

Press release

BCV Group net profit up 14% in 2015

BCV Group has delivered very solid 2015 results. In an environment that remained mixed, revenues rose 2% to CHF 1.026bn and operating expenses fell slightly to CHF 514m. Operating profit was up 5% to CHF 399m, reflecting a positive business trend. Net profit increased 14% to CHF 336m, driven in part by the Bank's sale of its stake in Swisscanto. As a sign of its confidence in the Bank's prospects going forward, BCV's Board of Directors will propose a CHF 1 increase in the ordinary dividend to CHF 23 per share, as well as a special distribution of CHF 10 per share out of paid-in reserves, at the upcoming Annual Shareholders' Meeting. If the proposals are approved, the Group will pay out a total of CHF 284m to shareholders.

Solid top-line growth

Total revenues were up 2% year-on-year, surpassing the CHF 1bn mark to reach CHF 1.026bn. In an environment marked by negative interest rates, net interest income before loan impairment charges/reversals¹ remained firm, dropping just 3% to CHF 489m. As loan impairment reversals were lower than in 2014, the item net interest income fell 6% to CHF 490m. Fee and commission income edged down 3% to CHF 332m. There was a sharp rise in customer-driven trading income, which grew 41% (+CHF 44m) to CHF 151m as a result of the high level of forex trading since the Swiss National Bank dropped the EUR/CHF currency floor. Other ordinary income increased 33% to CHF 53m, owing to a financial-asset disposal and a one-off dividend paid by SIX Group SA.

Operating profit up 5% to CHF 399m

Operating expenses were down yet again, with a 1% decline to CHF 514m. Personnel costs fell 1% to CHF 337m, other operating expenses decreased 1% to CHF 177m, and depreciation and amortization contracted 5% to CHF 76m. Despite the costs relating to the settlement reached with the U.S. Department of Justice as part of the 2013 USA/Switzerland tax program, operating profit rose 5% to CHF 399m.

Net profit rises 14% to CHF 336m

Extraordinary income came in at CHF 29m, mainly due to the Bank's sale of its stake in Swisscanto. This helped drive net profit up 14% to CHF 336m. The cost/income ratio improved from 60% to 57%.

¹ Under the new Swiss accounting standards for banks, loan impairment charges/reversals are now factored into net interest income.

Continued growth in customer-driven business volumes

Total assets expanded 4% to CHF 43.4bn. Mortgage lending rose 2% (+CHF 477m) to CHF 24.5bn. Other loans fell 13% (–CHF 740m) to CHF 4.9bn, primarily reflecting a decline in Trade Finance and Large Corporates, as well as liquidity-management activities.

On the liabilities side, customer deposits continued to expand, rising CHF 345m (+1%) to CHF 28.9bn.

Growth in AuM

The Group's assets under management (AuM) were up 2% (+CHF 1.6bn) to CHF 88bn. Net new money for the period amounted to CHF 2.5bn. This figure reflects onshore fund inflows of CHF 3.6bn and the expected outflows of offshore funds (–CHF 1.1bn).

Solid financial position

The Bank's CET1 capital ratio rose to 17.6% and shareholders' equity amounted to CHF 3.4bn, attesting to BCV's financial solidity. Rating agency Moody's raised BCV's long-term deposit rating by two notches, from A1 to Aa2, while Standard & Poor's reaffirmed BCV's AA rating. BCV is one of only a handful of banks not backed by a formal government guarantee to be rated AA.

Key events in 2015*CHF 275m paid out to shareholders*

In accordance with the distribution strategy that was renewed for another five years as from the 2013 reporting period, BCV returned a total of CHF 32 per share, or CHF 275m, to its shareholders in April 2015.

New Board member

The Vaud Cantonal Government appointed Peter Ochsner to BCV's Board of Directors. Mr. Ochsner, who has extensive auditing experience and in-depth knowledge of the banking sector, will take up his position on 1 July 2016.

Agreement reached on US tax issue

BCV and the US Department of Justice (DoJ) signed a non-prosecution agreement (NPA) in December with respect to BCV's participation as a category 2 financial institution in the 2013 USA/Switzerland tax program. Under the terms of the agreement, BCV paid a settlement of USD 41.7m, an amount that was fully covered by existing provisions.

Half-yearly publication of financial results

Beginning this year, BCV will report its financial results on a half-yearly rather than a quarterly basis, which means that only results at 30 June and 31 December will be released. The information-exchange agreement between the Bank and the Vaud Cantonal Government has been revised to take account of this change; the new version took effect on 1 January 2016.

Proposed dividend increase and CHF 284m payout

As a sign of its confidence in the Bank's prospects going forward, BCV's Board of Directors will propose a CHF 1 increase in the ordinary dividend to CHF 23 per share at the upcoming Annual Shareholders' Meeting. 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 284m to its shareholders; the Canton of Vaud will receive CHF 190m in distributions, together with CHF 65m in cantonal and municipal taxes for 2015, for a total of CHF 255m.

Outlook

Barring a significant deterioration in the financial markets and the overall economic climate, business development is expected to trend along the same lines as in 2015. However, as net and operating profit were pushed up by non-recurring items in 2015, the 2016 figures are expected to come in lower year-on-year while nevertheless remaining robust.

Lausanne, Switzerland, 18 February 2016

Please note: Financial results are presented in accordance with the new Swiss accounting rules for banks, applicable from the 2015 financial year. 2014 figures have been adjusted to facilitate like-for-like comparison.

2016 calendar

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| - 1 April | Publication of the 2015 Annual Report (electronic version) |
| - 21 April | Annual Shareholders' Meeting in Lausanne |
| - 25 April | Ex-dividend date |
| - 26 April | Dividend record date |
| - 27 April | Dividend payment |
| - 18 August | Half-year 2016 results |

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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.

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

Consolidated balance sheet

(in CHF millions)

	31/12/2015	31/12/2014	Absolute change	Change as %
Cash and cash equivalents	6 861	4 960	1 901	38
Due from banks	1 810	1 482	328	22
Reverse repurchase agreements	280	415	-135	-33
Loans and advances to customers	4 935	5 675	-740	-13
Mortgage loans	24 522	24 045	477	2
Trading portfolio assets	155	194	-39	-20
Positive mark-to-market values of derivative financial instruments	343	433	-90	-21
Other financial assets at fair value	581	485	96	20
Financial investments	3 140	3 259	-119	-4
Accrued income and prepaid expenses	106	117	-11	-9
Non-consolidated holdings	48	54	-6	-11
Tangible fixed assets	558	577	-19	-3
Intangible assets	23	27	-4	-15
Other assets	56	96	-40	-42
Assets	43 418	41 819	1 599	4
Total subordinated assets	—	—	—	—
of which subject to mandatory conversion and/or conditional write-off	—	—	—	—
Due to banks	1 224	1 156	68	6
Repurchase agreements	1 738	960	778	81
Customer deposits	28 877	28 532	345	1
Negative mark-to-market values of derivative financial instruments	331	446	-115	-26
Other financial liabilities at fair value	666	564	102	18
Medium-term notes	40	57	-17	-30
Bonds and mortgage-backed bonds	6 873	6 439	434	7
Accrued expenses and deferred income	219	217	2	1
Other liabilities	35	44	-9	-20
Provisions	18	63	-45	-71
Liabilities	40 021	38 478	1 543	4
Reserves for general banking risks	704	704	—	—
Share capital	86	86	—	—
Capital reserve	292	106	186	175
Retained earnings	1 999	2 163	-164	-8
Currency translation reserve	-2	-1	-1	100
Treasury shares	-18	-13	-5	38
Minority interests in equity	—	—	—	—
Net profit	336	296	40	14
of which minority interests	—	—	—	—
Shareholders' equity	3 397	3 341	56	2
Total liabilities and shareholders' equity	43 418	41 819	1 599	4
Total subordinated liabilities	—	—	—	—
of which subject to mandatory conversion and/or conditional write-off	—	—	—	—

Consolidated off-balance-sheet transactions

(in CHF millions)

	31/12/2015	31/12/2014	Absolute change	Change as %
Contingent liabilities	1 189	1 302	-113	-9
Irrevocable commitments	998	1 106	-108	-10
Commitments relating to calls on shares and other equity securities	113	113	—	—
Confirmed credits	53	33	20	61

Consolidated income statement

(in CHF millions)

	2015 1/1 - 31/12	2014 1/1 - 31/12	Absolute change	Change as %
Interest and discount income	628.7	652.5	- 23.8	- 4
Interest and dividend income from financial investments	47.4	54.2	- 6.8	- 13
Interest expense	- 186.9	- 202.4	- 15.5	- 8
Net interest income before loan impairment charges/reversals	489.2	504.3	-15.1	-3
Loan impairment charges/reversals	0.9	16.3	-15.4	-94
Net interest income after loan impairment charges/reversals (NII)	490.1	520.6	-30.5	-6
Fees and commissions on securities and investment transactions	263.3	280.0	- 16.7	- 6
Fees and commissions on lending operations	42.7	44.9	- 2.2	- 5
Fees and commissions on other services	80.9	82.5	- 1.6	- 2
Fee and commission expense	- 54.6	- 64.0	- 9.4	- 15
Net fee and commission income	332.3	343.4	-11.1	-3
Net trading income and fair-value adjustments	150.5	106.4	44.1	41
Gains/losses on disposals of financial investments	11.4	3.2	8.2	256
Income from equity investments	15.3	4.3	11.0	256
Real-estate income	10.7	11.0	- 0.3	- 3
Miscellaneous ordinary income	22.1	21.9	0.2	1
Miscellaneous ordinary expenses	- 6.8	- 0.8	6.0	n/s
Other ordinary income	52.7	39.6	13.1	33
Total income from ordinary banking operations	1 025.6	1 010.0	15.6	2
Personnel costs	- 337.2	- 339.0	- 1.8	- 1
Other operating expenses	- 177.0	- 178.9	- 1.9	- 1
Operating expenses	- 514.2	- 517.9	-3.7	-1
Depreciation and amortization of fixed assets and impairment on equity investments	- 75.6	- 79.7	- 4.1	- 5
Other provisions and losses	- 37.1	- 33.8	3.3	10
Operating profit	398.7	378.6	20.1	5
Extraordinary income	28.6	2.6	26.0	n/s
Extraordinary expenses	—	—	—	—
Taxes	- 91.0	- 85.1	5.9	7
Net profit	336.3	296.1	40.2	14
Minority interests	—	—	—	—
Net profit attributable to BCV Group shareholders	336.3	296.1	40.2	14