

Press release

Net profit up 6% at BCV Group in 2014

BCV Group has delivered solid 2014 results. In an environment that remains mixed, operating profit edged up 1% to CHF 476m and net profit rose 6% to CHF 296m on the back of stable revenues (CHF 993m) and operating expenses (CHF 517m). At the upcoming Annual Shareholders' Meeting, the Board of Directors will propose an ordinary dividend of CHF 22 per share, as well as a special distribution of CHF 10 per share out of paid-in reserves, in accordance with the distribution policy announced in 2013. Altogether, the Group will pay out CHF 275m to shareholders.

Revenues solid

Total revenues were unchanged year-on-year at CHF 993m. Despite the ongoing decline in interest rates, interest income held steady at CHF 504m thanks to expanding business volumes and effective balance sheet management. Fee and commission income increased 1% to CHF 343m. Trading income retreated 6% to CHF 106m, reflecting low client-driven forex activity over the year. Other ordinary income was CHF 40m.

Operating profit of CHF 476m

Operating expenses were stable at CHF 517m. Personnel costs were up 1% to CHF 339m following the absorption of 80 IT specialists from IBM in 2013. Other operating expenses were down 2% to CHF 178m. Operating profit edged up 1% to CHF 476m.

Net profit of CHF 296m

Depreciation and write-offs fell 7% to CHF 80m owing to cost savings associated with the absorption of the 80 IT specialists. Value adjustments, provisions and losses declined 20% to CHF 34m. Credit-risk provision releases generated most of the CHF 19m in extraordinary income booked in the reporting period. Net profit rose 6% to CHF 296m, and the cost/income ratio improved from 61% to 60%.

Continued growth in customer-driven business volumes

Total assets expanded 4% to CHF 42.1bn. Mortgage lending rose 3% (+CHF 680m) to CHF 24.1bn. Other loans increased 5% (+CHF 280m) to CHF 5.7bn.

On the liabilities side, customer savings and investment accounts continued to expand, rising 2% (+CHF 215m) to CHF 13.0bn. Other customer accounts grew 5% (+CHF 800m) to CHF 16.3bn.

Rise in AuM of 3%

The Group's assets under management (AuM) were up 3% (+CHF 2.5bn) to CHF 86.4bn. Strong market gains offset net fund outflows of CHF 1.9bn. The CHF 1.9bn aggregate net outflow comprises an inflow of CHF 0.8bn from SMEs in the region and onshore retail and private banking customers, coupled with outflows of CHF 1.5bn among large corporate and institutional clients and CHF 1.2bn among offshore clients.

Solid financial position

Equity capital remained at a comfortable CHF 3.3bn, equating to a capital ratio of 17.2%, which attests to the Bank's financial solidity. Standard & Poor's reaffirmed BCV's AA rating, underlining the Bank's position as one of the best-rated financial institutions in the world at a time when the financial sector in general is experiencing a deterioration in credit ratings.

Key events in 2014*CHF 275m paid out to shareholders*

In accordance with the distribution strategy that was renewed for another five years in 2013, BCV returned a total of CHF 32 per share, or CHF 275m, to its shareholders in May.

New Board member

At the Shareholders' Meeting held on 1 May, Ingrid Deltenre, Director General of the European Broadcasting Union (EBU), was elected to replace outgoing Board member Beth Krasna. Ms. Deltenre has acquired extensive management experience in marketing and the media industry over the course of her career.

New Head of the Retail Banking Division

On 3 March, José François Sierdo took up his position as Head of the Retail Banking Division and Member of the Executive Board. Mr. Sierdo has more than 20 years of banking experience in Switzerland and abroad as well as in-depth knowledge of the Canton of Vaud. This makes him the ideal person to lead the development of BCV's retail activities going forward. He was appointed by the Board of Directors to replace outgoing Board member Markus Gygax.

The Swiss cantonal banks sell their holdings in Swisssanto to Zürcher Kantonalbank

BCV announced on 11 December 2014 that it would sell its 7.3% share in Swisssanto, the cantonal banks' joint investment-fund venture, to Zürcher Kantonalbank (ZKB). This sale is part of a deal under which all the cantonal banks agreed to sell their holdings in Swisssanto to ZKB. The profit contribution on this transaction will be booked in 2015 and will amount to approximately CHF 18m.

The transaction does not affect BCV clients currently holding or wishing to purchase Swisscanto fund units.

Proposed CHF 275m payout

In accordance with the distribution policy, 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 23 April 2015 in Lausanne. It will also propose a special distribution of CHF 10 per share out of paid-in reserves. If these proposals are approved, BCV will return CHF 275m to its shareholders. The Canton of Vaud will receive CHF 185m in distributions, together with CHF 60m in cantonal and municipal taxes for 2014, for a total of CHF 245m.

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Note to editors:

This press release is being issued outside the trading hours of the SIX Swiss Exchange in order to comply with the principles of ad hoc disclosure pursuant to the SIX listing rules.

2015 Calendar

2 April	Publication of the 2014 Annual Report (electronic version)
23 April	First-quarter 2015 operating profit press release
23 April	Annual Shareholders' Meeting in Lausanne
27 April	Ex-dividend date
28 April	Dividend record date
29 April	Dividend payment
20 August	Half-year 2015 results
12 November	Third-quarter 2015 operating profit press release

The above text is a translation of the original French document; only the French text is authoritative.

Consolidated balance sheet

(in CHF millions)

	31/12/2014	31/12/2013	Absolute change	Change as %
Cash and cash equivalents	4 960	4 669	291	+ 6
Money-market instruments	29	39	-10	- 26
Due from banks	1 898	1 609	289	+ 18
Loans and advances to customers	5 714	5 434	280	+ 5
Mortgage loans	24 055	23 375	680	+ 3
Trading portfolio assets	849	932	-83	- 9
Financial investments	3 259	3 146	113	+ 4
Non-consolidated holdings	54	50	4	+ 8
Tangible fixed assets	577	602	-25	- 4
Intangible assets	27	32	-5	- 16
Accrued income and prepaid expenses	117	196	-79	- 40
Other assets	529	370	159	+ 43
Assets	42 068	40 454	1 614	+ 4
Total subordinated assets	—	—	—	—
Total claims on non-consolidated holdings and significant shareholders	8	8	—	—
<i>of which claims on the Canton of Vaud</i>	5	5	—	—
Money-market paper issued	5	43	-38	- 88
Due to banks	2 111	1 921	190	+ 10
Customer savings and investment accounts	13 014	12 799	215	+ 2
Other customer accounts	16 252	15 452	800	+ 5
Medium-term notes	57	81	-24	- 30
Bonds and mortgage-backed bonds	6 439	6 064	375	+ 6
Accrued expenses and deferred income	217	224	-7	- 3
Other liabilities	490	377	113	+ 30
Value adjustments and provisions	142	171	-29	- 17
Liabilities	38 727	37 132	1 595	+ 4
Reserves for general banking risks	704	704	—	—
Equity capital	86	86	—	—
Capital reserve	106	192	-86	- 45
Own equity securities	-13	-11	-2	- 18
Retained earnings	2 162	2 071	91	+ 4
Minority interests - equity	—	—	—	—
Net profit before minority interests	296	280	16	+ 6
<i>Minority interests</i>	—	—	—	—
Shareholders' equity	3 341	3 322	19	+ 1
Total liabilities and shareholders' equity	42 068	40 454	1 614	+ 4
Total subordinated liabilities	—	—	—	—
Total liabilities to non-consolidated holdings and significant shareholders	1 357	1 287	70	+ 5
<i>of which liabilities to the Canton of Vaud</i>	1 355	1 284	71	+ 6

Consolidated off-balance-sheet transactions

(in CHF millions)

	31/12/2014	31/12/2013	Absolute change	Change as %
Contingent liabilities	1 302	1 144	158	+ 14
Irrevocable commitments	1 106	1 140	-34	- 3
Commitments relating to calls on shares and other equity securities	113	93	20	+ 22
Confirmed credits	33	23	10	+ 43
Derivative financial instruments				
Positive replacement values	945	521	424	+ 81
Negative replacement values	959	585	374	+ 64
Values of underlyings	50 441	52 701	-2 260	- 4
Fiduciary transactions	263	316	-53	- 17

Consolidated income statement

(in CHF millions)

	2014 1/1 - 31/12	2013 1/1 - 31/12	Absolute change	Change as %
Interest and discount income	652.5	672.7	- 20.2	- 3
Interest and dividend income from financial investments	54.2	56.3	- 2.1	- 4
Interest expense	- 202.9	- 227.5	- 24.6	- 11
Net interest income	503.8	501.5	+ 2.3	-
Fees and commissions on lending operations	44.9	44.5	+ 0.4	+ 1
Fees and commissions on securities and investment transactions	280.0	285.4	- 5.4	- 2
Fees and commissions on other services	82.5	76.7	+ 5.8	+ 8
Fee and commission expense	- 64.0	- 65.3	- 1.3	- 2
Net fee and commission income	343.4	341.3	+ 2.1	+ 1
Net trading income	106.4	112.8	- 6.4	- 6
Profit on disposal of financial investments	3.2	1.8	+ 1.4	+ 78
Total income from holdings	4.3	9.6	- 5.3	- 55
Real-estate income	11.0	11.5	- 0.5	- 4
Miscellaneous ordinary income	21.9	15.2	+ 6.7	+ 44
Miscellaneous ordinary expenses	- 0.8	- 3.1	- 2.3	- 74
Other ordinary income	39.6	35.0	+ 4.6	+ 13
Total income from ordinary banking operations	993.2	990.6	+ 2.6	-
Personnel costs	- 339.0	- 337.3	+ 1.7	+ 1
Other operating expenses	- 178.4	- 182.1	- 3.7	- 2
Operating expenses	- 517.4	- 519.4	- 2.0	-
Operating profit	475.8	471.2	+ 4.6	+ 1
Depreciation and write-offs on fixed assets	- 79.7	- 85.7	- 6.0	- 7
Value adjustments, provisions and losses	- 34.1	- 42.7	- 8.6	- 20
Profit on ordinary banking operations before extraordinary items and taxes	362.0	342.8	+ 19.2	+ 6
Extraordinary income	19.2	21.3	- 2.1	- 10
Extraordinary expenses	-	- 0.1	- 0.1	- 100
Taxes	- 85.1	- 83.9	+ 1.2	+ 1
Net profit before minority interests	296.1	280.1	+ 16.0	+ 6
Minority interests	-	-	-	-
Net profit	296.1	280.1	+ 16.0	+ 6