

# 2016 Half-Year Results

Analysts' Presentation  
18 August 2016



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## **Introduction**

**Pascal Kiener, CEO**

H1 2016 financial results

Thomas W. Paulsen, CFO

Outlook

Pascal Kiener, CEO

Resilience and stability in a challenging environment

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Revenues down 6%, due to persisting negative-interest-rate environment, decline in customer trading volumes and trading revenues returning to typical levels

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Operating profit robust: down only 2% thanks to firm cost control and lower new provisioning needs

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Net profit at CHF 157m, down 13% compared to 2015 figure, which was pushed up by non-recurring items, but slightly higher than H1 2013 and H1 2014 figures

# H1 2016 key figures



CHF (rounded)<sup>1,2</sup>, unaudited figures

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## Revenues

494m

-6%

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## Operating profit

198m

-2%

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## Net profit

157m

-13%

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## Total assets

44.7bn

+3%

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## AuM

87.4bn

-1%

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### Note

(1) Using new Swiss GAAP for banks

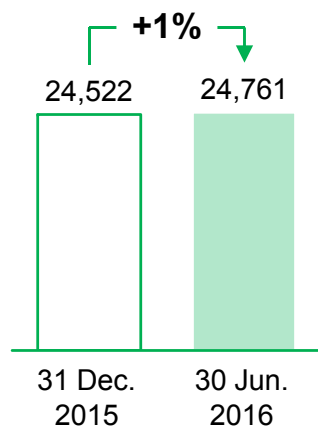
(2) 2015 figures were adjusted to facilitate like-for-like comparison

# Main business trends

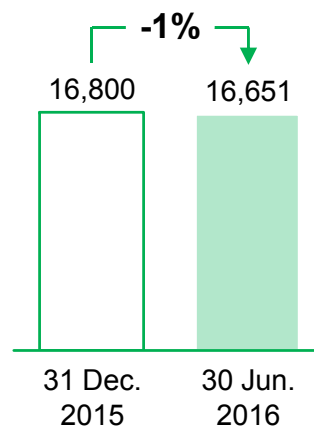


CHF millions (rounded)<sup>1,2</sup>, unaudited figures

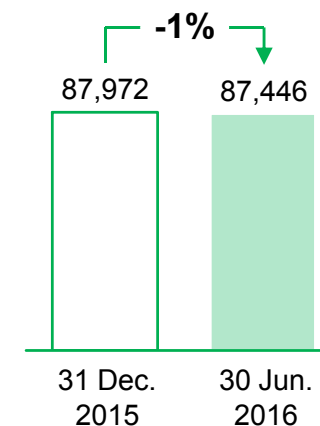
## Mortgage loans



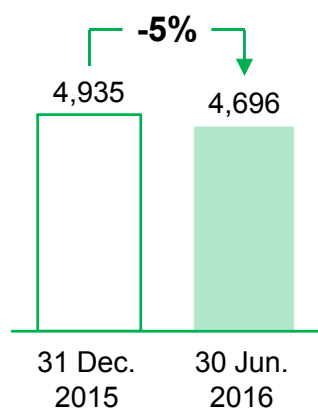
## Savings deposits



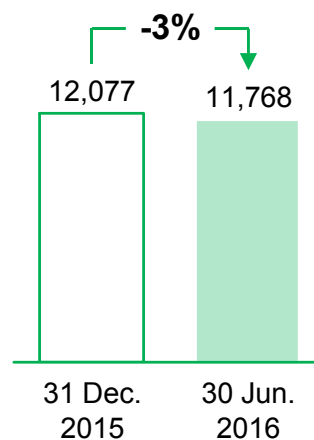
## AuM



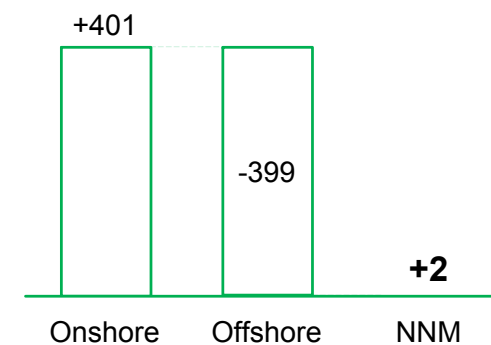
## Other loans



## Other client deposits



## Net new money



Note

- (1) Using new Swiss GAAP for banks
- (2) 2015 figures were adjusted to facilitate like-for-like comparison

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Jack Clemons elected as member of the Board of Directors at the last AGM

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CHF 284m distributed to shareholders in April

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Peter Ochsner appointed to the Board of Directors by the Vaud Cantonal Government

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AA rating from S&P since 2011

Moody's reaffirmed BCV's long-term deposit rating of Aa2 with a stable outlook

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Christian Meixenberger appointed to the Bank's Executive Board as head of the Business Support Division

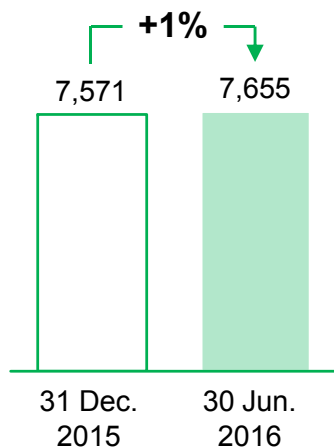
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# Retail Banking

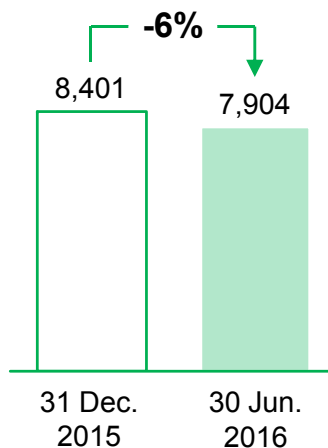
CHF millions (rounded)<sup>1,2</sup>



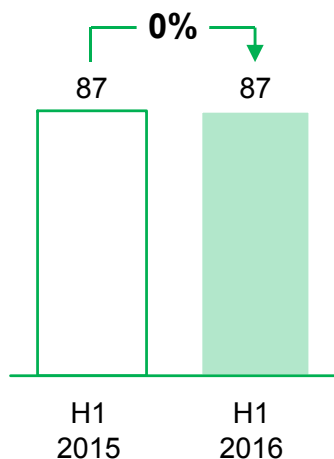
## Mortgage loans



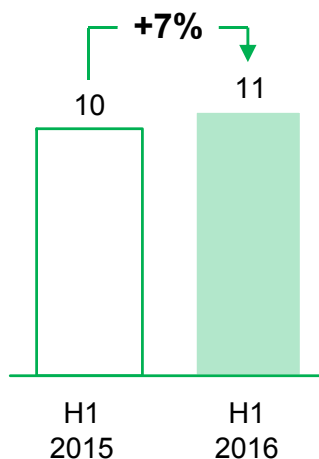
## Customer deposits



## Revenues



## Operating profit



- Moderate growth in mortgage loans
- Customer deposits down following the end of the online brokerage partnership with PostFinance; excluding PostFinance, deposits up slightly
- Revenues stable and operating profit up thanks to firm cost control

Note

(1) Using new Swiss GAAP for banks

(2) 2015 figures were adjusted to facilitate like-for-like comparison

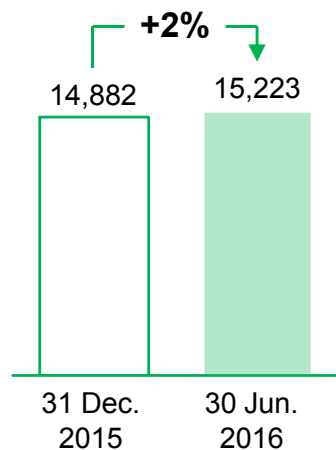


# Corporate Banking

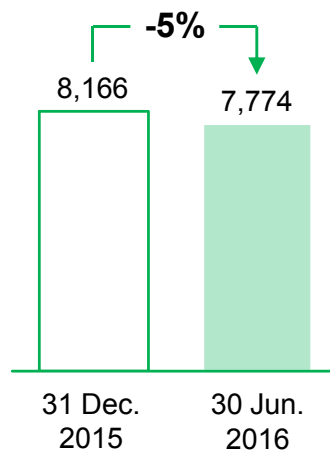
CHF millions (rounded)<sup>1,2</sup>



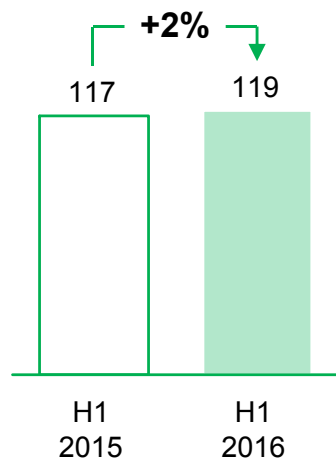
## Loans/off-BS commitments



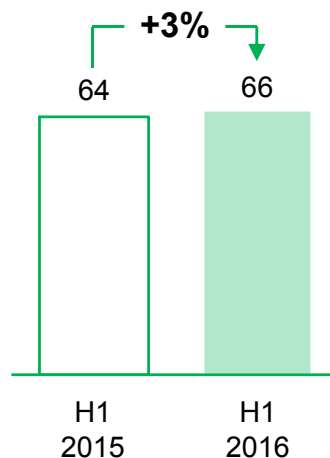
## Customer deposits



## Revenues



## Operating profit



- SMEs
  - Stable trend in mortgage loans (+0.3%) and in other loans and advances (+0.8%)
  - Customer deposits up 4%
- Normal up-and-down business trend in Large Corporates
  - Loans and off-balance-sheet commitments up 4%
  - Decrease in deposits (-18%), but high volatility given negative interest rates
- Recovery in Trade Finance
  - Business volumes up 11% on low 2015 level
- Very low new provisioning needs

Note

(1) Using new Swiss GAAP for banks

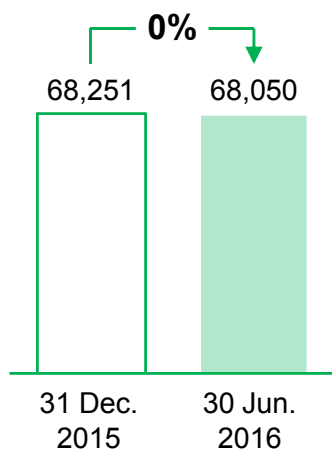
(2) 2015 figures were adjusted to facilitate like-for-like comparison

# Wealth Management

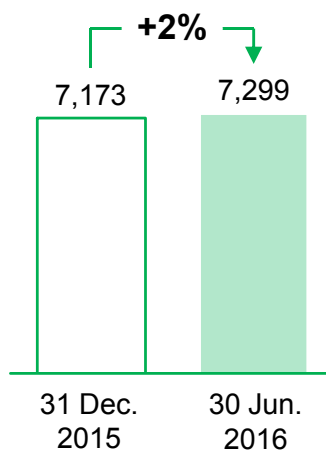
CHF millions (rounded)<sup>1,2</sup>



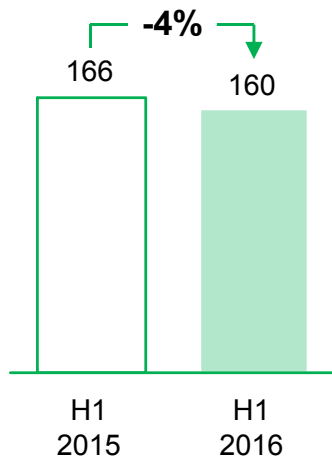
## AuM



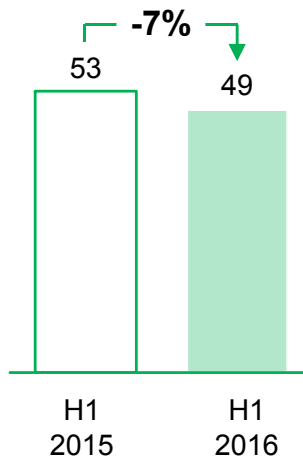
## Mortgage loans



## Revenues



## Operating profit



- Recent business trends continued in H1 2016:
  - Contraction in offshore volumes, as expected
  - Robust development in onshore activities
- Strong decrease in client trading volumes (in Private Banking and Asset Management) due to lackluster financial markets
- Revenues down 4% and operating profit down 7%

### Note

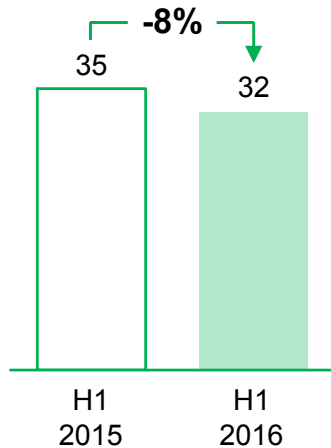
- Using new Swiss GAAP for banks
- 2015 figures were adjusted to facilitate like-for-like comparison

# Trading

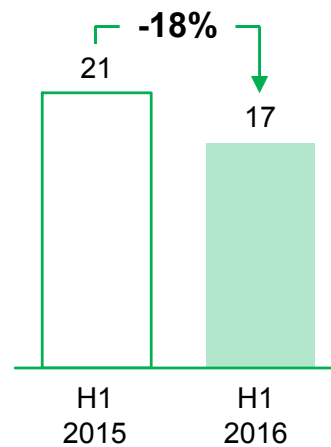
CHF millions (rounded)<sup>1,2</sup>



## Revenues

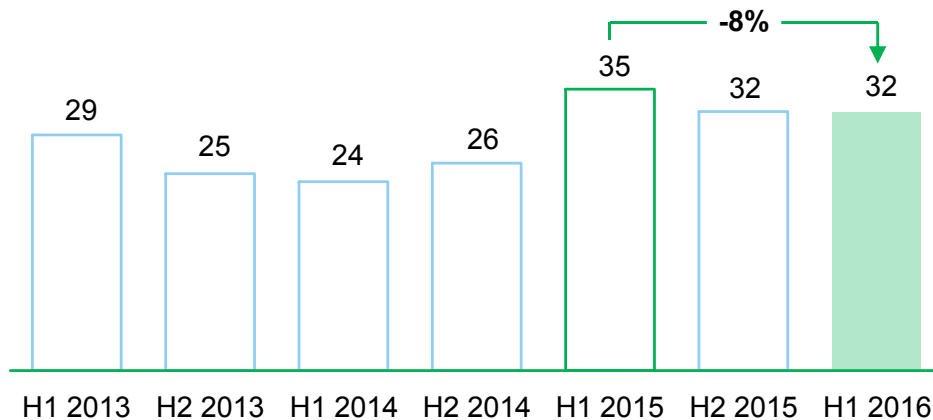


## Operating profit



- Drop in customer-driven trading from the record level seen in 2015 following the SNB's decision to drop the CHF/EUR floor
- Revenues down 8% and operating profit down 18%, but still at high levels

## Revenues timeserie<sup>3</sup>



### Note

- (1) Using new Swiss GAAP for banks
- (2) 2015 figures were adjusted to facilitate like-for-like comparison
- (3) Unaudited figures, no adjustment except for H1 2015 to facilitate like-for-like comparison with H1 2016

Introduction  
Pascal Kiener, CEO

**H1 2016 financial results**  
**Thomas W. Paulsen, CFO**

Outlook  
Pascal Kiener, CEO

# Income statement

CHF millions (rounded)<sup>1,2</sup>, unaudited figures



	H1 2015	H1 2016	Change	
<b>Total income from ordinary banking operations</b>	<b>526.3</b>	<b>494.1</b>	<b>-32.2</b>	<b>-6%</b>
Operating expenses	-258.5	-258.2	-0.3	0%
Depreciation & amortization of fixed assets and impairment on equity investments	-38.7	-37.1	-1.6	-4%
Other provisions and losses	-27.0	-0.9	-26.1	-97%
<b>Operating profit</b>	<b>202.0</b>	<b>197.9</b>	<b>-4.1</b>	<b>-2%</b>
Net extraordinary income	28.0	0.9	-27.1	-97%
Taxes	-50.6	-42.1	-8.5	-17%
<b>Net profit</b>	<b>179.4</b>	<b>156.7</b>	<b>-22.7</b>	<b>-13%</b>

Note

- (1) Using new Swiss GAAP for banks
- (2) 2015 figures were adjusted to facilitate like-for-like comparison

# Total income from banking operations

CHF millions (rounded)<sup>1,2</sup>, unaudited figures

## Total income from ordinary banking operations

<b>526</b>	<b>494</b>		<b>-32</b>	<b>-6%</b>
254	243	Net interest income	-11	-5%
171	158	Commissions & fees	-13	-8%
79	68	Trading	-11	-14%
22	26	Other	+4	+19%
H1 2015	H1 2016			

- **NII** – Income under pressure due to persisting negative rates, but decrease limited through appropriate balance-sheet management
- **Commissions & fees** – Down due to decrease in client trading volumes
- **Trading** – Return to typical levels following record H1 2015 (SNB’s removal of EUR/CHF floor)

## Net interest income

247	242	NII before loan impairment charges/reversals	-5	-2%
7	1	Loan impairment charges/reversals	-6	-88%
254	243	Net interest income	-11	-5%
H1 2015	H1 2016			

- **NII before loan impairment charges/reversals** – Direct impact of negative rates
- **Loan impairment charges/reversals**
  - Lower loan impairment reversals in 2016 than in 2015
  - New loan impairment charges still at a low level

### Note

- (1) Using new Swiss GAAP for banks  
 (2) 2015 figures were adjusted to facilitate like-for-like comparison

# Operating expenses, depreciation and amortization

CHF millions (rounded)<sup>1,2</sup>, unaudited figures

	297	295		-2	-1%
	88	87	Other operating expenses	-1	-1%
	170	171	Personnel costs	1	+1%
	39	37	Depreciation & amortization	-2	-4%
	H1 2015	H1 2016			

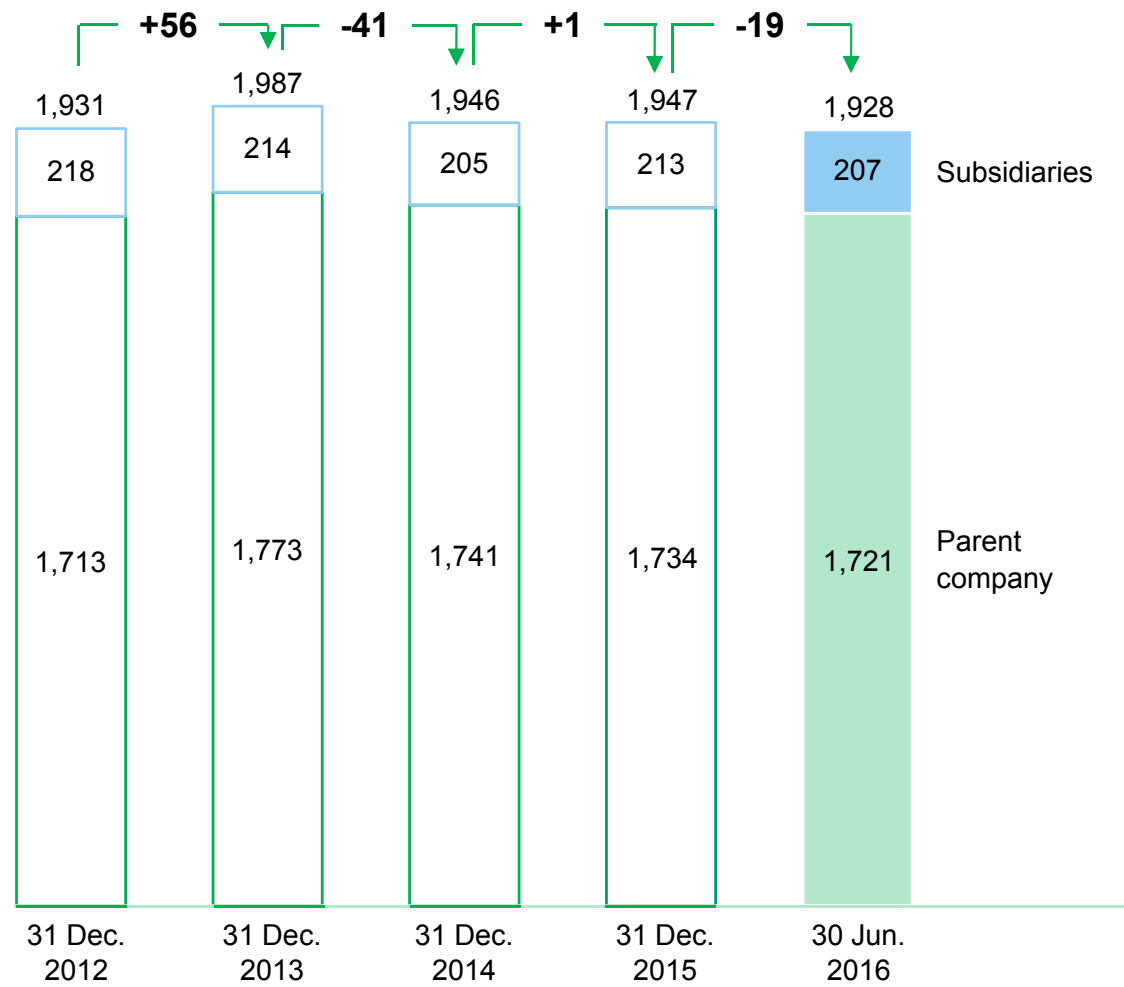
- Continued firm control of operating expenses
- Depreciation and amortization continuously down since the integration in 2013 of 80 IT specialists previously on IBM's payroll

Note

- (1) Using new Swiss GAAP for banks
- (2) 2015 figures were adjusted to facilitate like-for-like comparison

# Headcount

Full-time equivalents at period-end



- Stable headcount at Group level
- Continued decrease in headcount at the parent company on a like-for-like basis (integration of 80 IT specialists in 2013)



# Assets

CHF billions (rounded)<sup>1,2</sup>, unaudited figures

43.4		44.7		+1.3 +3%	
6.9	7.2	Cash and equivalents	+0.3	+4%	
2.1	2.7	Due from banks and reverse repo agreements	+0.6	+28%	
4.9	4.7	Loans and advances to customers	-0.2	-5%	
24.5	24.8	Mortgage loans	+0.2	+1%	
3.1	3.4	Financial investments	+0.2	+7%	
1.9	2.1	Other assets	+0.2	+13%	
31 Dec. 2015	31 Jun. 2016				

- **Cash and equivalents** – Increase in SNB sight deposits following fund inflows
- **Loans and advances to customers** – Down as a result of cash-management activities
- **Mortgage loans** – Limited growth in a slowing real-estate market

Note

- (1) Using new Swiss GAAP for banks  
 (2) 2015 figures were adjusted to facilitate like-for-like comparison

# Liabilities and equity

CHF billions (rounded)<sup>1,2</sup>, unaudited figures



	31 Dec. 2015	30 Jun. 2016			
	<b>43.4</b>	<b>44.7</b>			<b>+1.3</b> <b>+3%</b>
	3.0	4.6	Due to banks and repo agreements	+1.6	+55%
	28.9	28.4	Customer deposits	-0.5	-2%
	6.9	7.1	Bonds and mortgage-backed bonds	+0.2	+3%
	1.3	1.4	Other liabilities	+0.1	+4%
	3.4	3.3	Shareholders' equity	-0.1	-4%

- **Customer deposits** – Down following end of online brokerage partnership with PostFinance; up slightly like-for-like
- **Bonds** – Bond issue of CHF 150m and increase in mortgage-backed bonds in anticipation of increased liquidity reserve requirements

Note

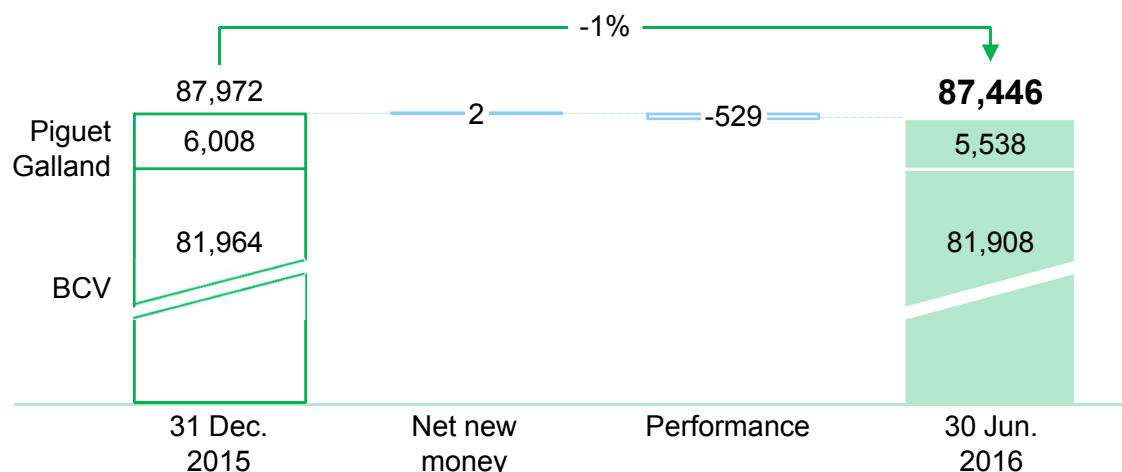
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# Assets under management

CHF millions (rounded)<sup>1,2</sup>, unaudited figures

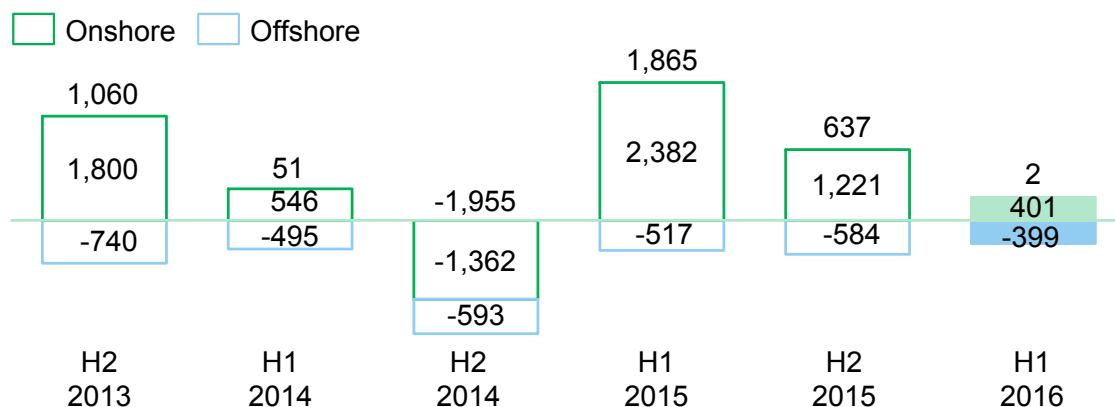


## Assets under management



- AuM down slightly to CHF 87.4bn
- Negative impact of market performance

## Net new money



## Net new money

- Continued onshore inflows (CHF 401m)
- Offshore outflows, as expected (-CHF 399m)

Note

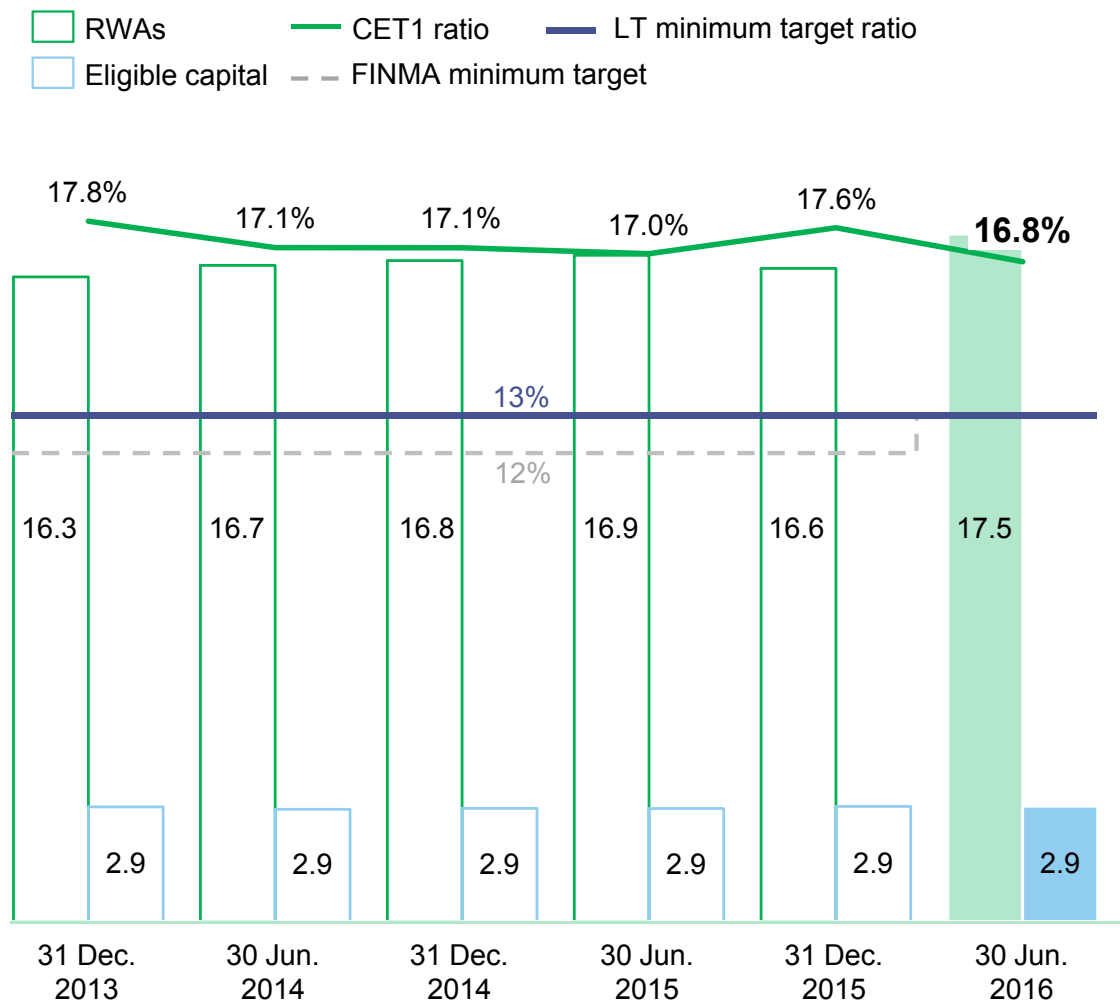
- (1) Using new Swiss GAAP for banks
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# Capital ratios

CHF billions (rounded)



## Risk-weighted assets and CET1 ratio



## FINMA minimum target

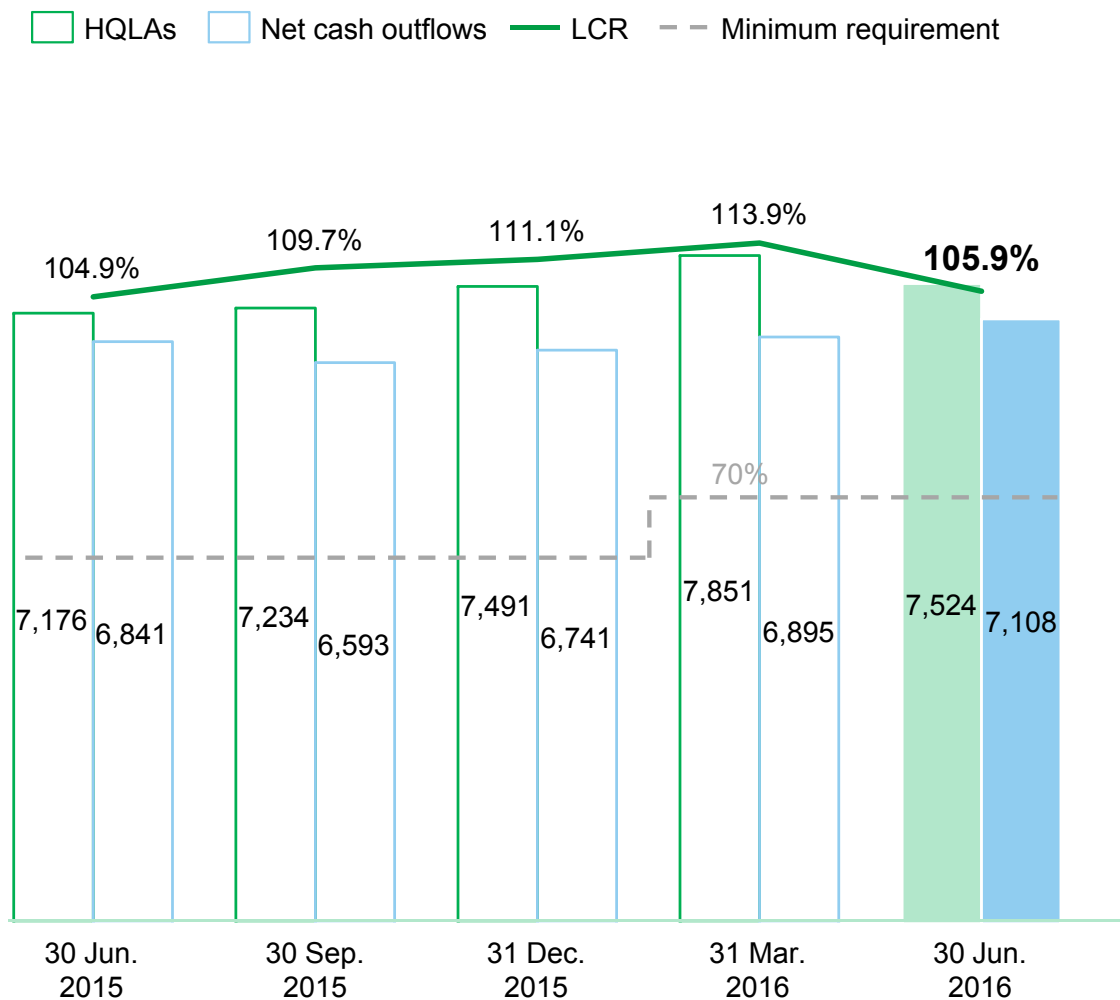
- Temporarily increased from 12% to 13% on 1 Jan. 2016
- Takes into account a temporary capital charge which will be removed by FINMA as soon as interest-rate-risk exposure as measured by FINMA decreases
- No impact on the Bank's dividend policy**, since temporary FINMA target now matches BCV's internal long-term minimum target

## CET1 ratio

- Decrease in phased-in CET1 ratio due to higher RWAs and stable eligible capital
- Look-through CET1 ratio of 16.1%, including fully-loaded specific IRB multiplier

# Liquidity ratio

CHF millions (rounded)



- **LCR** decreased by roughly 5 percentage points
- 60% of the Bank's HQLAs consisted of cash deposited with the SNB
- Remaining HQLAs comprised AAA and AA-Swiss-issued securities eligible as SNB collateral

Introduction

Pascal Kiener, CEO

H1 2016 financial results

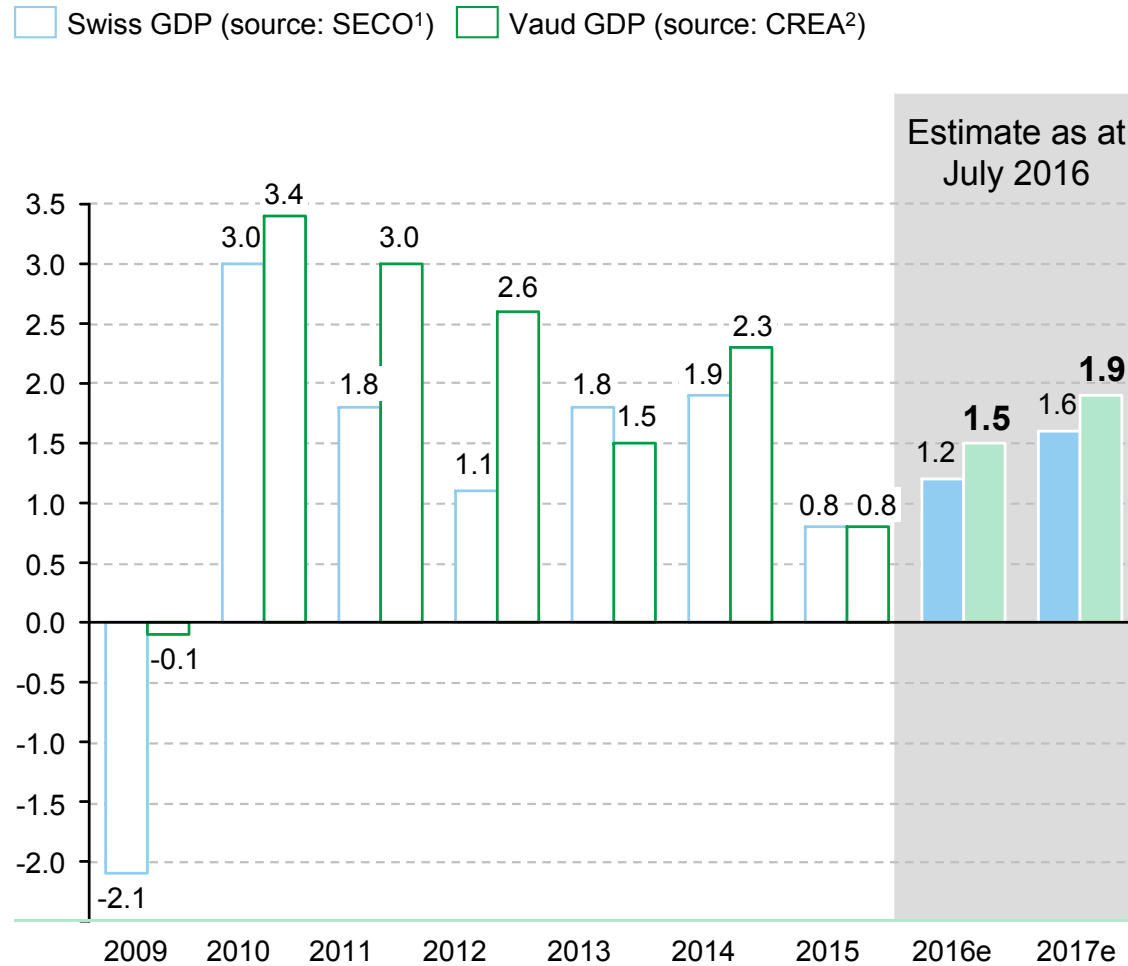
Thomas W. Paulsen, CFO

**Outlook**

**Pascal Kiener, CEO**

# Swiss and Vaud GDP growth

As a %



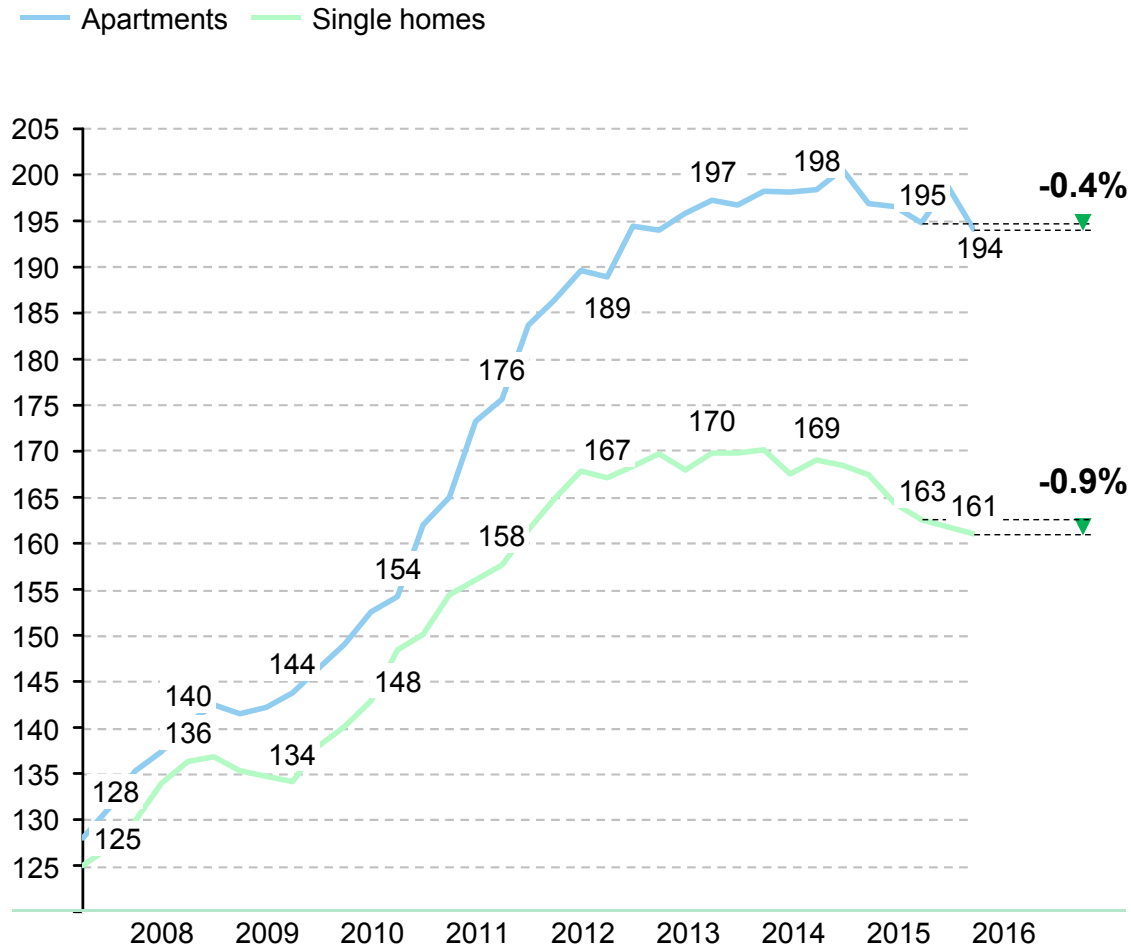
- In **2016**: Growth estimates for Swiss and Vaud GDP were revised downwards following the Brexit vote, but global economic recovery set to continue
- Economic development in Switzerland depends on 2 main factors:
  - Growth in Europe and rest of the World
  - Exchange rate fluctuations

Note

- (1) SECO (Switzerland's State Secretariat for Economic Affairs)
- (2) CREA (Lausanne University's Créa Institute of Macro-economics)

# Real estate in the Vaud region

## Transaction prices in Vaud (Basis 100 in Dec. 2004)



- Ongoing deceleration in Vaud real estate since 2013
- In H1 2016, prices on real-estate transactions were slightly down
  - -0.9% on single homes
  - -0.4% on apartments

Note  
Source Wuest and Partner



## 2016 business trends in line with H1 2016

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Revenues under pressure – expected to come in lower than in 2015

- Net interest income still impacted by negative interest rates
  - Income from commissions & fees dependent on financial-market trends
  - 2016 trading income below record 2015 level
  - No extraordinary income expected in 2016
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Continued firm control of operating expenses

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Operating and net profit expected to be lower than in 2015, but still very robust and fully capable of sustaining dividend policy

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**18 February 2016**

Full-year 2015  
results

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**21 April 2016**

Annual  
Shareholders'  
Meeting in Lausanne

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**18 August 2016**

Half-year 2016  
results

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**16 February 2017**

Full-year 2016  
results

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**27 April 2017**

Annual  
Shareholders'  
Meeting in Lausanne

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**Appendices**



# Income statement



CHF millions (rounded)<sup>1,2</sup>, unaudited figures

	H1 2016	H1 2015	Abs	%
Interest and discount income	302.1	316.1	-14.0	-4
Interest and dividend income from financial investments	21.9	24.1	-2.2	-9
Interest expense	-82.2	-93.2	-11.0	-12
<b>Net interest income before loan impairment charges/reversals</b>	<b>241.8</b>	<b>247.0</b>	<b>-5.2</b>	<b>-2</b>
Loan impairment charges/reversals	0.9	7.4	-6.6	-88
<b>Net interest income after loan impairment charges/reversals (NII)</b>	<b>242.7</b>	<b>254.5</b>	<b>-11.8</b>	<b>-5</b>
Fees and commissions on securities and investment transactions	122.1	136.5	-14.4	-11
Fees and commissions on lending operations	22.8	23.2	-0.4	-2
Fees and commissions on other services	37.7	39.0	-1.3	-3
Fee and commission expense	-24.9	-27.6	-2.7	-10
<b>Net fee and commission income</b>	<b>157.7</b>	<b>171.0</b>	<b>-13.3</b>	<b>-8</b>
<b>Net trading income and fair-value adjustments</b>	<b>67.5</b>	<b>78.8</b>	<b>-11.3</b>	<b>-14</b>
Gains/losses on disposals of financial investments	3.6	2.3	1.3	56
Income from equity investments	5.1	5.1	0.0	0
Real-estate income	5.4	5.2	0.1	3
Miscellaneous ordinary income	12.3	12.3	0.1	0
Miscellaneous ordinary expenses	-0.2	-2.9	-2.8	-95
<b>Other ordinary income</b>	<b>26.2</b>	<b>22.0</b>	<b>4.2</b>	<b>19</b>
<b>Total income from ordinary banking operations</b>	<b>494.1</b>	<b>526.3</b>	<b>-32.2</b>	<b>-6</b>
Personnel costs	-171.2	-170.3	0.9	1
Other operating expenses	-87.0	-88.2	-1.2	-1
<b>Operating expenses</b>	<b>-258.2</b>	<b>-258.5</b>	<b>-0.3</b>	<b>0</b>
Depreciation and amortization of fixed assets and impairment on equity investments	-37.1	-38.7	-1.7	-4
Other provisions and losses	-0.9	-27.0	-26.1	-97
<b>Operating profit</b>	<b>197.9</b>	<b>202.0</b>	<b>-4.1</b>	<b>-2</b>
Extraordinary income	0.9	28.0	-27.1	-97
Extraordinary expenses	0.0	0.0	-0.0	0
Taxes	-42.1	-50.6	-8.6	-17
<b>Net profit</b>	<b>156.7</b>	<b>179.4</b>	<b>-22.7</b>	<b>-13</b>
Minority interests	0.0	0.0	-0.0	0
<b>Net profit attributable to BCV Group shareholders</b>	<b>156.7</b>	<b>179.4</b>	<b>-22.7</b>	<b>-13</b>

Note

(1) Using new Swiss GAAP for banks

(2) 2015 figures were adjusted to facilitate like-for-like comparison

# Balance sheet



CHF millions (rounded)<sup>1,2</sup>, unaudited figures

	30 Jun. 2016	31 Dec. 2015	Abs	%
Cash and cash equivalents	7,152	6,861	291	4
Due from banks	2,399	1,810	589	33
Reverse repurchase agreements	276	280	-4	-1
Loans and advances to customers	4,696	4,935	-239	-5
Mortgage loans	24,761	24,522	239	1
Trading portfolio assets	408	155	254	164
Positive mark-to-market values of derivative financial instruments	407	343	64	19
Other financial assets at fair value	526	581	-55	-9
Financial investments	3,356	3,140	216	7
Accrued income and prepaid expenses	95	106	-11	-11
Non-consolidated holdings	48	48	0	0
Tangible fixed assets	518	558	-39	-7
Intangible assets	18	23	-5	-20
Other assets	87	56	31	56
<b>Assets</b>	<b>44,747</b>	<b>43,418</b>	<b>1,330</b>	<b>3</b>
Due to banks	1,701	1,224	477	39
Repurchase agreements	2,892	1,738	1,154	66
Customer deposits	28,419	28,877	-459	-2
Negative mark-to-market values of derivative financial instruments	361	331	30	9
Other financial liabilities at fair value	650	666	-16	-2
Medium-term notes	29	40	-10	-26
Bonds and mortgage-backed bonds	7,105	6,873	231	3
Accrued expenses and deferred income	197	219	-22	-10
Other liabilities	108	35	73	209
Provisions	16	18	-1	-6
<b>Liabilities</b>	<b>41,477</b>	<b>40,021</b>	<b>1,457</b>	<b>4</b>
Reserves for general banking risks	704	704	0	0
Share capital	86	86	0	0
Capital reserve	206	292	-85	-29
Retained earnings	2,137	1,999	138	7
Currency translation reserve	-2	-2	0	0
Treasury shares	-19	-18	-0	1
Minority interests in equity	-	-	-	-
Net profit	157	336	NA	NA
<i>of which minority interests</i>	-	-	-	-
<b>Shareholders' equity</b>	<b>3,270</b>	<b>3,397</b>	<b>-127</b>	<b>-4</b>
<b>Total liabilities and shareholders' equity</b>	<b>44,747</b>	<b>43,418</b>	<b>1,330</b>	<b>3</b>

Note  
 (1) Using new Swiss GAAP for banks (2) 2015 figures were adjusted to facilitate like-for-like comparison

# Key performance indicators

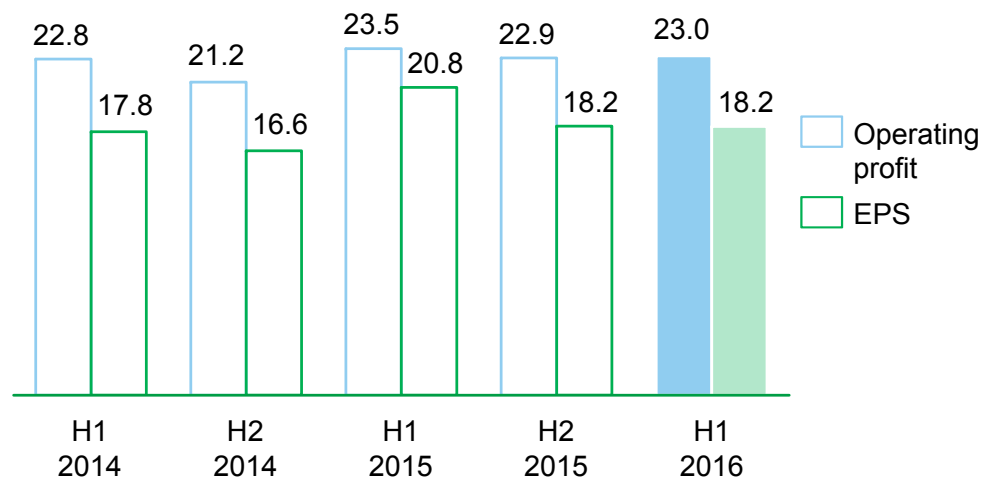


	31 Dec. 2012	31 Dec. 2013	31 Dec. 2014	31 Dec. 2015	30 Jun. 2016	
<b>Asset quality and balance-sheet structure</b>	Impaired loans/ credit exposure	1.2%	0.9%	0.6%	0.6%	<b>0.6%</b>
	Customer deposits/ loans to customers <sup>1,2</sup>	95%	96%	96%	98%	<b>96%</b>
	Interest margin	1.33%	1.23%	1.22%	1.14%	<b>1.11%</b>
<b>Capital<sup>3</sup></b>	CET1 ratio	18.4%	17.8%	17.1%	17.6%	<b>16.8%</b>
	Total capital ratio	18.4%	17.9%	17.2%	17.7%	<b>16.9%</b>
<b>Productivity</b>	Cost/income ratio (excl. goodwill amortization)	60%	61%	60%	57%	<b>59%</b>
<b>Financial performance</b>	ROE (net profit/average equity)	9.5%	8.5%	9.0%	10.1%	<b>9.3%</b>

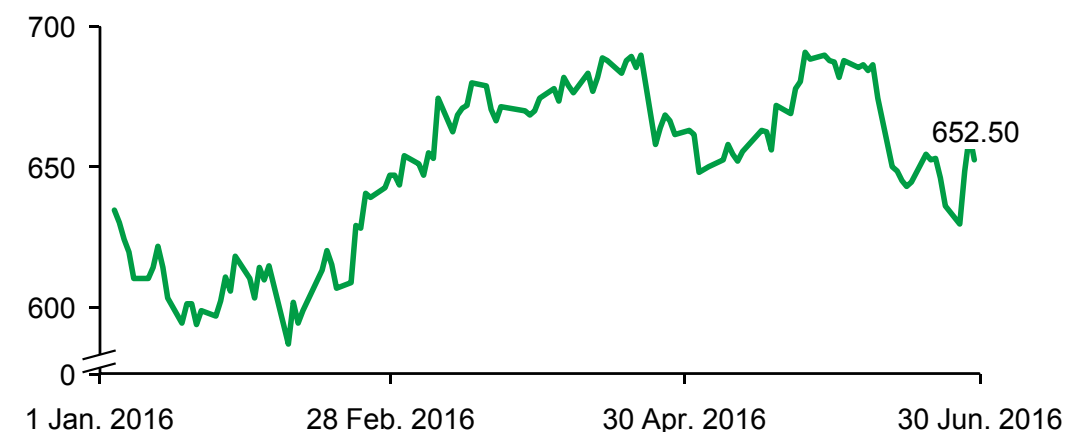
## Note

- (1) Using new Swiss GAAP for banks
- (2) 2012-2015 figures were adjusted to facilitate like-for-like comparison
- (3) Since 1 January 2013, BCV's capital requirements have been determined in accordance with Basel III principles

## Per share (CHF)



## Stock price



## Key figures

	31 Dec. 2012	31 Dec. 2013	31 Dec. 2014	31 Dec. 2015	30 Jun. 2016
Number of issued shares	8,606,190	8,606,190	8,606,190	8,606,190	8,606,190
Market capitalization (CHF billions)	4.17	4.19	4.64	5.48	5.62
High / low prices YTD	519.00 / 441.50	559.50 / 445.00	541.00 / 472.75	640.00 / 510.50	694.00 / 582.00

# BCV Investor Relations iPad App

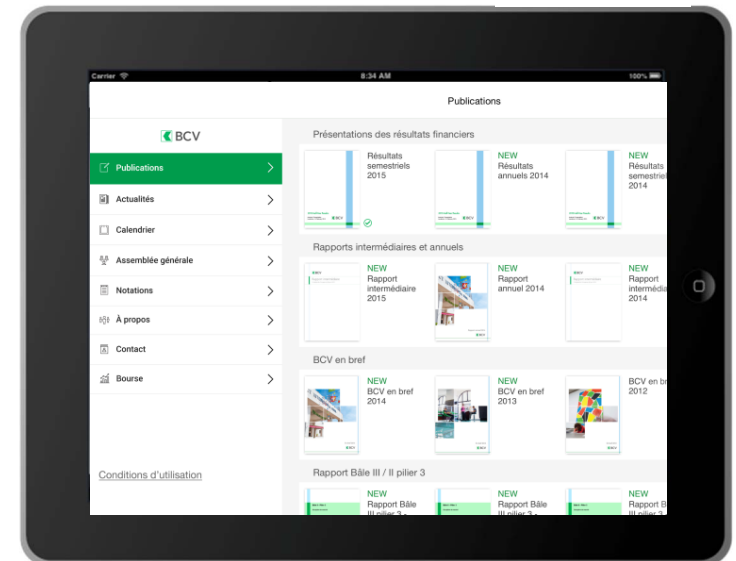


**Our BCV Investor Relations app keeps you in touch with the latest developments at BCV Group**

It brings together everything of interest to shareholders, investors and analysts, including:

- An overview of BCV
- Our key figures
- Annual and interim reports
- Press releases
- Pillar 3 reports
- BCV stock price and chart
- Corporate social responsibility reports
- Presentations for investors

The app also displays upcoming BCV events that you can add to your calendar at the push of a button. Shareholders can read the agenda for the next AGM and download all the relevant documents. The app displays BCV's credit rating, as well as credit opinions on the Bank. You can also contact BCV's Head of Investor Relations, whose email and phone number you'll find in the app.



Note  
(1) iPad is a registered trademark of Apple Inc.