

Press release

BCV Group H1 2016 operating profit stable in a challenging environment

In a challenging environment, BCV Group's H1 2016 operating profit remained stable at CHF 198m. Revenues decreased by 6% to CHF 494m as interest rates stayed negative, financial markets were lackluster and net trading income fell back from the record levels seen in H1 2015. As expected, net profit also came in below the exceptionally high H1 2015 figure, which was pushed up by non-recurring items relating to the sale of the Bank's stake in Swisscanto. At CHF 157m (–13%), the bottom line nevertheless remained robust and was in fact slightly above the H1 2014 and H1 2013 figures.*

Revenues down in a difficult environment

Total revenues fell 6% year on year to CHF 494m. In an environment marked by continued negative interest rates, which the Bank does not pass on to the great majority of its customers, net interest income before loan impairment charges/reversals dropped 2% to CHF 242m. With loan impairment reversals lower than in H1 2015, net interest income dropped 5% to CHF 243m. Commission and fee income decreased by 8% to CHF 158m, reflecting a contraction in client trading volumes caused by lackluster financial markets. Following a spike in business in January and February 2015 – after the Swiss National Bank (SNB) dropped the EUR/CHF currency floor – net trading income returned to a more typical level of CHF 68m (–14%). Other ordinary income rose 19% to CHF 26m.

Operating profit stable at CHF 198m thanks to firm cost control and lower new provisioning needs

Operating expenses were unchanged at CHF 258m. Personnel costs edged up 1% to CHF 171m, while other operating expenses fell 1% to CHF 87m. Depreciation and amortization decreased 4% to CHF 37m, and other provisions and losses came in at CHF 1m, compared with CHF 27m in H1 2015. At CHF 198m, operating profit was down just 2% from H1 2015 but up 1% from H1 2014, attesting to the Group's earnings stability.

Net profit of CHF 157m

As expected, extraordinary income declined CHF 27m versus the 2015 figure, which included the proceeds from the sale of the Bank's stake in Swisscanto. Net profit nevertheless came in at a robust CHF 157m, down 13% on H1 2015 but slightly up on H1 2014 and H1 2013.

Growth in the balance sheet

Total assets expanded 3% to CHF 44.7bn. Cash and cash equivalents, which mainly comprise SNB sight deposits, totaled CHF 7.2bn (+4%). Mortgage lending rose 1%, or CHF 239m, to CHF 24.8bn. Other loans fell 5% to CHF 4.7bn as part of the Bank's treasury management activities.

On the liabilities side, customer savings and investment accounts declined 2%, or CHF 459m, to CHF 28.4bn, essentially because the Bank's online brokerage partnership with PostFinance came to an end.

Stable AuM

The Group's assets under management were stable at CHF 87.4bn (–1%). An inflow of onshore funds (+CHF 401m) offset the expected outflow of offshore funds (–CHF 399m).

CHF 284m paid out to shareholders

In accordance with its distribution policy, BCV returned CHF 33 per share to its shareholders in April – an increase of CHF 1 per share on previous distributions – for a total payout of CHF 284m.

Solid financial position

The Bank's capital ratio was 16.9% and shareholders' equity amounted to CHF 3.3bn, attesting to BCV's financial solidity. Rating agency Moody's reaffirmed the Aa2 rating (with a stable outlook) awarded to BCV in 2015.

New head of the Business Support Division

BCV's Board of Directors appointed Christian Meixenberger to the Bank's Executive Board as head of the Business Support Division. Mr. Meixenberger holds an engineering degree and has broad expertise in banking technology and back-office operations. He is currently a member of the Executive Board and head of the Services Division of Banque Cantonale de Fribourg. He is scheduled to begin at BCV on 1 January 2017 and will replace Aimé Achard, who is taking his retirement.

Outlook

Barring a significant deterioration in the financial markets and/or the overall economic situation, FY 2016 results are expected to be in line with those recorded in the first half.

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*Unaudited figures.

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Note to editors:

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

Consolidated balance sheet

(unaudited – in CHF millions)

	30/6/2016	31/12/2015	Absolute change	Change as %
Cash and cash equivalents	7 152	6 861	291	4
Due from banks	2 399	1 810	589	33
Reverse repurchase agreements	276	280	-4	-1
Loans and advances to customers	4 696	4 935	-239	-5
Mortgage loans	24 761	24 522	239	1
Trading portfolio assets	408	155	254	164
Positive mark-to-market values of derivative financial instruments	407	343	64	19
Other financial assets at fair value	526	581	-55	-9
Financial investments	3 356	3 140	216	7
Accrued income and prepaid expenses	95	106	-11	-11
Non-consolidated holdings	48	48	0	0
Tangible fixed assets	518	558	-39	-7
Intangible assets	18	23	-5	-20
Other assets	87	56	31	56
Assets	44 747	43 418	1 330	3
Total subordinated assets	0	0	0	0
<i>of which subject to mandatory conversion and/or conditional write-off</i>	0	0	0	0
Due to banks	1 701	1 224	477	39
Repurchase agreements	2 892	1 738	1 154	66
Customer deposits	28 419	28 877	-459	-2
Negative mark-to-market values of derivative financial instruments	361	331	30	9
Other financial liabilities at fair value	650	666	-16	-2
Medium-term notes	29	40	-10	-26
Bonds and mortgage-backed bonds	7 105	6 873	231	3
Accrued expenses and deferred income	197	219	-22	-10
Other liabilities	108	35	73	209
Provisions	16	18	-1	-6
Liabilities	41 477	40 021	1 457	4
Reserves for general banking risks	704	704	0	0
Share capital	86	86	0	0
Capital reserve	206	292	-85	-29
Retained earnings	2 137	1 999	138	7
Currency translation reserve	-2	-2	0	0
Treasury shares	-19	-18	0	1
Minority interests in equity	0	0	0	0
Net profit for reporting period	157		157	
Net profit for 2015		336	-336	
<i>of which minority interests</i>	0	0	0	0
Shareholders' equity	3 270	3 397	-127	-4
Total liabilities and shareholders' equity	44 747	43 418	1 330	3
Total subordinated liabilities	0	0	0	0
<i>of which subject to mandatory conversion and/or conditional write-off</i>	0	0	0	0

Consolidated off-balance-sheet transactions

(unaudited – in CHF millions)

	30/6/2016	31/12/2015	Absolute change	Change as %
Contingent liabilities	1 460	1 189	271	23
Irrevocable commitments	1 111	998	113	11
Commitments relating to calls on shares and other equity securities	194	113	81	72
Confirmed credits	29	53	-24	-46

Consolidated income statement

(unaudited – in CHF millions)

	2016 1st half	2015 1st half	Absolute change	Change as %
Interest and discount income	302.1	316.1	-14.0	-4
Interest and dividend income from financial investments	21.9	24.1	-2.2	-9
Interest expense	-82.2	-93.2	-11.0	-12
Net interest income before loan impairment charges/reversals	241.8	247.0	-5.2	-2
Loan impairment charges/reversals	0.9	7.4	-6.6	-88
Net interest income after loan impairment charges/reversals (NII)	242.7	254.5	-11.8	-5
Fees and commissions on securities and investment transactions	122.1	136.5	-14.4	-11
Fees and commissions on lending operations	22.8	23.2	-0.4	-2
Fees and commissions on other services	37.7	39.0	-1.3	-3
Fee and commission expense	-24.9	-27.6	-2.7	-10
Net fee and commission income	157.7	171.0	-13.3	-8
Net trading income and fair-value adjustments	67.5	78.8	-11.3	-14
Gains/losses on disposals of financial investments	3.6	2.3	1.3	56
Income from equity investments	5.1	5.1	0.0	0
Real-estate income	5.4	5.2	0.1	3
Miscellaneous ordinary income	12.3	12.3	0.1	0
Miscellaneous ordinary expenses	-0.2	-2.9	-2.8	-95
Other ordinary income	26.2	22.0	4.2	19
Total income from ordinary banking operations	494.1	526.3	-32.2	-6
Personnel costs	-171.2	-170.3	0.9	1
Other operating expenses	-87.0	-88.2	-1.2	-1
Operating expenses	-258.2	-258.5	-0.3	0
Depreciation and amortization of fixed assets and impairment on equity investments	-37.1	-38.7	-1.7	-4
Other provisions and losses	-0.9	-27.0	-26.1	-97
Operating profit	197.9	202.0	-4.1	-2
Extraordinary income	0.9	28.0	-27.1	-97
Extraordinary expenses	-0.0	0.0	0.0	0
Taxes	-42.1	-50.6	-8.6	-17
Net profit	156.7	179.4	-22.7	-13
Minority interests	-0.0	0.0	0.0	0
Net profit attributable to BCV Group shareholders	156.7	179.4	-22.7	-13