

Press release

BCV Group H1 2017 operating and net profit up

BCV Group delivered very solid H1 results despite the ongoing negative-interest-rate environment. Revenues edged up 1% to CHF 497m, operating profit grew 3% to CHF 203m, and net profit rose 5% to CHF 164m.*

Top-line growth of 1%

Total revenues were up 1% year on year to CHF 497m. Net interest income before loan impairment charges/reversals increased 4% to CHF 251m, and net interest income grew 2% to CHF 247m. Fee and commission income held fairly steady, amounting to CHF 158m. Net trading income remained high at CHF 69m (+2%). Other ordinary income totaled CHF 22m (-15%).

Operating profit up 3%

Operating expenses were unchanged at CHF 257m. Personnel costs and other operating expenses were flat year on year, at CHF 171m and CHF 87m respectively. Depreciation and amortization decreased 4% to CHF 36m. Operating profit was up 3% to CHF 203m.

Net profit up 5%

The Group's extraordinary income and tax expense were broadly stable compared with the prior year, with extraordinary income up CHF 1m and tax expense down CHF 1m to CHF 41 million. The 5% rise in net profit to CHF 164m was driven by the improvement in operating earnings.

Balance sheet expands 2%

Total assets expanded 2% to CHF 45.1bn. Cash and cash equivalents, which mainly comprise SNB sight deposits, totaled CHF 7.6bn (+1%). Mortgage lending rose 1%, or CHF 269m, to CHF 25.3bn. Other loans increased 3% to CHF 4.9bn.

On the liabilities side, customer savings and investment accounts grew 1%, or CHF 232m, to CHF 29.5bn.

AuM down 4%

The Group's assets under management decreased 4% to CHF 82.0bn, mainly due to the ongoing transfer of Swisscanto funds. Net new money amounted to CHF 59m. Strong growth in private-client and SME assets (+CHF 1.2bn) offset the outflow of funds from Large Corporate and institutional clients (-CHF 1.1bn) resulting from the negative-interest-rate environment.

CHF 284m paid out to shareholders

In accordance with its distribution policy, BCV returned CHF 33 per share to its shareholders in May, for a total payout of CHF 284m. This payout is unchanged from the prior year and represents a total dividend yield of over 5% based on BCV's 2016 closing share price.

Solid financial position

The Bank's total capital ratio was 16.5% and shareholders' equity amounted to CHF 3.3bn, attesting to BCV's financial solidity. In June, rating agency Moody's reaffirmed the Aa2 rating (with a stable outlook) assigned to BCV in 2015.

Changes in the Executive Board and Board of Directors**New Chairman of the Board of Directors**

The Vaud Cantonal Government appointed Jacques de Watteville as the new Chairman of BCV's Board of Directors. He will succeed Olivier Steimer, who has chaired the Board since 2002 and who will remain Chairman until 31 December 2017. Mr. de Watteville served as Switzerland's chief negotiator with the European Union from 2015 until early 2017 and as State Secretary for International Financial Matters in the Federal Department of Finance between 2013 and 2016. He will take up his position on 1 January 2018.

New head of the Corporate Banking Division

BCV's Board of Directors appointed Andreas Diemant to the Bank's Executive Board as head of the Corporate Banking Division. Mr. Diemant, who has worked at UBS as head of the Swiss institutional clients unit and member of the management board for corporate and institutional clients, will join BCV on 1 September 2017. He will replace Jean-François Schwarz, who had been in charge of corporate banking at BCV since 2003 and who retired on 30 June.

Outlook

Barring a significant deterioration in the financial markets and/or the overall economic situation, FY 2017 results are expected to be in line with those recorded in the first half.

Lausanne, Switzerland, 17 August 2017

*Unaudited figures

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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

(unaudited – in CHF millions)

	30/6/2017	31/12/2016	Absolute change	Change as %
Cash and cash equivalents	7 556	7 496	60	1
Due from banks	1 478	1 373	105	8
Reverse repurchase agreements	319	306	13	4
Loans and advances to customers	4 942	4 812	130	3
Mortgage loans	25 306	25 037	269	1
Trading portfolio assets	214	153	61	40
Positive mark-to-market values of derivative financial instruments	247	281	-34	-12
Other financial assets at fair value	609	630	-21	-3
Financial investments	3 618	3 234	384	12
Accrued income and prepaid expenses	71	107	-35	-33
Non-consolidated holdings	70	70	-0	-0
Tangible fixed assets	502	517	-16	-3
Intangible assets	14	16	-2	-11
Other assets	133	54	79	148
Assets	45 079	44 085	993	2
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	1 332	1 070	262	25
Repurchase agreements	2 378	1 791	587	33
Customer deposits	29 477	29 245	232	1
Trading portfolio liabilities	2	0	2	n/a
Negative mark-to-market values of derivative financial instruments	198	244	-46	-19
Other financial liabilities at fair value	810	771	39	5
Medium-term notes	18	21	-4	-17
Bonds and mortgage-backed bonds	7 250	7 267	-16	-0
Accrued expenses and deferred income	162	184	-21	-12
Other liabilities	135	56	79	140
Provisions	16	16	-0	-3
Liabilities	41 779	40 666	1 113	3
Reserves for general banking risks	701	701	0	0
Share capital	86	86	0	0
Capital reserve	121	207	-86	-41
Retained earnings	2 249	2 137	112	5
Currency translation reserve	-2	-2	0	-2
Treasury shares	-20	-19	-0	2
Minority interests in equity	0	0	0	0
Net profit for reporting period	164		164	
Net profit for 2016		310	-310	
<i>of which minority interests</i>	0	0	0	0
Shareholders' equity	3 299	3 420	-120	-4
Total liabilities and shareholders' equity	45 079	44 085	993	2
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)

	30/6/2017	31/12/2016	Absolute change	Change as %
Contingent liabilities	1 414	1 573	-160	-10
Irrevocable commitments	1 437	1 261	175	14
Commitments relating to calls on shares and other equity securities	178	178	-0	0
Confirmed credits	13	77	-63	-83

Consolidated income statement

(unaudited – in CHF millions)

	2017 H1	2016 H1	Absolute change	Change as %
Interest and discount income	291.5	302.1	-10.6	-4
Interest and dividend income from financial investments	18.7	21.9	-3.2	-15
Interest expense	-59.1	-82.2	-23.1	-28
Net interest income before loan impairment charges/reversals	251.1	241.8	9.3	4
Loan impairment charges/reversals	-4.0	0.9	-4.9	n/a
Net interest income after loan impairment charges/reversals (NII)	247.1	242.7	4.4	2
Fees and commissions on securities and investment transactions	122.9	122.1	0.8	1
Fees and commissions on lending operations	24.0	22.8	1.2	5
Fees and commissions on other services	35.4	37.7	-2.4	-6
Fee and commission expense	-23.8	-24.9	-1.1	-4
Net fee and commission income	158.5	157.7	0.8	0
Net trading income and fair-value adjustments	69.0	67.5	1.5	2
Gains/losses on disposals of financial investments	1.0	3.6	-2.6	-72
Income from equity investments	5.7	5.1	0.6	11
Real-estate income	5.4	5.4	0.1	1
Miscellaneous ordinary income	10.4	12.3	-1.9	-16
Miscellaneous ordinary expenses	-0.3	-0.2	0.2	104
Other ordinary income	22.2	26.2	-4.0	-15
Total income from ordinary banking operations	496.7	494.1	2.6	1
Personnel costs	-170.9	-171.2	-0.3	-0
Other operating expenses	-86.5	-87.0	-0.4	-0
Operating expenses	-257.5	-258.2	-0.7	-0
Depreciation and amortization of fixed assets and impairment on equity investments	-35.6	-37.1	-1.4	-4
Other provisions and losses	-0.2	-0.9	-0.7	-81
Operating profit	203.5	197.9	5.5	3
Extraordinary income	1.4	0.9	0.5	59
Extraordinary expenses	-0.0	-0.0	-0.0	0
Taxes	-41.0	-42.1	-1.0	-2
Net profit	163.8	156.7	7.1	5
Minority interests	-0.0	-0.0	0.0	0
Net profit attributable to BCV shareholders	163.8	156.7	7.1	5