

Press release

(Ad hoc announcement pursuant to Art. 53 LR)

BCV Group FY 2022 net profit up 3%, dividend and dividend target range increased

BCV Group delivered very strong FY 2022 financial results, with net profit at its highest in 15 years. Revenues were up 3% to CHF 1.04bn. Operating profit rose 4% year on year to CHF 448m on firm cost control. Net profit was up 3% to CHF 388m. At the upcoming Annual Shareholders' Meeting, the Board of Directors will recommend an ordinary dividend of CHF 3.80 per share, up CHF 0.10 on the prior-year figure. In line with the approach adopted over the last 15 years, the Group is extending its distribution policy for another five years, but with a higher target range of CHF 3.80–4.20 per share.

Revenues up 3% to CHF 1.04bn

Total revenues were up 3% year on year to CHF 1.04bn. Net interest income before loan impairment charges/reversals edged down 2% to CHF 462m. Net interest income was stable at CHF 464m on lower provisioning needs. Fee and commission income was affected by the downtrend on financial markets and declined 4% to CHF 343m. Net trading income climbed 32% to CHF 189m thanks to active balance-sheet management and strong client business driven by high volatility in forex markets. Other ordinary income rose 6% to CHF 43m.

Operating profit up 4% to CHF 448m

Operating expenses rose 2% to CHF 517m. Personnel costs edged up 1% to CHF 353m. Other operating expenses increased 5% to CHF 164m, mainly owing to the resumption of BCV-sponsored cultural and sporting events that had been canceled in 2020 and 2021 due to the Covid-19 pandemic. Depreciation and amortization declined 3% to CHF 70m. Operating profit was up 4% to CHF 448m.

Net profit up 3% to CHF 388m

The Bank recorded a tax expense of CHF 61m. Net profit was up 3% to CHF 388m. That corresponds to an ROE of 10.7% – one of the highest in BCV's peer group.

Total assets up 6%

Total assets increased 6%, or CHF 3.4bn, to CHF 59.4bn, driven by large cash inflows. Cash and cash equivalents, which are mainly held as SNB sight deposits, rose 3% to CHF 12.9bn. In a dynamic real-estate market, mortgage lending expanded 4%, or CHF 1.1bn, to CHF 30.4bn, with the mortgage book above the CHF 30bn mark for the first time. Other loans remained stable at CHF 6.2bn, as increased SME lending offset Covid-19 loan reimbursements and a decline in Trade Finance activity due to the current geopolitical situation.

On the liabilities side, customer deposits continued to expand, edging up 1%, or CHF 199m, to CHF 38.4bn.

Continued net fund inflows

Negative market performance of CHF 7.0bn reduced assets under management by 6% and was only partially offset by CHF 3.0bn in net new money (adding 3%) from all client segments – individuals, SMEs, institutional clients, and large corporates. Overall, the Group's AuM fell 4%, or CHF 4.0bn, to CHF 108.9bn.

Solid financial position

Shareholders' equity rose 2% to CHF 3.7bn. The Bank's CET1 ratio stood at 17.6%, attesting to BCV's financial solidity. Standard & Poor's once again reaffirmed its AA rating for BCV with a stable outlook, and Moody's maintained its Aa2 rating, also with a stable outlook.

Very solid ESG ratings

BCV's longstanding commitment to sustainable economic development is reflected in the Bank's ESG scores. In 2022, MSCI upgraded the Bank's ESG rating to AA, the agency's second-highest rating, placing BCV in the "Leader" category. Ethos reaffirmed the Bank's A- rating, the second-highest score. In addition, CDP included BCV in its "Leadership" category last year based on the Bank's rating of A-, the second highest of eight scores.

Proposed CHF 327m payout

At the upcoming Annual Shareholders' Meeting, the Board of Directors will recommend an ordinary dividend of CHF 3.80 per share, up CHF 0.10 on the prior-year figure. If the payout is approved, BCV will distribute CHF 327m to its shareholders. The Canton of Vaud will receive CHF 219m in dividends together with CHF 28m in 2022 cantonal and municipal taxes, for a total of CHF 247m.

Distribution policy extended for five years

In line with the approach adopted over the last 15 years, the Group has extended its distribution policy for another five years. Beginning with the 2023 reporting period, the Bank intends to pay an ordinary dividend of CHF 3.80–4.20, barring significant changes in the economic or regulatory environment or in the Bank's situation.

Changes to the Board of Directors

The Vaud Cantonal Government, acting in accordance with Article 12, paragraph 1(b), of the cantonal law governing BCV, has appointed Stefan Fuchs to BCV's Board of Directors, effective from 1 July 2023. Mr. Fuchs will be one of the four Board members appointed by the Vaud Cantonal Government and will replace Peter Ochsner, who will step down from the Board on 30 June 2023 after seven years of service (see BCV's half-year results press release of 18 August

2022). The Bank would like to express its warmest thanks to Mr. Ochsner for his significant contributions as a member of the Board.

Upon joining the Board, Mr. Fuchs will also take up the position of chair of the Audit and Risk Committee, which will be held by Mr. Ochsner until his departure. Mr. Fuchs has had a long career in auditing for the finance and banking industry. In 1991 he was licensed by the Swiss Federal Banking Commission as a lead auditor for banks, securities firms and investment funds, and has worked for over 35 years first for the auditing and consulting firm Andersen and then for Ernst & Young (EY) following the merger of those two firms in 2002. Mr. Fuchs has acquired extensive experience through auditing assignments in banking and asset management. He has served in various audit-related executive functions at EY since 2002 and has been in charge of compliance, risk management and professional standards in the financial sector as the professional practice director in EY's financial services division since 2017. He has also been a member of the financial services committee for EY Switzerland since 2020.

Outlook

Barring a significant change in the financial markets or the overall economic situation, FY 2023 business development is expected to trend along the same lines as in prior years.

Lausanne, Switzerland, 9 February 2023

2023 calendar

4 April	Publication of the 2022 Annual Report (on www.bcv.ch)
4 May	Annual Shareholders' Meeting in Lausanne
8 May	Ex-dividend date
9 May	Dividend record date
10 May	Dividend payment
17 August	Half-year 2023 results

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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)

	31/12/2022	31/12/2021	Absolute change	Change as %
Cash and cash equivalents	12,916	12,600	316	3
Due from banks	1,187	952	234	25
Reverse repurchase agreements	79	158	-79	-50
Loans and advances to customers	6,201	6,209	-9	-0
Mortgage loans	30,425	29,373	1,052	4
Trading portfolio assets	206	200	5	3
Positive mark-to-market values of derivative financial instruments	1,160	368	792	215
Other financial assets at fair value	897	1,212	-315	-26
Financial investments	5,757	4,287	1,470	34
Accrued income and prepaid expenses	70	67	3	5
Non-consolidated holdings	87	86	0	0
Tangible fixed assets	376	393	-17	-4
Intangible assets	0	0	0	n/a
Other assets	37	46	-9	-20
Assets	59,397	55,952	3,445	6
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	5,975	3,378	2,597	77
Repurchase agreements	1,008	1,458	-450	-31
Customer deposits	38,395	38,195	199	1
Trading portfolio liabilities	3	2	1	81
Negative mark-to-market values of derivative financial instruments	450	273	177	65
Other financial liabilities at fair value	1,006	1,340	-335	-25
Medium-term notes	0	2	-2	-100
Bonds and mortgage-backed bonds	7,942	7,313	629	9
Accrued expenses and deferred income	154	139	14	10
Other liabilities	725	183	542	296
Provisions	27	24	3	11
Liabilities	55,683	52,308	3,376	6
Reserves for general banking risks	666	666	0	0
Share capital	86	86	0	0
Capital reserve	35	36	-1	-4
Retained earnings	2,554	2,493	60	2
Currency translation reserve	-2	-2	-0	-5
Own shares	-14	-15	1	6
Minority interests in equity	0	0	0	7
Net profit	388	379	10	3
<i>of which minority interests</i>	0	0	-0	-4
Shareholders' equity	3,713	3,644	69	2
Total liabilities and shareholders' equity	59,397	55,952	3,445	6
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)

	31/12/2022	31/12/2021	Absolute change	Change as %
Contingent liabilities	1,116	1,588	-472	-30
Irrevocable commitments	1,494	1,478	16	1
Commitments relating to calls on shares and other equity securities	243	243	0	0
Confirmed credits	37	39	-2	-5

Consolidated income statement

(in CHF millions)

	2022 FY	2021 FY	Absolute change	Change as %
Interest and discount income	524.5	480.5	44.0	9
Interest and dividend income from financial investments	21.4	18.0	3.4	19
Interest expense	-84.2	-26.0	58.3	224
Net interest income before loan impairment charges/reversals	461.7	472.6	-10.9	-2
Loan impairment charges/reversals	2.8	-8.2	-10.9	-134
Net interest income after loan impairment charges/reversals (NII)	464.5	464.4	0.1	0
Fees and commissions on securities and investment transactions	291.6	312.1	-20.5	-7
Fees and commissions on lending operations	39.1	42.1	-3.0	-7
Fees and commissions on other services	73.1	67.8	5.3	8
Fee and commission expense	-60.4	-64.7	-4.2	-7
Net fee and commission income	343.4	357.3	-13.9	-4
Trading income on fixed-income instruments and equity securities	27.5	38.2	-10.7	-28
Trading income on foreign currencies, banknotes, and precious metals	168.7	117.5	51.3	44
Trading fee and commission expense	-7.5	-12.5	-5.0	-40
Net trading income and fair-value adjustments	188.7	143.2	45.5	32
Gains/losses on disposals of financial investments	10.1	4.3	5.7	132
Income from equity investments	5.5	5.5	0.1	1
<i>of which other non-consolidated holdings</i>	5.5	5.5	0.1	1
Real-estate income	6.6	7.0	-0.4	-5
Miscellaneous ordinary income	22.9	24.3	-1.4	-6
Miscellaneous ordinary expenses	-2.3	-0.6	1.6	266
Other ordinary income	42.8	40.5	2.3	6
Total income from ordinary banking operations	1,039.4	1,005.4	34.1	3
Personnel costs	-352.9	-349.3	3.6	1
Other operating expenses	-163.7	-155.8	7.9	5
Operating expenses	-516.7	-505.2	11.5	2
Depreciation and amortization of fixed assets and impairment on equity investments	-69.6	-72.0	-2.4	-3
Other provisions and losses	-5.4	0.6	6.0	963
Operating profit	447.7	428.8	18.9	4
Extraordinary income	1.2	12.6	-11.4	-90
Extraordinary expenses	-0.0	-0.2	-0.2	-94
Taxes	-60.6	-62.5	-1.9	-3
Net profit	388.3	378.7	9.6	3
Minority interests	-0.0	-0.0	-0.0	-4
Net profit attributable to BCV shareholders	388.3	378.7	9.6	3