

Press release

BCV Group posts rise in FY 2019 revenues, operating profit, and net profit

BCV Group delivered very solid FY 2019 results. Revenues were up 3% to CHF 1.0bn despite the negative-interest-rate environment. Operating profit increased 4% to CHF 419m, and net profit rose 4% to CHF 363m. At the next Annual Shareholders' Meeting, the Board of Directors will recommend a CHF 1 increase in the ordinary dividend, to CHF 36 per share. Shareholders will also be asked to vote on a proposed 10-for-1 stock split of the BCV share.

Revenues up 3%

BCV Group's revenues rose 3% to CHF 1.0bn. Interest income before loan impairment charges/reversals was steady at CHF 497m. Net interest income grew 3% to CHF 507m, driven by a net reversal of loan provisions. Net fee and commission income was up 2% to CHF 323m. Net trading income, which derives mainly from client forex trading activities, was stable at CHF 128m. Other ordinary income rose 8% to CHF 44m.

Operating profit up, with continued firm cost control

Operating expenses increased 1% to CHF 504m. Personnel costs were up 2% to CHF 339m, and other operating expenses were down 1% to CHF 165m. Depreciation and amortization rose 4% to CHF 71m, due mainly to investments in digital banking. Operating profit was up 4% to CHF 419m.

Net profit up 4% to CHF 363m

Net profit rose 4% to CHF 363m, reflecting higher operating profit and lower tax expense following the implementation of Vaud Canton's corporate tax reform.

Balance sheet expands 1%

Total assets grew 1% to CHF 48.4bn. Cash and cash equivalents, which are mainly held as SNB deposits, continued to increase, rising 2% to CHF 8.4bn. Mortgage lending rose 4%, or CHF 937m, to CHF 27.0bn. Other loans were up 1% to CHF 5.8bn.

On the liabilities side, customer deposits grew further, rising 5%, or CHF 1.7bn, to CHF 33.0bn.

Continued new fund inflows

The Group's assets under management expanded 12% to CHF 97.8bn. Net new money totaled CHF 3.8bn. This figure comprised CHF 1.5bn in fund inflows from personal banking customers and local SMEs, as well as CHF 2.3bn from large-corporate and institutional clients.

Solid financial position

Shareholders' equity rose 2% to CHF 3.6bn. At end-2019, the Bank's CET1 capital ratio stood at 17.1%, attesting to the Bank's financial solidity. Standard & Poor's and Moody's reaffirmed their respective AA and Aa2 ratings for BGV, both with a stable outlook.

Proposed CHF 310m payout

At the next Annual Shareholders' Meeting on 30 April 2020, the Board of Directors will recommend a CHF 1 increase in the ordinary dividend, to CHF 36 per share. This proposal is in line with the dividend policy announced by the Bank in 2018. If it is approved, BGV will return CHF 310m to its shareholders. The Canton of Vaud will receive CHF 207m in dividends together with CHF 26m in 2019 cantonal and municipal taxes, for a total of CHF 233m.

Proposed stock split

At the next Shareholders' Meeting, the Board will also propose a 10-for-1 stock split where one BGV share before the split will equal ten shares after the split. The split is intended to enhance the liquidity of BGV shares and make them more attractive to private investors. If the proposal is approved by shareholders, BGV shares will begin trading on a split-adjusted basis on 28 May 2020.

Elections and changes to the Board of Directors

At the next Shareholders' Meeting, BGV's Board of Directors will recommend that Eftychia Fischer, currently a member of the boards of Vaudoise Assurances and Union Bancaire Privée, be named to BGV's Board for a four-year term (see the 22 August 2019 press release). If the proposal is approved by shareholders, she will succeed Reto Donatsch, who will step down at the 2020 Shareholders' Meeting, as he will have reached the age limit of 70 stipulated by law and the Bank's Articles of Incorporation.

The Board will also recommend that shareholders re-elect Jack Clemons, who was first elected to the Board in 2016, for a further four-year term.

With Mr. Donatsch's departure, the Vaud Cantonal Government has appointed Jean-François Schwarz as Vice Chair of BGV's Board of Directors. Mr. Schwarz was appointed as a Board member in 2018 and took office in January 2019.

The Vaud Cantonal Government has also reappointed Peter Ochsner, who joined the Board in 2016, for a further four-year term starting on 1 July 2020.

Outlook

Barring a significant deterioration in the financial markets and/or the overall economic situation, FY 2020 results are expected to trend along the same lines as in prior years.

Lausanne, Switzerland, 27 February 2020

2020 calendar

30 March	Publication of the 2019 Annual Report (on www.bcv.ch)
30 April	Annual Shareholders' Meeting in Lausanne
5 May	Ex-dividend date
6 May	Dividend record date
7 May	Dividend payment
28 May	First trading day on a post-split basis
20 August	Half-year 2020 results

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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

(in CHF millions)

	31/12/2019	31/12/2018	Absolute change	Change as %
Cash and cash equivalents	8,384	8,235	149	2
Due from banks	1,186	1,921	-735	-38
Reverse repurchase agreements	239	314	-75	-24
Loans and advances to customers	5,752	5,677	75	1
Mortgage loans	27,016	26,079	937	4
Trading portfolio assets	277	334	-57	-17
Positive mark-to-market values of derivative financial instruments	273	268	5	2
Other financial assets at fair value	784	621	163	26
Financial investments	3,811	3,767	44	1
Accrued income and prepaid expenses	85	80	6	7
Non-consolidated holdings	69	70	-1	-2
Tangible fixed assets	433	445	-12	-3
Intangible assets	5	9	-3	-39
Other assets	36	42	-7	-16
Assets	48,352	47,863	489	1
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	1,703	2,655	-952	-36
Repurchase agreements	1,502	1,809	-307	-17
Customer deposits	33,048	31,375	1,673	5
Trading portfolio liabilities	2	0	1	326
Negative mark-to-market values of derivative financial instruments	213	236	-23	-10
Other financial liabilities at fair value	918	766	152	20
Medium-term notes	3	7	-4	-54
Bonds and mortgage-backed bonds	7,094	7,244	-150	-2
Accrued expenses and deferred income	154	156	-2	-2
Other liabilities	114	77	37	47
Provisions	16	15	1	5
Liabilities	44,766	44,341	425	1
Reserves for general banking risks	701	701	0	0
Share capital	86	86	0	0
Capital reserve	35	35	0	1
Retained earnings	2,419	2,371	48	2
Currency translation reserve	-2	-1	-0	-5
Own shares	-18	-20	2	9
Minority interests in equity	0	0	-0	-11
Net profit	363	350	13	4
<i>of which minority interests</i>	0	0	0	27
Shareholders' equity	3,586	3,522	64	2
Total liabilities and shareholders' equity	48,352	47,863	489	1
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

(in CHF millions)

	31/12/2019	31/12/2018	Absolute change	Change as %
Contingent liabilities	1,789	1,863	-74	-4
Irrevocable commitments	1,301	1,623	-321	-20
Commitments relating to calls on shares and other equity securities	177	177	0	0
Confirmed credits	46	49	-2	-5

Consolidated income statement

(in CHF millions)

	2019 FY	2018 FY	Absolute change	Change as %
Interest and discount income	570.3	573.1	-2.7	-0
Interest and dividend income from financial investments	27.9	31.0	-3.1	-10
Interest expense	-101.4	-108.0	-6.7	-6
Net interest income before loan impairment charges/reversals	496.9	496.1	0.8	0
Loan impairment charges/reversals	9.8	-5.9	-15.8	-265
Net interest income after loan impairment charges/reversals (NII)	506.7	490.1	16.6	3
Fees and commissions on securities and investment transactions	259.4	250.2	9.2	4
Fees and commissions on lending operations	44.5	46.1	-1.6	-4
Fees and commissions on other services	73.6	72.6	1.0	1
Fee and commission expense	-54.6	-51.7	2.9	6
Net fee and commission income	322.9	317.2	5.7	2
Net trading income and fair-value adjustments	128.1	128.1	0.1	0
Gains/losses on disposals of financial investments	0.5	2.1	-1.6	-76
Income from equity investments	13.7	11.9	1.8	15
<i>of which other non-consolidated holdings</i>	<i>13.7</i>	<i>11.9</i>	<i>1.8</i>	<i>15</i>
Real-estate income	7.5	7.5	0.0	0
Miscellaneous ordinary income	22.9	20.0	2.9	15
Miscellaneous ordinary expenses	-0.3	-0.3	0.0	8
Other ordinary income	44.3	41.1	3.2	8
Total income from ordinary banking operations	1,002.0	976.5	25.5	3
Personnel costs	-339.3	-332.7	6.6	2
Other operating expenses	-165.2	-167.5	-2.2	-1
Operating expenses	-504.5	-500.2	4.3	1
Depreciation and amortization of fixed assets and impairment on equity investments	-71.3	-68.8	2.6	4
Other provisions and losses	-7.2	-4.7	2.5	54
Operating profit	418.9	402.9	16.0	4
Extraordinary income	0.7	34.9	-34.2	-98
Extraordinary expenses	-0.2	-0.0	0.2	637
Taxes	-56.6	-88.1	-31.6	-36
Net profit	362.9	349.7	13.2	4
Minority interests	-0.0	-0.0	0.0	27
Net profit attributable to BCV shareholders	362.9	349.7	13.2	4