandates contributed CHF 112 million to the balance sheet and Synchrony's 41 funds totalled CHF 3.8 billion. The 1816 online trading platform welcomed its 12,000th investor.

- **Continued increase in shareholders' equity**

Shareholders' equity rose by CHF 74 million in the first half, crossing a symbolic threshold to reach CHF 2.058 billion. The consolidated equity capitalisation ratio increased further to 16.9%, well above the required standard of 12.7%. BCGE is among the ranks of the most well capitalised and secure banks, as reflected in its AA-/A-1+/Stable rating (confirmed by S&P in July 2023).

- **A stable shareholder base**

The number of private and institutional shareholders remains stable with 15,425 shareholders at 30 June 2023, including 15,004 private shareholders. The free float is widely distributed, with 83% of shareholders holding between 1 and 50 shares.

- **BCGE share performance: +20.9%**

The BCGE share price continued its steep ascent during the first half of 2023, ending the period at CHF 217.0. This increase reduces the gap between the value of shareholders' equity and that of the market capitalisation, even if the potential for appreciation remains significant, with the market value representing 76% of the book value (CHF 285.8).

Highlights

▪ **Strategic priorities for 2023**

BCGE's strategic priorities include being a:

- Core partner for the regional economy and SMEs
- Key player in the financing of private and social housing in Geneva
- Private banking specialist for the Swiss and international economies
- Expert in asset management and investment funds
- Important pillar of influence in Geneva's economy, Swiss trade, and around the world
- Promoter of banking digitalisation, accessible to all and with a human touch
- Source of support for business and private clients looking to optimise their energy consumption

▪ **Outlook for 2023**

The Bank continues to expand and capture the dynamism of growth sectors. It is able to do so thanks to the diversity of its skills and the alignment of its business model with the specific demands of the Geneva and Swiss economies.

- 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 financial guardian.
- The Bank expects interest rates to increase moderately and the economic situation to improve, factors which are likely to weigh on its interest margin but boost its commission income.
- The increase in lending will remain moderate due to the regulations governing capital requirements and a policy of caution, particularly in real estate financing.
- The Bank continues to develop its less capital-intensive businesses (private and institutional asset management, corporate advisory services) and offers a broader range of corporate services (equity financing and M&A).

Barring a deterioration in the economic situation and taking into account current business developments, the Bank expects overall earnings for the year to increase.

Highlights

Key consolidated figures for the first half of 2023

Results (in CHF thousands)	30/06/2023	30/06/2022	Variation 2023 vs. 2022	
Operating income	290,602	231,178	59,424	25.7%
Operating expenses	141,647	129,002	12,645	9.8%
Operating profit	137,008	93,738	43,270	46.2%
Half-year profit	116,873	78,426	38,447	49.0%
ROE (return on equity)	11.63%	8.55%	308 basis points	36.0%

Balance sheet volumes (in CHF thousands)	30/06/2023	31/12/2022		
Total assets	30,407,045	30,034,414	372,631	1.2%
Mortgage loans	13,312,854	13,045,695	267,159	2.0%
Assets under management and custody	34,932,810	33,411,277	1,521,533	4.6%
Shareholders' equity	2,057,998	1,983,651	74,347	3.7%
Tier 1 capital ratio	15.89%	15.27%	62 basis points	4.0%
Ratio of regulatory capital available	16.92%	16.46%	46 basis points	2.8%
Staff (full-time equivalents)	887	874	13	1.5%

Consolidated balance sheet – BCGE Group

ASSETS	30.06.2023	31.12.2022	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Liquid assets	7,064,465	6,715,699	348,766	5.2
Amounts due from banks	1,145,237	1,162,774	(17,537)	(1.5)
Amounts due from securities financing transactions	52,595	718,692	(666,097)	(92.7)
Amounts due from customers	5,480,770	5,478,939	1,831	0.0
Mortgage loans	13,312,854	13,045,695	267,159	2.0
Trading portfolio assets	66,075	51,132	14,943	29.2
Positive replacement values of derivative financial instruments	8,946	12,355	(3,409)	(27.6)
Financial investments	2,564,760	2,339,186	225,574	9.6
Accrued income and prepaid expenses	71,533	49,896	21,637	43.4
Participations	68,514	69,198	(684)	(1.0)
Tangible fixed assets	135,056	128,315	6,741	5.3
Intangible assets	0	333	(333)	(100.0)
Other assets	436,240	262,200	174,040	66.4
Total assets	30,407,045	30,034,414	372,631	1.2
Total subordinated claims	46,116	46,223	(107)	(0.2)
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	-
LIABILITIES	30.06.2023	31.12.2022	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	1,989,773	3,125,773	(1,136,000)	(36.3)
Liabilities from securities financing transactions	677,898	18,490	659,408	3,566.3
Amounts due in respect of customer deposits	19,964,203	19,446,818	517,385	2.7
Trading portfolio liabilities	15,626	1,565	14,061	898.5
Negative replacement values of derivative financial instruments	5,345	9,438	(4,093)	(43.4)
Cash bonds	2,070	740	1,330	179.7
Bond issues and central mortgage institution loans	4,821,960	4,776,505	45,455	1.0
Accrued expenses and deferred income	131,059	133,080	(2,021)	(1.5)
Other liabilities	734,872	532,518	202,354	38.0
Provisions	6,241	5,836	405	6.9
Reserves for general banking risks	270,000	270,000	-	0.0
Bank's capital	360,000	360,000	-	0.0
Statutory capital reserve	291,243	299,171	(7,928)	(2.6)
Statutory retained earnings reserve	1,059,968	921,818	138,150	15.0
Currency translation reserve	(30,441)	(29,467)	(974)	3.3
Own shares (negative item)	(9,645)	(14,292)	4,647	(32.5)
Minority interests in own capital	0	471	(471)	(100.0)
Profit/loss (result of the period)	116,873	175,950	(59,077)	(33.6)
<i>of which minority interests in profit & loss account</i>	0	62	(62)	(100.0)
Total liabilities	30,407,045	30,034,414	372,631	1.2
Total subordinated liabilities	245,000	331,545	(86,545)	(26.1)
<i>of which subject to mandatory conversion and / or debt waiver</i>	245,000	245,000	-	0.0
OFF-BALANCE-SHEETS TRANSACTIONS	30.06.2023	31.12.2022	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	899,676	914,546	(14,870)	(1.6)
Irrevocable commitments	900,635	768,782	131,853	17.2
Obligations to pay up shares and make further contributions	308,138	304,085	4,053	1.3
Credit commitments	92,938	114,811	(21,873)	(19.1)

Consolidated income statement – BCGE Group

	30.06.2023	30.06.2022	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
RESULT FROM INTEREST OPERATIONS				
Interest and discount income	263,821	127,228	136,593	107.4
Interest and dividend income from trading portfolios	108	18	90	500.0
Interest and dividend income from financial investments	7,690	2,836	4,854	171.2
Interest expense	(78,695)	(185)	(78,510)	42,437.8
Gross result from interest operations	192,924	129,897	63,027	48.5
Changes in value adjustments for default risks and losses from interest operations	(5,944)	3,055	(8,999)	(294.6)
Subtotal net result from interest operations	186,980	132,952	54,028	40.6
RESULT FROM COMMISSION BUSINESS AND SERVICES				
Commission income from securities trading and investment activities	30,725	31,623	(898)	(2.8)
Commission income from lending activities	19,514	22,451	(2,937)	(13.1)
Commission income from other services	21,763	19,501	2,262	11.6
Commission expense	(4,676)	(4,503)	(173)	3.8
Subtotal result from comission business and services	67,326	69,072	(1,746)	(2.5)
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION				
Subtotal result from trading activities and the fair value option	17,788	19,126	(1,338)	(7.0)
OTHER RESULT FROM ORDINARY ACTIVITIES				
Result from the disposal of financial investments	9,470	7,330	2,140	29.2
Income from participations	5,402	10,228	(4,826)	(47.2)
Result from real estate	600	590	10	1.7
Other ordinary income	3,302	3,140	162	5.2
Other ordinary expenses	(266)	(11,260)	10,994	(97.6)
Subtotal other result from ordinary activities	18,508	10,028	8,480	84.6
Total operating income	290,602	231,178	59,424	25.7
OPERATING EXPENSES				
Personnel expenses	(86,660)	(79,557)	(7,103)	8.9
General and administrative expenses	(54,987)	(49,445)	(5,542)	11.2
Subtotal operating expenses	(141,647)	(129,002)	(12,645)	9.8
"Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets"	(11,067)	(9,357)	(1,710)	18.3
Changes to provisions and other value adjustments, and losses	(880)	919	(1,799)	(195.8)
Operating result	137,008	93,738	43,270	46.2
Extraordinary income	602	25	577	2,308.0
Extraordinary expenses	(49)	-	(49)	n/a
Changes in reserves for general banking risks	-	-	-	0.0
Taxes	(20,688)	(15,337)	(5,351)	34.9
Profit	116,873	78,426	38,447	49.0
<i>of which minority interests in profit & loss account</i>	<i>0</i>	<i>37</i>	<i>(37)</i>	<i>(100.0)</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	299,171	921,818	270,000	(29,467)	(14,292)	471	175,950	1,983,651
Acquisition of own shares						(3,191)			(3,191)
Disposal of own shares						9,141			9,141
Profit (loss) on disposal of own shares		1,303				(1,303)			-
Currency translation differences					(974)				(974)
Dividends and other distributions		489						(39,600)	(39,111)
Special allocation to the State of Geneva (20% of dividends paid)								(7,920)	(7,920)
Other allocations to (transfers from) the reserves for general banking risks				-					-
Other allocations to (transfers from) other reserves		(9,720)	138,150				(471)	(128,430)	(471)
Profit / loss (result of the period)								116,873	116,873
Equity at end of current period	360,000	291,243	1,059,968	270,000	(30,441)	(9,645)	0	116,873	2,057,998

Condensed notes – BCGE Group

- a. 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.
- b. There was no significant change in the scope of consolidation, including extraordinary income and expenses.
- c. Premiums relating to swaptions entered into as part of balance sheet interest-rate risk management are now amortised over the life of the underlying swap instead of that of the hedging instrument in order to better contain the effects of volatility in the interest margin and to better match the management intention.
Apart from this change, there was no change in the principles of recognition and measurement during the first half of 2023.
- d. No significant events occurred after the closing date of the financial statements.

Detail of extraordinary income and expenses

	30.06.2023	30.06.2022
	CHF thousand	CHF thousand
Extraordinary income	602	25
Extraordinary expenses	0	0

Balance sheet – Parent company

ASSETS	30.06.2023	31.12.2022	Variation	Variation
	en 1'000 CHF	en 1'000 CHF	en 1'000 CHF	en %
Liquid assets	7,041,518	6,692,591	348,927	5.2
Amounts due from banks	1,903,808	1,855,445	48,363	2.6
Amounts due from securities financing transactions	52,595	718,692	(666,097)	(92.7)
Amounts due from customers	4,615,341	4,637,910	(22,569)	(0.5)
Mortgage loans	13,312,854	13,045,695	267,159	2.0
Trading portfolio assets	66,063	51,119	14,944	29.2
Positive replacement values of derivative financial instruments	9,045	12,455	(3,410)	(27.4)
Financial investments	2,495,038	2,265,224	229,814	10.1
Accrued income and prepaid expenses	63,755	43,843	19,912	45.4
Participations	97,571	96,010	1,561	1.6
Tangible fixed assets	131,742	124,570	7,172	5.8
Intangible assets	0	78	(78)	(100.0)
Other assets	434,816	260,259	174,557	67.1
Total assets	30,224,146	29,803,891	420,255	1.4
Total subordinated claims	5,905	5,948	(43)	(0.7)
<i>of which subject to mandatory conversion and / or debt waiver</i>	-	-	-	-
LIABILITIES	30.06.2023	31.12.2022	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Amounts due to banks	2,004,074	3,089,611	(1,085,537)	(35.1)
Liabilities from securities financing transactions	677,898	18,490	659,408	3,566.3
Amounts due in respect of customer deposits	19,869,625	19,349,485	520,140	2.7
Trading portfolio liabilities	15,626	1,565	14,061	898.5
Negative replacement values of derivative financial instruments	5,345	9,485	(4,140)	(43.6)
Cash bonds	2,070	740	1,330	179.7
Bond issues and central mortgage institution loans	4,821,960	4,776,505	45,455	1.0
Accrued expenses and deferred income	125,576	127,727	(2,151)	(1.7)
Other liabilities	733,151	530,918	202,233	38.1
Provisions	5,805	5,300	505	9.5
Reserves for general banking risks	270,000	270,000	-	0.0
Bank's capital	360,000	360,000	-	0.0
Statutory capital reserve	279,570	289,290	(9,720)	(3.4)
<i>of which tax-exempt capital contribution reserve</i>	<i>148,872</i>	<i>158,592</i>	<i>(9,720)</i>	<i>(6.1)</i>
Statutory retained earnings reserve	953,059	828,080	124,979	15.1
Own shares	(9,645)	(14,292)	4,647	(32.5)
Profit carried forward / loss carried forward	0	421	(421)	(100.0)
Profit/loss (result of the period)	110,032	160,566	(50,534)	(31.5)
Total liabilities	30,224,146	29,803,891	420,255	1.4
Total subordinated liabilities	245,000	331,545	(86,545)	(26.1)
<i>of which subject to mandatory conversion and / or debt waiver</i>	<i>245,000</i>	<i>245,000</i>	<i>-</i>	<i>0.0</i>
OFF-BALANCE-SHEETS TRANSACTIONS	30.06.2023	31.12.2022	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
Contingent liabilities	865,636	882,711	(17,075)	(1.9)
Irrevocable commitments	905,257	817,644	87,613	10.7
Obligations to pay up shares and make further contributions	308,138	304,085	4,053	1.3
Credit commitments	92,938	114,811	(21,873)	(19.1)

Income statement – Parent company

	30.06.2023	30.06.2022	Variation	Variation
	CHF thousand	CHF thousand	CHF thousand	in %
RESULT FROM INTEREST OPERATIONS				
Interest and discount income	251,320	116,349	134,971	116.0
Interest and dividend income from trading portfolios	108	16	92	575.0
Interest and dividend income from financial investments	6,502	1,570	4,932	314.1
Interest expense	(77,965)	(198)	(77,767)	39,276.3
Gross result from interest operations	179,965	117,737	62,228	52.9
Changes in value adjustments for default risks and losses from interest operations	(5,808)	1,127	(6,935)	(615.4)
Subtotal net result from interest operations	174,157	118,864	55,293	46.5
RESULT FROM COMISSION BUSINESS AND SERVICES				
Commission income from securities trading and investment activities	28,943	29,997	(1,054)	(3.5)
Commission income from lending activities	17,562	20,288	(2,726)	(13.4)
Commission income from other services	20,947	18,771	2,176	11.6
Commission expense	(4,678)	(4,500)	(178)	4.0
Subtotal result from comission business and services	62,774	64,556	(1,782)	(2.8)
RESULT FROM TRADING ACTIVITIES AND FAIR VALUE OPTION				
Subtotal result from trading activities and the fair value option	17,888	19,296	(1,408)	(7.3)
OTHER RESULT FROM ORDINARY ACTIVITIES				
Result from the disposal of financial investments	5,845	7,330	(1,485)	(20.3)
Income from participations	6,759	5,253	1,506	28.7
Result from real estate	600	590	10	1.7
Other ordinary income	3,976	3,195	781	24.4
Other ordinary expenses	(278)	(11,115)	10,837	(97.5)
Subtotal other result from ordinary activities	16,902	5,253	11,649	221.8
Total operating income	271,721	207,969	63,752	30.7
OPERATING EXPENSES				
Personnel expenses	(81,321)	(73,619)	(7,702)	10.5
General and administrative expenses	(50,991)	(45,263)	(5,728)	12.7
Subtotal operating expenses	(132,312)	(118,882)	(13,430)	11.3
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(10,400)	(9,000)	(1,400)	15.6
Changes to provisions and other value adjustments, and losses	(979)	339	(1,318)	(388.8)
Operating result	128,030	80,426	47,604	59.2
Extraordinary income	602	25	577	2,308.0
Extraordinary expenses	-	-	-	-
Changes in reserves for general banking risks	-	-	-	0.0
Taxes	(18,600)	(12,844)	(5,756)	44.8
Profit	110,032	67,607	42,425	62.8

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