

*Press Release // Comunicato stampa
Communiqué de presse // Pressemitteilung*

Lugano, 5 March 2018

2017 results: the Cornèr Bank Group consolidates its growth

The Cornèr Bank Group presents excellent results in its 66th Annual Report. Revenues amounted to CHF 417.1 million, while net income rose to CHF 56.3 million (+1.3 %). All revenue items in the operating lines show an increase compared to the previous year. For the first time, the balance sheet total exceeds the threshold of CHF 8 billion, while equity capital amounts to more than CHF 1 billion, confirming the strength of the Lugano-based Bank.

The Board of Directors and the Executive Board expressed their gratitude to the employees for the results achieved by the Cornèr Bank Group during 2017. All areas of activity continued to grow, registering new historical highs in an economic environment characterised by profound changes and following the pace of transformation related to the digitalisation era of the banking sector.

From a regulatory point of view, the year was characterised by the adoption and implementation of the automatic exchange of information relating to foreign clients, which required the Group to make significant investments in terms of human, technical and financial resources in order to comply with the relevant international standards.

Always keeping abreast of the latest technological inventions, the Group has once again demonstrated its vast expertise in the field of payment cards. In fact, it has successfully introduced in Switzerland and abroad a number of innovations to carry out purchases, which are now increasingly done via mobile phone or other devices, such as watches.

2017 was also the year of the launch of myCornèr, an application that offers clients access to financial research and investment ideas, as well as allowing them to view their own relationships (banking, payment cards, online trading) within Cornèr Bank's product universe.

These multiple innovations show the priority lines within a digitalisation process that has been fundamentally developed for the benefit of clients and which will culminate in the coming years with the finalisation of the complete overhaul of the IT platforms within the Group. This is where CornèrTrader, the online trading platform, stands out, with decidedly positive results.

The detailed analysis of the 66th Annual Report shows a further increase in customer deposits of more than CHF 6 billion. At the same time, lending to clients rose to more than CHF 3.6 billion, while the balance sheet total exceeded the CHF 8 billion threshold.

The profit and loss account shows an increase of 18.9 % in net interest income to CHF 116.4 million, together with a 8.2 % increase in net income from commission and service activities to CHF 210.1 million. Trading activity items also showed positive growth of 1.8 % to CHF 87.8 million.

Total operating income reached CHF 417.1 million, which, compared with the normalised result of last year (with the benefit of a one-off payment to the Group for the sale of its share of Visa Europe, absorbed by Visa Inc.), showed positive growth of CHF 36.0 million (+9.4 %).

Also encouraging is the trend in relation to costs, which are increasing by less than the budgeted amount, despite the significant investments in human and financial resources to support the IT projects.

After amortisation/depreciation, provisions and taxes (the latter totalling CHF 14.3 million), net profit for the year was CHF 56.3 million – a constant and steady increase on the previous years' results (CHF 55.5 million in 2016 and CHF 50.8 million in 2015).

In addition, the Group is continuing its policy of steadily increasing its equity capital, which is now close to CHF 1.1 billion – an important capital endowment that has reinforced for the third consecutive year the Cornèr Bank Group's position as the number one in Switzerland for capital soundness in the statistics published by *The Banker*, an authoritative British periodical for financial analysis and the reference journal in the global banking industry, published by the Financial Times Group.

At the end of 2017, the Group employed 1,315 people, equivalent to 1,236 FTEs (+37 compared to last year), of which 873 FTEs in Ticino, 170 FTEs in the rest of Switzerland and 193 FTEs abroad.

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The Cornèr Bank Group

Founded in Lugano in 1952, the Cornèr Bank Group is an independent Swiss private bank group operating as a full-service bank. Lugano is Switzerland's third-largest banking centre, after Zurich and Geneva. Active across the whole range of traditional banking services, the Cornèr Bank Group specialises in the private banking sector, as well as in the areas of lending, Visa, Mastercard and Diners Club payment cards (Cornèrcard) and online trading (CornèrTrader) – the core businesses on which the growth of the Cornèr Bank Group is based.

The Cornèr Bank Group comprises the Lugano-based parent bank Cornèr Bank Ltd., the four branches in Chiasso, Geneva, Locarno and Zurich, and the affiliates Cornèr Bank (Overseas) Limited, BonusCard.ch Ltd., Cornercard UK Ltd., Diners Club Italia S.r.l. and Dinit d.o.o.

Key Figures of the Cornèr Bank Group (million CHF)

| | 2017 | 2016 | |
|---|---------|---------|--------|
| Liquid assets | 1'592.5 | 1'202.2 | 32.5% |
| Amounts due from banks | 1'368.6 | 1'349.4 | 1.4% |
| Due from clients | 3'553.8 | 3'246.9 | 9.5% |
| Financial investments and other financial instruments at fair value | 1'371.9 | 1'534.0 | -10.6% |
| Amounts due to banks | 191.7 | 301.2 | -36.4% |
| Customer deposits | 6'146.3 | 5'639.5 | 9.0% |
| Shareholders' equity | 1'075.1 | 1'037.9 | 3.6% |
| Total assets | 8'142.9 | 7'619.4 | 6.9% |
| Net result from interest operations | 116.4 | 97.9 | 18.9% |
| Result from commission business and services | 210.1 | 194.2 | 8.2% |
| Result from trading activities and fair value option | 87.8 | 86.2 | 1.8% |
| Operating income | 417.1 | 471.3 | -11.5% |
| Operating expenses | -313.4 | -303.1 | 3.4% |
| Value adjustments, amortisation, provisions and losses | -33.3 | -41.0 | -18.9% |
| Operating result | 70.4 | 127.2 | -44.6% |
| Extraordinary income and expenses and changes in reserves for general banking risks | 0.1 | -45.0 | N/A |
| Taxes | -14.3 | -26.7 | -46.6% |
| Net profit | 56.3 | 55.5 | 1.3% |
| Employees (FTE) | 1'236.0 | 1'199.0 | 3.1% |