

PRESS RELEASE

Banque Heritage completes successful merger, returns to profit - overall growth and 15% increase in AuM on Group level

On a statutory level for 2019, Banque Heritage (the “Bank”) posted a profit of CHF 1.26 mio (vs a loss of CHF 8.1 mio in 2018) despite the important restructuring, migration and integration costs related to the merger which obviously weighed on the bank’s operational results which were offset by the share exchange with the shareholders of Sallfort Privatbank. Both revenues and operating expenses have increased respectively by 28% to CHF 51.4 mio and by 24% to CHF 46.1 mio following the merger.

The transaction facilitated the release of own shares which increased our Total Available Capital from CHF 53.2 mio to CHF 62.54 mio.

The Bank continues to post sound capital adequacy ratios with a Tier 1 Ratio of 29.20% (28.79% in 2018) and Total Capital Ratio of 37.99% (39.49% in 2018).

On a consolidated basis for 2019, the group posted a loss of CHF 5.6 mio as a result of a difference in accounting treatment in the share exchange mechanism from the merger and write-downs on some of its subsidiaries. Nonetheless, Total Available Capital increased from CHF 85.4 mio to CHF 87.9 mio.

Hereto, the group has sound capital adequacy ratios with a Tier 1 Ratio and Total Capital Ratio of 24.83% (24.99% in 2018).

In addition, to simplify its corporate structure, the group merged respectively Sallfort Holding AG, Sallfort Privatbank AG and Sallfort Trinova AG with Banque Heritage. It foresees further corporate simplifications in 2020.

Similarly, post-merger AuM increased by CHF 15% to CHF 5.25 bln despite outflows of CHF 326 mio related to the closure of accounts in non-core markets, focusing on a clear market strategy.

While discretionary portfolio performances were in line with the evolution of financial markets in 2019, overall performance was offset by the re-evaluation of non-listed holdings from certain custody clients.

The improved foundation created in 2019 by the merger, consolidations and re-evaluations promises a strong 2020 and a positive outlook for the Bank and the Group.

In January 2020, Moody’s issued its credit opinion for the Bank with a Counterparty Risk Rating Ba1/NP, a Baseline Credit Assessment baa3, an Issuer rating BA1 (stable) with an overall stable outlook. The following strengths were highlighted: (i) Strong capital provides financial flexibility for strategic opportunities and provides buffer against unforeseen risks, and (ii) Sizeable liquidity to balance high client concentrations with regards to assets under management (AuM) and deposits.

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