

Press release

2012 financial results

BCV Group posts strong 2012 results, with net profit up 3%; distribution policy extended for 5 years

BCV Group turned in strong 2012 financial results. Revenues remained above the CHF 1bn mark, operating profit held steady at CHF 486m and net profit grew 3% to CHF 311m. In addition, the Group has extended the distribution policy that it announced in 2008 for another 5 years. Accordingly, at the next Annual Shareholders' Meeting the Board of Directors will propose an ordinary dividend of CHF 22 and a special dividend of CHF 10 per share out of paid-in reserves. The Group will thus pay out CHF 275m to shareholders. The Canton of Vaud will receive CHF 185m in distributions, together with CHF 65m in cantonal and municipal taxes for 2012, for a total of CHF 250m.

Revenues above CHF 1bn

Total revenues held steady, edging down 1% but remaining over CHF 1bn against a mixed backdrop of continued global economic uncertainty and a generally resilient economy in Vaud and Switzerland as a whole.

Despite higher business volumes, interest income was down 3% to CHF 519m as a result of the continuing low-interest-rate environment.

Fee and commission income advanced 2% to CHF 347m.

Trading income declined 2% to CHF 113m. This slight decrease mainly reflects a reduction in customer-driven forex business.

Other ordinary income rose by 5% (+CHF 1m) to CHF 30m.

Operating profit stable at CHF 486m

Total operating expenses were down 1% (–CHF 7m) to CHF 524m. Personnel costs declined 1%, to CHF 335m. Other operating expenses fell 2% to CHF 189m.

With firm cost control offsetting the slight drop in revenues, operating profit held steady at CHF 486m. The cost/income ratio remained at 60%.

Net profit up 3% to CHF 311m

Depreciation and write-offs rose 3% to CHF 86m and value adjustments, provisions and losses amounted to CHF 4m. Extraordinary income came in at CHF 9m, mainly reflecting net releases of credit-risk provisions.

Net profit grew 3% to CHF 311m.

Mortgage lending growth held within cap; customer savings up

Total assets expanded 5% to CHF 39.8bn.

Mortgage lending showed a 3.6% rise – up CHF 793m to CHF 22.9bn – in line with the Bank's controlled growth target. Other loans declined 14% to CHF 5.1bn. This decrease primarily reflects cyclical trends in Trade Finance and Large Corporates activities. Amounts due from banks totaled CHF 2bn, a 36% decline.

On the liabilities side, the expansion in customer savings and investment accounts continued, with a 6% rise (+CHF 675m) to CHF 12.3bn, which testifies to the strength of the Bank's customer franchise.

Shareholders' equity was stable at CHF 3.3bn. The Group's Core Equity Tier 1 capital ratio at 31 December 2012 was 14.4% (i.e., a FINMA capital adequacy ratio of 180%).

CHF 1.2bn in net new onshore funds

Group assets under management grew 6% (+CHF 4.6bn) to CHF 81.7bn. Net new money for the period amounted to CHF 160m, with CHF 1.2bn in onshore inflows and CHF 1bn in offshore outflows. The offshore outflows were unsurprising in light of the context.

Basel III capital adequacy ratio of more than 200%

In 2012, FINMA finished putting into place its capital adequacy rules under the Basel III agreement. According to these new rules – effective as of 1 January 2013 – the Group's capital ratio is 17.5% (219%). BCV therefore comfortably meets its 12% (150%) requirement as a category 3 bank. The Group has redefined its strategic target for the Core Equity Tier 1 (CET1) capital ratio, which is now 13% (163%). On this basis, the Group's ROE target is between 12% and 13%.

Distribution policy extended

In this context, BCV is extending the distribution policy announced in 2008. Accordingly, the Bank intends to pay an ordinary dividend of CHF 22-27 per share as well as a special dividend of CHF 10 per share. Barring significant changes in the overall economic and regulatory climate or in the Bank's situation, BCV plans to maintain this distribution level for the next 5 years.

AGM proposals to distribute CHF 275m to shareholders through an ordinary dividend of CHF 22 and a special distribution of CHF 10 per share out of paid-in reserves

With the distribution policy announced in 2008 set to continue, the Board of Directors will submit a proposal to pay an ordinary dividend of CHF 22 per registered share at the Annual Shareholders' Meeting on 25 April 2013 in Lausanne. It will also propose a special distribution of CHF 10 per share out of paid-in reserves. If this resolution is approved, BCV will return CHF 275m to shareholders. The Canton of Vaud will receive CHF 185m in distributions, together with CHF 65m in cantonal and municipal taxes for 2012, for a total of CHF 250m.

Standard & Poor's confirms AA rating

In November 2012, Standard and Poor's confirmed BCV's long-term credit rating at AA, having upgraded it from AA– in 2011.

BCV share added to MSCI Switzerland index

Following its inclusion in the STOXX Europe 600 index at the end of 2011, the share was added to the MSCI Switzerland index on 1 June 2012. This index tracks the performance of Switzerland's forty largest companies by market capitalization.

Piguet Galland management team strengthened

In April 2012, Olivier Calloud was appointed CEO of Piguet Galland & Cie SA, having served as acting CEO since November 2011. In December 2012, Michèle Luyet was appointed COO and in January 2013 Alexandre Prautzsch was named as Head of Private Banking.

2012 Carbon Disclosure Project ranks BCV among the top ten Swiss companies

According to the rankings published by the Carbon Disclosure Project in late October 2012, BCV is the highest-ranked Swiss cantonal bank and one of the top ten among Switzerland's 100 largest companies, with a score of 80/100. BCV also made the biggest jump in the rankings compared with last year.

Outlook

BCV's solid results in an uncertain market environment attest to the Bank's strong franchise and firm position. Business development for 2013 is expected to trend along the same lines as in 2012.

Lausanne, Switzerland, 14 February 2013

2013 financial calendar:

25 April	First-quarter results press release
25 April	Annual Shareholders' Meeting, Lausanne, Switzerland
29 April	Ex-dividend date*
2 May	Record date
3 May	Dividend payment*
22 August	First-half results press conference
14 November	Nine-month results press release

* Total distribution comprising an ordinary dividend of CHF 22 per share and CHF 10 per share drawn from paid-in reserves, subject to approval at the Annual Shareholders' Meeting.

Contacts

Christian Jacot-Descombes, Press Officer
Phone.: + 41 21 212 28 61
Email: christian.jacot-descombes@bcv.ch

Gregory Duong, Investor Relations Officer
Phone.: +41 21 212 20 71
Email: gregory.duong@bcv.ch

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Consolidated balance sheet

(in CHF millions)

	31/12/2012	31/12/2011	Change absolute	Change as %
Cash and cash equivalents	4 735	1 711	3 024	+ 177
Money-market instruments	26	28	-2	- 7
Due from banks	2 007	3 128	-1 121	- 36
Loans and advances to customers	5 094	5 894	-800	- 14
Mortgage loans	22 864	22 071	793	+ 4
Trading portfolio assets	667	573	94	+ 16
Financial investments	3 101	2 975	126	+ 4
Non-consolidated holdings	52	88	-36	- 41
Tangible fixed assets	621	628	-7	- 1
Intangible assets	37	35	2	+ 6
Accrued income and prepaid expenses	198	206	-8	- 4
Other assets	398	566	-168	- 30
Assets	39 800	37 903	1 897	+ 5
Total subordinated assets	—	1	-1	- 100
Total claims on non-consolidated holdings and significant shareholders	8	4	4	+ 100
<i>of which claims on the Canton of Vaud</i>	5	1	4	+ 400
Money-market paper issued	3	6	-3	- 50
Due to banks	2 444	2 352	92	+ 4
Customer savings and investment accounts	12 295	11 620	675	+ 6
Other customer accounts	14 908	14 087	821	+ 6
Medium-term notes	131	209	-78	- 37
Bonds and mortgage-backed bonds	5 837	5 384	453	+ 8
Accrued expenses and deferred income	231	215	16	+ 7
Other liabilities	461	523	-62	- 12
Value adjustments and provisions	175	206	-31	- 15
Liabilities	36 485	34 602	1 883	+ 5
Reserves for general banking risks	704	704	—	—
Equity capital	86	86	—	—
Capital reserve	275	360	-85	- 24
Own equity securities	-11	-8	-3	- 38
Retained earnings	1 949	1 838	111	+ 6
Minority interests - equity	1	20	-19	- 95
Net profit before minority interests	311	301	10	+ 3
<i>Minority interests</i>	—	-1	1	n/a
Shareholders' equity	3 315	3 301	14	—
Total liabilities and shareholders' equity	39 800	37 903	1 897	+ 5
Total subordinated liabilities	—	—	—	—
Total liabilities to non-consolidated holdings and significant shareholders	1 331	1 282	49	+ 4
<i>of which liabilities to the Canton of Vaud</i>	1 327	1 246	81	+ 7

Consolidated off-balance-sheet transactions

(in CHF millions)

	31/12/2012	31/12/2011	Change absolute	Change as %
Contingent liabilities	1 238	1 457	-219	- 15
Irrevocable commitments	1 105	1 095	10	+ 1
Commitments relating to calls on shares and other equity securities	94	95	-1	- 1
Confirmed credits	31	45	-14	- 31
Derivative financial instruments				
Positive replacement values	509	765	-256	- 33
Negative replacement values	641	801	-160	- 20
Values of underlyings	45 821	36 163	9 658	+ 27
Fiduciary transactions	359	740	-381	- 51

Consolidated income statement

(in CHF millions)

	2012 1/1 - 31/12	2011 1/1 - 31/12	Change absolute	Change as %
Interest and discount income ¹	712.3	735.8	- 23.5	- 3
Interest and dividend income from financial investments	57.9	58.4	- 0.5	- 1
Interest expense	- 250.9	- 261.1	- 10.2	- 4
Net interest income	519.3	533.1	- 13.8	- 3
Fees and commissions on lending operations ¹	50.2	47.2	+ 3.0	+ 6
Fees and commissions on securities and investment transactions	281.9	291.8	- 9.9	- 3
Fees and commissions on other services	79.1	73.1	+ 6.0	+ 8
Fee and commission expense	- 64.2	- 71.9	- 7.7	- 11
Net fee and commission income	347.0	340.2	+ 6.8	+ 2
Net trading income	113.1	114.9	- 1.8	- 2
Profit on disposal of financial investments	5.9	10.7	- 4.8	- 45
Total income from holdings	4.8	5.5	- 0.7	- 13
Real-estate income	11.3	10.4	+ 0.9	+ 9
Miscellaneous ordinary income	9.5	9.4	+ 0.1	+ 1
Miscellaneous ordinary expenses	- 1.1	- 7.0	- 5.9	- 84
Other ordinary income	30.4	29.0	+ 1.4	+ 5
Total income from ordinary banking operations	1 009.8	1 017.2	- 7.4	- 1
Personnel costs	- 334.7	- 339.2	- 4.5	- 1
Other operating expenses	- 189.3	- 192.3	- 3.0	- 2
Operating expenses	- 524.0	- 531.5	- 7.5	- 1
Operating profit	485.8	485.7	+ 0.1	-
Depreciation and write-offs on fixed assets	- 86.2	- 83.9	+ 2.3	+ 3
Value adjustments, provisions and losses	- 3.9	- 19.8	- 15.9	- 80
Profit on ordinary banking operations before extraordinary items and taxes	395.7	382.0	+ 13.7	+ 4
Extraordinary income	9.0	16.6	- 7.6	- 46
Extraordinary expenses	- 1.6	- 7.8	- 6.2	- 79
Taxes	- 92.0	- 89.7	+ 2.3	+ 3
Net profit before minority interests	311.1	301.1	+ 10.0	+ 3
Minority interests	- 0.1	1.0	- 1.1	n/a
Net profit	311.0	302.1	+ 8.9	+ 3

¹⁾ To facilitate like-for-like comparisons, 2011 figures were adjusted following the reclassification of certain income.