

Press release

BCV Group posts solid H1 2020 net profit of CHF 158m, in a business environment impacted by Covid-19

BCV Group's H1 2020 financial results were down from the prior year but nevertheless remained solid. After a record year in 2019, net profit came in at CHF 158m, a decline of 13% from H1 2019. Revenues decreased 5%, or CHF 25m, to CHF 477m, and operating profit fell 14%, or CHF 30m, to CHF 179m.

The decline in operating profit reflects two factors stemming from the Covid-19 pandemic: a CHF 11m decline in revenues before provisions¹ reflecting softer customer business during the period; and a CHF 20m increase in provisions and loan impairment charges for a limited number of companies in difficulty (CHF 13.5m increase relating to loans and CHF 6.3m increase relating to off-balance-sheet commitments).

Throughout the pandemic, BCV has continued to fulfill its mission as Vaud's cantonal bank. In particular, it had granted over 6,000 Covid-19 bridge loans to local businesses at end-July, for a total of over CHF 700m.²

Revenues down 5%

BCV Group's revenues were down 5%, or CHF 25m, year on year to CHF 477m.

In the continued negative-interest-rate environment, net interest income before loan impairment charges was down 4% to CHF 242m. Net interest income fell 10% to CHF 229m, due to loan impairment charges recognized during the period. Fee and commission income decreased 3% to CHF 156m. Net trading income was bolstered by the heightened forex-market volatility, rising 22% to CHF 73m. Other ordinary income fell 32% to CHF 19m, largely reflecting a non-recurring payout received on a holding in 2019.

Operating profit at CHF 179m

Operating expenses were steady at CHF 253m (-1%), and depreciation and amortization rose 4% to CHF 37m. Other provisions and losses amounted to CHF 8m (+332%), mainly on off-balance-sheet commitments involving a limited number of client businesses experiencing difficulty. As a result, operating profit declined 14%, or CHF 30m, to CHF 179m.

¹Revenues before provisions = Total income from ordinary banking operations – Loan impairment charges/reversals

²Unaudited figures

That decline reflects two factors stemming from the Covid-19 pandemic: a CHF 11m decline in revenues before provisions (see footnote 1) reflecting softer customer business during the period; and a CHF 20m increase in provisions and loan impairment charges for a limited number of companies in difficulty (CHF 13.5m increase relating to loans and CHF 6.3m increase relating to off-balance-sheet commitments).

Net profit at CHF 158m

The Bank recorded extraordinary income of CHF 3m in the first half of the year and a tax expense of CHF 24m. Net profit for the period came in at CHF 158m, down 13% but nevertheless at a high level. This figure corresponds to an ROE of 8.8% – one of the highest in BGV's peer group.

Growth in lending and deposits

Total assets grew 4% to CHF 50.3bn. Cash and cash equivalents, which are mainly held as SNB sight deposits, rose 15% to CHF 9.6bn. Mortgage lending expanded 1.5%, or CHF 403m, to CHF 27.4bn. Other loans increased 2% to CHF 5.9bn, primarily as a result of Covid-19 bridge loans.

On the liabilities side, customer deposits grew 2%, or CHF 671m, to CHF 33.7bn. Personal banking and SME deposits rose, while large corporate deposits fell.

Decrease in AuM

As a result of the challenging financial-market conditions, the Group's assets under management contracted 2% to CHF 95.9bn. Net new money totaled CHF 862m, primarily from retail and private banking, SME, and institutional clients, and largely offset the CHF 1.1bn transfer of Swisscanto funds to ZKB following ZKB's acquisition of Swisscanto.

CHF 310m paid out to shareholders

In accordance with its dividend policy, BGV returned CHF 36 per share to its shareholders in May, for a total payout of CHF 310m. The distribution was up CHF 1 per share on the prior year and represents a total dividend yield of 4.6% based on BGV's 2019 closing share price.

Solid financial position

The Bank's total capital ratio stood at 17.9% at 30 June 2020 and shareholders' equity amounted to CHF 3.4bn, attesting to BGV's financial solidity. In the first half of the year, Standard & Poor's once again reaffirmed its AA rating for BGV with a stable outlook, and Moody's maintained its Aa2 rating, also with a stable outlook.

A rising share price and 10-for-1 stock split

The BCV share gained 17% in the first half, resulting in a total shareholder return of 21%. This makes it one of the best-performing banking stocks on the SIX Swiss Exchange. The BCV share was added to the MSCI World Index on 29 May 2020 and the STOXX Europe 600 Index on 22 June 2020, reflecting its high trading activity and strong gains over the past few years. BCV carried out a 10-for-1 stock split on 28 May 2020, making its share more attractive to private investors.

Fulfilling BCV's mission as Vaud's cantonal bank throughout the pandemic

The Bank adopted special measures in the first half of the year to protect its customers and employees, while continuing to provide a full range of banking services to the people and businesses of Vaud. For instance, customers were able to use BCV's various remote banking channels to carry out their day-to-day transactions and speak with their advisors, demonstrating the effectiveness of BCV's multichannel approach. To help support local SMEs, the Bank suspended the 31 March and 30 June principal payments on their loans, leaving those firms with over CHF 40m of additional cash (see the press release from 19 March). BCV also worked intensely with four other Swiss banks and the Swiss federal authorities to develop the federal Covid-19 bridge-loan program that is supplying businesses with essential working capital during the pandemic. At end-July, BCV had granted over 6,000 of these bridge loans for a total of over CHF 700m.

Outlook

Barring a significant deterioration in the financial markets and/or the overall economic situation in the second half of the year, FY 2020 results are expected to be in line with those recorded in the first half.

Lausanne, Switzerland, 20 August 2020

2021 calendar

18 February	Full-year 2020 results
29 March	Publication of the 2020 Annual Report (on www.bcv.ch)
29 April	Annual Shareholders' Meeting in Lausanne
19 August	Half-year 2021 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

(unaudited – in CHF millions)

	30/6/2020	31/12/2019	Absolute change	Change as %
Cash and cash equivalents	9,621	8,384	1,237	15
Due from banks	1,045	1,186	-141	-12
Reverse repurchase agreements	272	239	32	14
Loans and advances to customers	5,855	5,752	103	2
Mortgage loans	27,419	27,016	403	1
Trading portfolio assets	280	277	3	1
Positive mark-to-market values of derivative financial instruments	308	273	35	13
Other financial assets at fair value	712	784	-71	-9
Financial investments	4,171	3,811	360	9
Accrued income and prepaid expenses	66	85	-19	-23
Non-consolidated holdings	69	69	0	0
Tangible fixed assets	410	433	-23	-5
Intangible assets	4	5	-2	-31
Other assets	36	36	-0	-0
Assets	50,268	48,352	1,916	4
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	2,648	1,703	945	55
Repurchase agreements	2,255	1,502	753	50
Customer deposits	33,719	33,048	671	2
Trading portfolio liabilities	1	2	-1	-50
Negative mark-to-market values of derivative financial instruments	276	213	63	30
Other financial liabilities at fair value	788	918	-129	-14
Medium-term notes	2	3	-1	-24
Bonds and mortgage-backed bonds	6,884	7,094	-210	-3
Accrued expenses and deferred income	127	154	-27	-17
Other liabilities	111	114	-2	-2
Provisions	19	16	4	23
Liabilities	46,832	44,766	2,066	5
Reserves for general banking risks	701	701	0	0
Share capital	86	86	0	0
Capital reserve	36	35	0	1
Retained earnings	2,472	2,419	53	2
Currency translation reserve	-2	-2	-0	-3
Own shares	-16	-18	1	8
Minority interests in equity	0	0	-0	-0
Net profit for reporting period	158		158	
Net profit		363	-363	
<i>of which minority interests</i>	0	0	-0	-23
Shareholders' equity	3,435	3,586	-150	-4
Total liabilities and shareholders' equity	50,268	48,352	1,916	4
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)

	30/6/2020	31/12/2019	Absolute change	Change as %
Contingent liabilities	1,532	1,789	-256	-14
Irrevocable commitments	1,362	1,301	61	5
Commitments relating to calls on shares and other equity securities	178	177	0	0
Confirmed credits	16	46	-31	-66

Consolidated income statement

(unaudited – in CHF millions)

	2020 H1	2019 H1	Absolute change	Change as %
Interest and discount income	262.4	289.2	-26.8	-9
Interest and dividend income from financial investments	12.8	15.7	-3.0	-19
Interest expense	-33.4	-52.4	-19.1	-36
Net interest income before loan impairment charges/reversals	241.8	252.5	-10.7	-4
Loan impairment charges/reversals	-12.9	0.7	13.5	n/a
Net interest income after loan impairment charges/reversals (NII)	228.9	253.1	-24.2	-10
Fees and commissions on securities and investment transactions	131.0	127.3	3.7	3
Fees and commissions on lending operations	19.9	24.6	-4.6	-19
Fees and commissions on other services	31.2	35.8	-4.6	-13
Fee and commission expense	-25.8	-26.6	-0.7	-3
Net fee and commission income	156.3	161.2	-4.8	-3
Net trading income and fair-value adjustments	73.0	59.6	13.4	22
Gains/losses on disposals of financial investments	0.2	0.3	-0.0	-5
Income from equity investments	4.9	12.4	-7.4	-60
<i>of which other non-consolidated holdings</i>	4.9	12.4	-7.4	-60
Real-estate income	3.4	3.8	-0.4	-11
Miscellaneous ordinary income	10.4	11.3	-0.9	-8
Miscellaneous ordinary expenses	-0.2	-0.1	0.2	218
Other ordinary income	18.8	27.7	-8.9	-32
Total income from ordinary banking operations	477.1	501.6	-24.5	-5
Personnel costs	-173.3	-170.8	2.4	1
Other operating expenses	-79.6	-84.1	-4.5	-5
Operating expenses	-252.9	-255.0	-2.1	-1
Depreciation and amortization of fixed assets and impairment on equity investments	-37.0	-35.7	1.3	4
Other provisions and losses	-8.2	-1.9	6.3	332
Operating profit	179.0	209.0	-30.0	-14
Extraordinary income	3.1	0.2	2.9	n/a
Extraordinary expenses	-0.0	-0.1	-0.0	-47
Taxes	-24.3	-26.8	-2.5	-9
Net profit	157.8	182.4	-24.6	-13
Minority interests	-0.0	-0.0	0.0	79
Net profit attributable to BCV shareholders	157.8	182.4	-24.6	-13