

Press release

BCV Group FY 2017 net profit up

BCV Group delivered very solid 2017 results. Revenues were stable at CHF 967m despite the negative-interest-rate environment. Operating profit increased 1% to CHF 387m, and net profit rose 3% to CHF 320m. At the next Annual Shareholders' Meeting, the Board of Directors will propose an ordinary dividend of CHF 23 per share and a special distribution of CHF 10 per share out of paid-in reserves, in accordance with the Bank's distribution policy. In addition, the Group is extending its distribution policy for another five years, in line with the approach adopted over the last decade.

Revenues stable as interest rates remain negative

Total revenues were stable at CHF 967m. In an environment marked by continued negative interest rates, net interest income before loan impairment charges increased 3% to CHF 498m. Net interest income was flat at CHF 478m owing to new provisions for credit risk. Commission and fee income advanced 3% to CHF 316m. Net trading income, which derives mainly from client forex trading activities, remained solid at CHF 134m (-4%). Other ordinary income dropped 8% to CHF 39m.

Firm cost control; operating profit of CHF 387m

Operating expenses were stable at CHF 508m. Personnel costs (CHF 337m) and other operating expenses (CHF 171m) were both unchanged. Depreciation and amortization decreased 3% to CHF 70m. Driven by continuing firm cost control, operating profit edged up 1% to CHF 387m, attesting to the Group's earnings stability.

Net profit up 3% to CHF 320m

Extraordinary income came in at CHF 17m, up CHF 10m on the 2016 figure. This increase is due mainly to a non-core real-estate disposal, which will also positively impact the Bank's results in 2018, by CHF 27m. Net profit was up 3% to CHF 320m.

Balance sheet expands 3%

Total assets expanded 3% to CHF 45.4bn. Cash and cash equivalents, which mainly comprise SNB deposits, totaled CHF 8.0bn (+7%). Mortgage lending rose 1.5%, or CHF 370m, to CHF 25.4bn. Other loans remained stable at CHF 4.8bn.

On the liabilities side, customer deposits grew further, rising 4%, or CHF 1.3bn, to CHF 30.5bn.

Continued new fund inflows

The Group's assets under management expanded 1% to CHF 86.5bn. Without the CHF 5.3bn outflow relating to the Swisscanto fund transfer, AuM grew by CHF 6.4bn. Net new money totaled CHF 2.3bn.

Solid financial position

The Bank's CET1 capital ratio stood at 17.1% and shareholders' equity amounted to CHF 3.5bn at end-2017, attesting to BCV's financial solidity. Standard & Poor's and Moody's reaffirmed their respective AA and Aa2 ratings for BCV, both with a stable outlook.

Proposed CHF 284m payout

At the next Annual Shareholders' Meeting, the Board of Directors will propose an ordinary dividend of CHF 23 per share and a special distribution of CHF 10 per share out of paid-in reserves, in accordance with the Bank's distribution policy. 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 56m in cantonal and municipal taxes for 2017, for a total of CHF 246m.

Distribution policy extended for five years

In line with the approach adopted over the last decade, the Group has extended its distribution policy for another five years beginning with the 2018 reporting period. In light of the planned reduction in Vaud Canton's corporate tax rates, the Bank intends to pay an ordinary dividend of CHF 34–38, barring significant changes in the economic or regulatory environment or in the Bank's situation.

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 took up his position on 1 January 2018, succeeding Olivier Steimer, the Bank's Chairman from 2002 to 2017. Mr. de Watteville served as State Secretary for International Financial Matters in the Federal Department of Finance from 2013 to 2016 and as Switzerland's chief negotiator with the European Union from 2015 to 2017.

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 worked at UBS as head of the Swiss institutional clients unit and member of the management board for corporate and institutional clients from 2012 to 2017,

joined BCV on 1 September 2017. He replaced Jean-François Schwarz, who had been in charge of corporate banking at BCV since 2003 and who retired in 2017.

Outlook

Barring a significant deterioration in the financial markets and/or the overall economic situation, FY 2018 results are expected to trend along the same lines as in prior years.

Lausanne, Switzerland, 15 February 2018

2018 calendar

27 March	Publication of the 2017 Annual Report (on www.bcv.ch)
26 April	Annual Shareholders' Meeting in Lausanne
30 April	Ex-dividend date
2 May	Dividend record date
3 May	Dividend payment
23 August	Half-year 2018 results

Contacts

Christian Jacot-Descombes, Press Officer
Tel.: +41 79 816 99 30
Email: christian.jacot-descombes@bcv.ch

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

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)

	31/12/2017	31/12/2016	Absolute change	Change as %
Cash and cash equivalents	8 044	7 496	549	7
Due from banks	1 013	1 373	-360	-26
Reverse repurchase agreements	499	306	194	63
Loans and advances to customers	4 826	4 812	14	0
Mortgage loans	25 407	25 037	370	1
Trading portfolio assets	186	153	33	21
Positive mark-to-market values of derivative financial instruments	282	281	1	0
Other financial assets at fair value	653	630	23	4
Financial investments	3 753	3 234	519	16
Accrued income and prepaid expenses	91	107	-15	-14
Non-consolidated holdings	70	70	0	0
Tangible fixed assets	519	517	2	0
Intangible assets	12	16	-3	-22
Other assets	57	54	3	6
Assets	45 415	44 085	1 329	3
Total subordinated assets	0	0	0	0
of which subject to mandatory conversion and/or conditional write-off	0	0	0	0
Due to banks	1 398	1 070	328	31
Repurchase agreements	1 350	1 791	-442	-25
Customer deposits	30 512	29 245	1 267	4
Negative mark-to-market values of derivative financial instruments	205	244	-40	-16
Other financial liabilities at fair value	812	771	41	5
Medium-term notes	15	21	-7	-31
Bonds and mortgage-backed bonds	7 392	7 267	125	2
Accrued expenses and deferred income	172	184	-11	-6
Other liabilities	87	56	30	54
Provisions	15	16	-1	-7
Liabilities	41 958	40 666	1 292	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	-1	-2	0	-10
Own shares	-19	-19	0	-2
Minority interests in equity	0	0	-0	-6
Net profit	320	310	11	3
of which minority interests	0	0	-0	0
Shareholders' equity	3 457	3 420	37	1
Total liabilities and shareholders' equity	45 415	44 085	1 329	3
Total subordinated liabilities	0	0	0	0
of which subject to mandatory conversion and/or conditional write-off	0	0	0	0

Consolidated off-balance-sheet transactions

(in CHF millions)

	31/12/2017	31/12/2016	Absolute change	Change as %
Contingent liabilities	1 763	1 573	190	12
Irrevocable commitments	1 481	1 261	220	17
Commitments relating to calls on shares and other equity securities	177	178	-1	0
Confirmed credits	18	77	-59	-77

Consolidated income statement

(in CHF millions)

	2017 1/1 - 31/12	2016 1/1 - 31/12	Absolute change	Change as %
Interest and discount income	576.4	599.0	-22.6	-4
Interest and dividend income from financial investments	34.7	40.3	-5.6	-14
Interest expense	-113.3	-156.7	-43.4	-28
Net interest income before loan impairment charges/reversals	497.8	482.5	15.2	3
Loan impairment charges/reversals	-20.2	-4.7	15.4	327
Net interest income after loan impairment charges/reversals (NII)	477.6	477.8	-0.2	-0
Fees and commissions on securities and investment transactions	250.3	241.5	8.8	4
Fees and commissions on lending operations	44.6	42.2	2.4	6
Fees and commissions on other services	71.8	75.2	-3.5	-5
Fee and commission expense	-50.3	-51.0	-0.7	-1
Net fee and commission income	316.4	307.9	8.5	3
Net trading income and fair-value adjustments	133.9	139.2	-5.4	-4
Gains/losses on disposals of financial investments	2.5	6.4	-3.9	-61
Income from equity investments	6.2	5.5	0.7	13
Real-estate income	10.9	11.0	-0.1	-1
Miscellaneous ordinary income	20.0	21.6	-1.5	-7
Miscellaneous ordinary expenses	-0.9	-2.3	-1.4	-61
Other ordinary income	38.7	42.1	-3.4	-8
Total income from ordinary banking operations	966.6	967.1	-0.5	-0
Personnel costs	-337.0	-338.0	-0.9	-0
Other operating expenses	-171.4	-170.7	0.7	0
Operating expenses	-508.4	-508.7	-0.3	-0
Depreciation and amortization of fixed assets and impairment on equity investments	-70.4	-72.4	-2.0	-3
Other provisions and losses	-1.2	-2.7	-1.4	-54
Operating profit	386.5	383.4	3.2	1
Extraordinary income	16.8	6.7	10.1	150
Extraordinary expenses	-0.0	-0.0	0.0	n/a
Change in reserves for general banking risks	0.0	3.0	-3.0	n/a
Taxes	-83.1	-83.5	-0.4	-0
Net profit	320.3	309.6	10.6	3
Minority interests	-0.0	-0.0	-0.0	0
Net profit attributable to BCV shareholders	320.2	309.6	10.6	3