

Press release

(Ad hoc announcement pursuant to Art. 53 LR)

BCV Group FY 2023 net profit up 21%, dividend and dividend target range increased

BCV Group delivered record results for FY 2023. Revenues were up 12% to CHF 1.16bn on higher interest rates. Operating profit was CHF 541m and net profit was CHF 469m, both up 21%. At the upcoming Annual Shareholders' Meeting, the Board of Directors will recommend an ordinary dividend of CHF 4.30 per share, up CHF 0.50 on the prior-year figure. After extending its distribution policy last year, BCV has now increased the dividend target range to CHF 4.30 to 4.70 per share.

Revenues up 12% to CHF 1.16bn

Total revenues were up 12% year on year to CHF 1.16bn. Net interest income grew 28% to CHF 596m on higher interest rates. Fee and commission income was stable at CHF 339m (-1%), as stronger business in the personal banking segment offset the impact of a reduction in trade finance exposures due to the current geopolitical situation. Net trading income was stable at CHF 190m (+1%). Other ordinary income declined 19% to CHF 35m, reflecting a real-estate disposal in 2022.

Operating profit up 21% to CHF 541m

Operating expenses rose 5% to CHF 541m. Personnel costs were up 3% to CHF 364m. Other operating expenses grew 8% to CHF 177m, reflecting higher costs on IT and financial information providers as well as the general inflationary environment. Depreciation and amortization increased 9% to CHF 76m. Operating profit was up 21% to CHF 541m.

Record net profit of CHF 469m

The Bank recorded a tax expense of CHF 74m. Net profit was up 21% to CHF 469m. That corresponds to an ROE of 12.5% – one of the highest in BCV's peer group.

Total assets stable

Total assets amounted to CHF 58.9bn, edging down 1% (CHF 0.5bn) from the end-2022 figure. Cash and cash equivalents, which are mainly held as SNB sight deposits, totaled CHF 12.6bn (down 2%). Mortgage lending expanded 4%, or CHF 1.4bn, to CHF 31.8bn in a real-estate market that was slightly softer, especially in the first half. Other loans remained stable at CHF 6.1bn (-1%), as an increase in lending to SMEs and large corporates offset continued Covid-19 loan reimbursements and a reduction in trade finance activity.

On the liabilities side, customer deposits decreased 5% to CHF 36.5bn, owing primarily to a treasury withdrawal by a large institutional client.

Continued net fund inflows

The Group's assets under management rose by 4%, or CHF 4.1bn, to CHF 112.9bn. Net new money totaled CHF 539m on inflows across all business lines (individuals, SMEs, large corporates, and institutional clients) less the abovementioned treasury withdrawal and an outflow concerning the custody-only assets of another institutional client. The Bank's investment performance drove AuM up by CHF 3.5bn.

Solid financial position

Shareholders' equity rose 4% to CHF 3.9bn. The Bank's CET1 ratio stood at 17.9%, 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, its second-highest score, while CDP's climate rating for the Bank is B, the third-highest of eight scores.

Proposed CHF 370m payout

At the upcoming Annual Shareholders' Meeting, the Board of Directors will recommend an ordinary dividend of CHF 4.30 per share, up CHF 0.50 on the prior-year figure. If the payout is approved, BCV will distribute CHF 370m to its shareholders. The Canton of Vaud will receive CHF 248m in dividends together with CHF 34m in cantonal and municipal taxes, for a total of CHF 282m, or a CHF 35m increase on the prior year.

Higher dividend range and target financial ratios

Given the record 2023 results and BCV's confidence going forward, the Bank is raising its target dividend range. This comes after BCV extended its distribution policy last year for another five years, as announced with its full-year 2022 earnings. Beginning with the 2023 reporting period, the Bank intends to pay an ordinary dividend of CHF 4.30 to 4.70, barring significant changes in the economic or regulatory environment or in the Bank's situation.

BCV has also raised its target financial ratios. It now targets a cost/income ratio of 55% to 57% and an ROE (based on shareholders' equity) of 10% to 12%.

Outlook

Barring a significant change in the financial markets or the overall economic situation, FY 2024 business development is expected to trend along the same lines as in prior years. However, the 2024 results are expected to come in below the record 2023 numbers.

Lausanne, Switzerland, 8 February 2024

2024 calendar

25 March	Publication of the 2023 Annual Report (on www.bcv.ch)
25 April	Annual Shareholders' Meeting in Lausanne
29 April	Ex-dividend date
30 April	Dividend record date
2 May	Dividend payment
22 August	Half-year 2024 results

Banque Cantonale Vaudoise – Contacts

Daniel Herrera, Communications Director
Tel.: +41 21 212 28 61
Email: daniel.herrera@bcv.ch

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

Consolidated balance sheet

(in CHF millions)

	31/12/2023	31/12/2022	Absolute change	Change as %
Cash and cash equivalents	12,602	12,916	-314	-2
Due from banks	662	1,187	-525	-44
Reverse repurchase agreements	0	79	-79	-100
Loans and advances to customers	6,128	6,201	-72	-1
Mortgage loans	31,780	30,425	1,355	4
Trading portfolio assets	229	206	23	11
Positive mark-to-market values of derivative financial instruments	719	1,160	-442	-38
Other financial assets at fair value	934	897	37	4
Financial investments	5,196	5,757	-560	-10
Accrued income and prepaid expenses	122	70	52	74
Non-consolidated holdings	87	87	0	0
Tangible fixed assets	381	376	5	1
Intangible assets	0	0	0	n/a
Other assets	30	37	-7	-20
Assets	58,870	59,397	-527	-1
Total subordinated assets	0	0	0	n/a
<i>of which subject to mandatory conversion and/or conditional write-off</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>n/a</i>
Due to banks	5,953	5,975	-22	-0
Repurchase agreements	1,977	1,008	969	96
Customer deposits	36,475	38,395	-1,920	-5
Trading portfolio liabilities	2	3	-1	-26
Negative mark-to-market values of derivative financial instruments	426	450	-23	-5
Other financial liabilities at fair value	1,132	1,006	127	13
Medium-term notes	2	0	2	n/a
Bonds and mortgage-backed bonds	8,443	7,942	500	6
Accrued expenses and deferred income	182	154	29	19
Other liabilities	400	725	-325	-45
Provisions	22	27	-5	-18
Liabilities	55,015	55,683	-669	-1
Reserves for general banking risks	666	666	0	0
Share capital	86	86	0	0
Capital reserve	35	35	0	1
Retained earnings	2,615	2,554	61	2
Currency translation reserve	-2	-2	0	-7
Own shares	-14	-14	0	-2
Minority interests in equity	0	0	0	n/a
Net profit	469	388	81	21
<i>of which minority interests</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>n/a</i>
Shareholders' equity	3,855	3,713	142	4
Total liabilities and shareholders' equity	58,870	59,397	-527	-1
Total subordinated liabilities	0	0	0	n/a
<i>of which subject to mandatory conversion and/or conditional write-off</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>n/a</i>

Consolidated off-balance-sheet transactions

(in CHF millions)

	31/12/2023	31/12/2022	Absolute change	Change as %
Contingent liabilities	1,050	1,116	-65	-6
Irrevocable commitments	1,400	1,494	-94	-6
Commitments relating to calls on shares and other equity securities	243	243	0	0
Confirmed credits	35	37	-2	-5

Consolidated income statement

(in CHF millions)

	2023 FY	2022 FY	Absolute change	Change as %
Interest and discount income	936.0	524.5	411.5	78
Interest and dividend income from financial investments	36.7	21.4	15.3	71
Interest expense	-376.0	-84.2	291.8	346
Net interest income before loan impairment charges/reversals	596.7	461.7	135.0	29
Loan impairment charges/reversals	-0.5	2.8	3.3	120
Net interest income after loan impairment charges/reversals (NII)	596.1	464.5	131.7	28
Fees and commissions on securities and investment transactions	288.4	291.6	-3.2	-1
Fees and commissions on lending operations	30.5	39.1	-8.7	-22
Fees and commissions on other services	79.3	73.1	6.2	9
Fee and commission expense	-59.1	-60.4	-1.4	-2
Net fee and commission income	339.1	343.4	-4.3	-1
Trading income on fixed-income instruments and equity securities	27.9	27.5	0.4	2
Trading income on foreign currencies, banknotes, and precious metals	169.8	168.7	1.0	1
Trading fee and commission expense	-7.6	-7.5	0.1	2
Net trading income and fair-value adjustments	190.1	188.7	1.4	1
Gains/losses on disposals of financial investments	0.5	10.1	-9.6	-95
Income from equity investments	6.8	5.5	1.3	23
<i>of which other non-consolidated holdings</i>	6.8	5.5	1.3	23
Real-estate income	5.0	6.6	-1.6	-24
Miscellaneous ordinary income	23.4	22.9	0.5	2
Miscellaneous ordinary expenses	-1.0	-2.3	-1.2	-54
Other ordinary income	34.6	42.8	-8.2	-19
Total income from ordinary banking operations	1,160.0	1,039.4	120.6	12
Personnel costs	-364.1	-352.9	11.2	3
Other operating expenses	-176.6	-163.7	12.9	8
Operating expenses	-540.8	-516.7	24.1	5
Depreciation and amortization of fixed assets and impairment on equity investments	-76.1	-69.6	6.4	9
Other provisions and losses	-1.7	-5.4	-3.8	-69
Operating profit	541.5	447.7	93.8	21
Extraordinary income	1.9	1.2	0.7	56
Extraordinary expenses	-0.0	-0.0	0.0	n/a
Taxes	-74.2	-60.6	13.6	22
Net profit	469.2	388.3	80.9	21
Minority interests	-0.0	-0.0	0.0	n/a
Net profit attributable to BCV shareholders	469.2	388.3	80.8	21