

2017 Full-Year Results

Analysts' Presentation
15 February 2018



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Introduction

Pascal Kiener, CEO

FY 2017 financial results

Thomas W. Paulsen, CFO

Outlook

Pascal Kiener, CEO

Revenues stable in an ongoing negative-interest-rate environment

Operating profit up 1% to CHF 387m, thanks to firm cost control

Net profit at CHF 320m, up 3%, with a proposed distribution of CHF 33 per share, for a 4.5% dividend yield¹

Distribution policy extended for the next five years with a higher range

Note

(1) Based on BCV's closing price on 29 December 2017

2017 key figures

CHF (rounded)



Revenues
967m
0%

Operating profit
387m
+1%

Net profit
320m
+3%

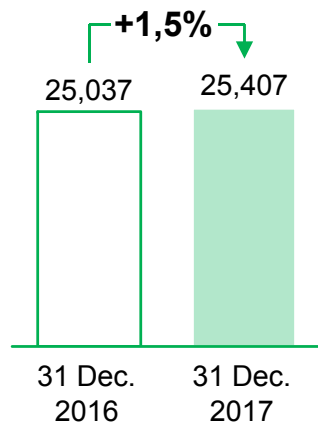
Total assets
45.4bn
+3%

Net new money
2.3bn

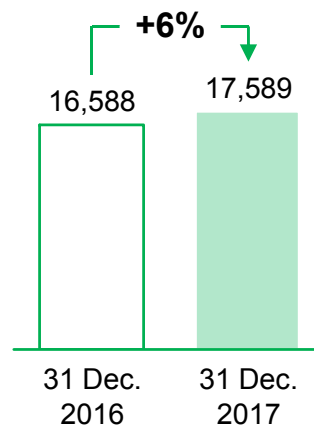
Main business trends

CHF millions (rounded)

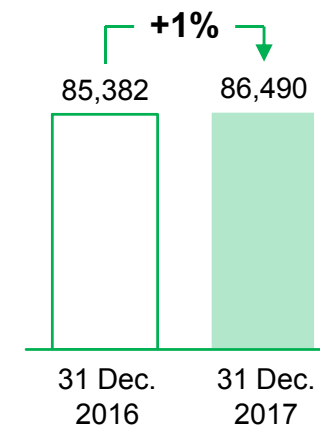
Mortgage loans



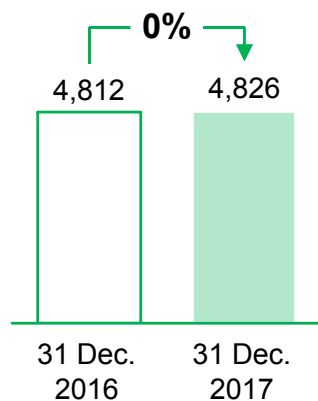
Savings deposits



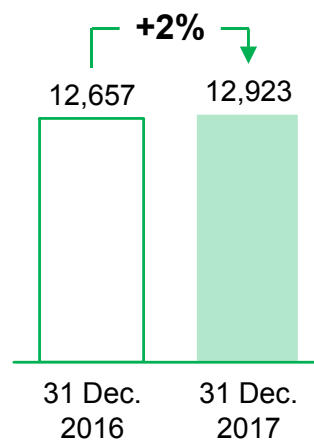
AuM



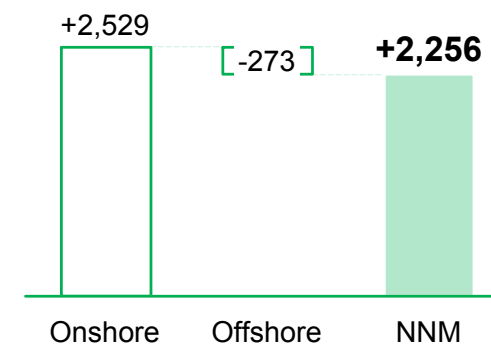
Other loans



Other client deposits



Net new money



New Board-member appointments

Board of Directors

Jacques de Watteville was appointed as the new Chairman to succeed Olivier Steimer. He took office on 1 January 2018.



Executive Board

Christian Meixenberger took up his position as head of the Business Support Division in January



Andreas Diemant took up his position as head of the Corporate Banking Division in September



In May, BCV distributed CHF 284m – or CHF 33 per share – to its shareholders, for a 4.5% yield¹

In November, the Vaud Cantonal government announced that the corporate tax reform would go into effect in 2019, lowering the rate to 13.8%

AA rating from S&P since 2011

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

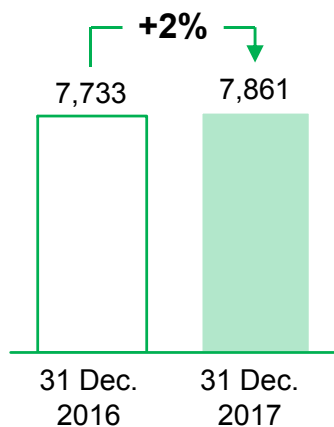
Note
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Retail Banking

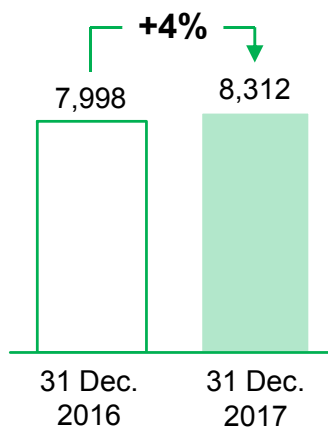
CHF millions (rounded)¹



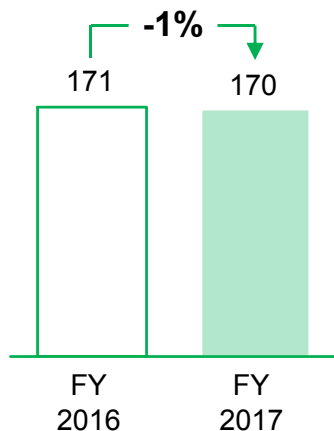
Mortgage loans



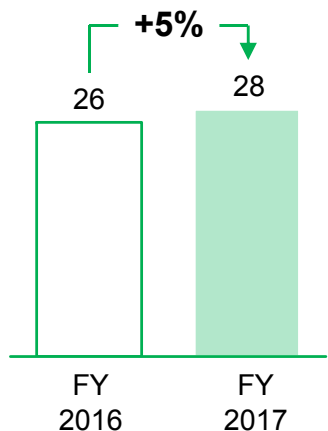
Customer deposits



Revenues



Operating profit

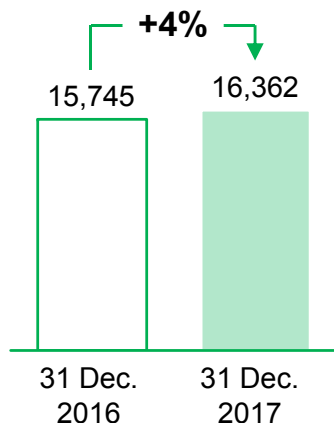


- Continued moderate growth in mortgage loans
- Customer deposits up despite low interest rates paid on deposit accounts
- Revenues slightly lower due to the end of the online brokerage partnership with PostFinance – up 2.7% on a like-for-like basis
- Operating profit up thanks to continued cost control and productivity improvements

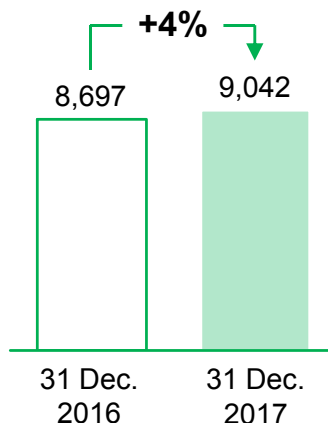
Note

(1) 2016 figures were adjusted to facilitate like-for-like comparison

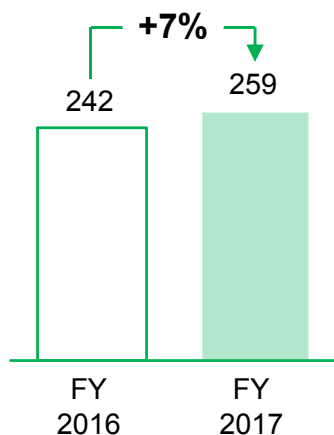
Loans/off-BS commitments



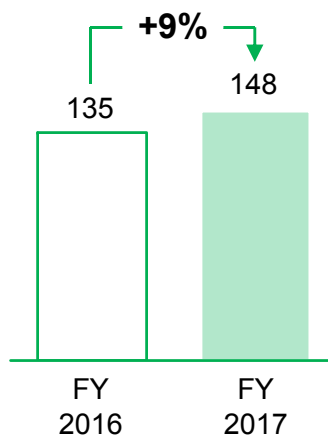
Customer deposits



Revenues



Operating profit



- SMEs
 - Positive trend in mortgage loans (+2%) and in other loans and advances (+6%)
 - Customer deposits down slightly (-1%)

- Normal up-and-down business trend in Large Corporates
 - Loans and off-balance-sheet commitments down 2%
 - Increase in deposits (+11%), with high volatility over the year

- Growth in Trade Finance
 - Average loans and off balance-sheet commitments up 14% thanks to larger average transaction volumes and higher commodities prices

- Sound loan book

Note

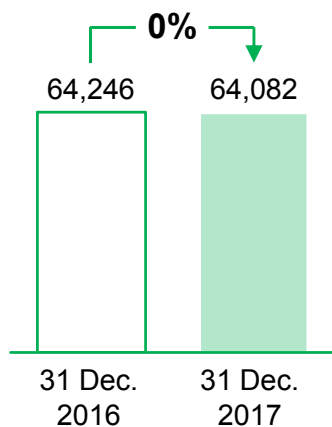
(1) 2016 figures were adjusted to facilitate like-for-like comparison

Wealth Management

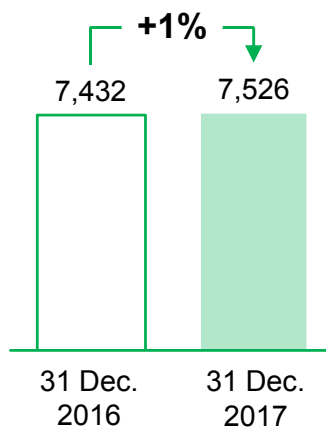
CHF millions (rounded)¹



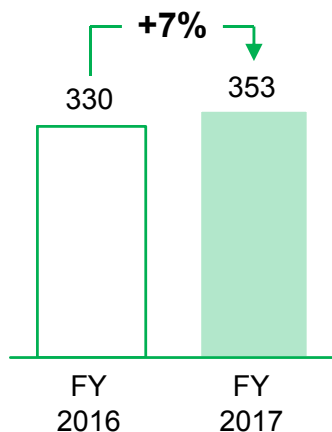
AuM



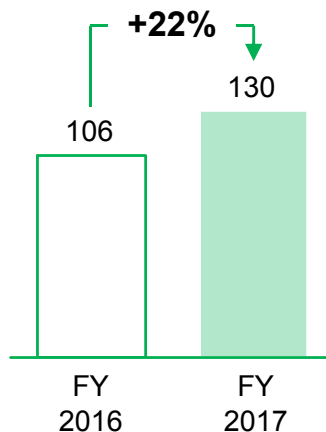
Mortgage loans



Revenues



Operating profit



- Stable AuM as the transfer of Swisscanto funds (-CHF 5.3bn) offset net new money (+CHF 2.0bn) and market performance
- Robust business development in onshore Private Banking
- Continuing business development in Asset Management, particularly in German-speaking Switzerland
- Revenues up 7% and operating profit up 22%

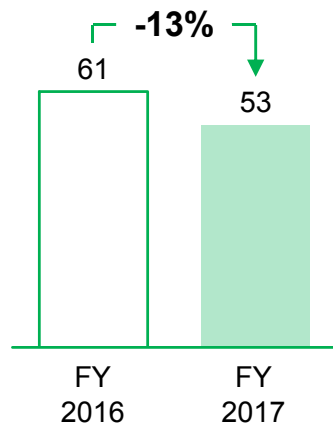
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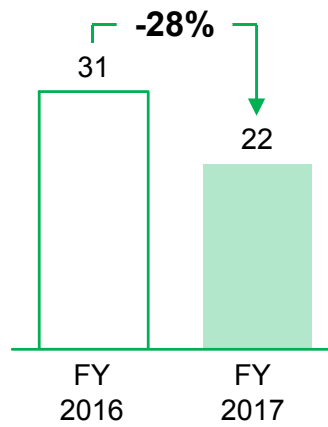
Trading

CHF millions (rounded)¹

Revenues

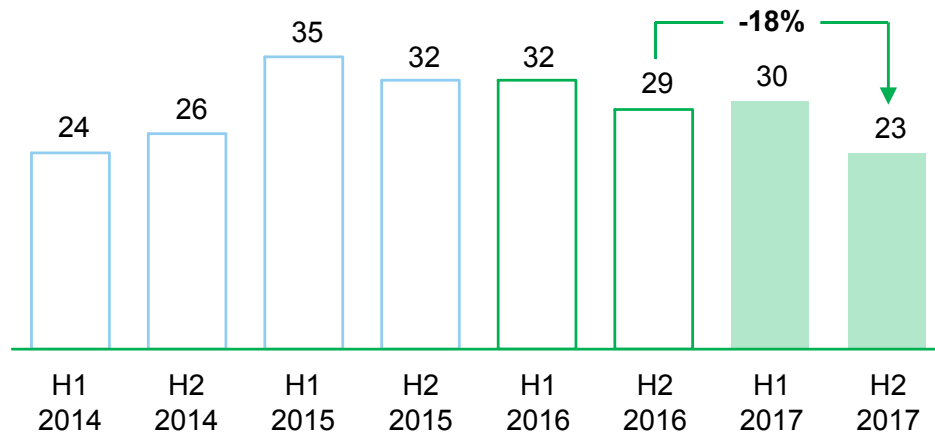


Operating profit



- Client-driven activity in forex trading below 2016 due to lower volatility

Revenues time series^{1,2}



Note

- (1) 2016 figures were adjusted to facilitate like-for-like comparison
- (2) No adjustment except for 2016 to facilitate like-for-like comparison with 2017

Introduction

Pascal Kiener, CEO

FY 2017 financial results

Thomas W. Paulsen, CFO

Outlook

Pascal Kiener, CEO

Income statement

CHF millions (rounded)



	FY 2016	FY 2017	Change vs. 2016	
Total income from ordinary banking operations	967	967	0	0%
Operating expenses	-509	-508	-1	0%
Depreciation & amortization of fixed assets, and impairment on equity investments	-72	-70	-2	-3%
Other provisions and losses	-3	-1	-2	-54%
Operating profit	383	387	+4	+1%
Net extraordinary income	7	17	+10	+150%
Change in reserves for general banking risks	3	0	-3	n/a
Taxes	-84	-83	-1	0%
Net profit	310	320	+10	+3%

Total income from banking operations

CHF millions (rounded)

Total income from ordinary banking operations

FY 2016		FY 2017			
967		967		0	0%
478		478		0	0%
308		316		+8	+3%
139		134		-5	-4%
42		39		-3	-8%
FY 2016		FY 2017			

- **Stable Net Interest Income**
- **Commissions & fees** – Up notably thanks to favorable financial market trend and business recovery in Trade Finance
- **Trading** – Very robust level, but lower than in 2016, especially in forex

Interest income

483		498		+15	+3%
	5		-20	+15	NA
478		478		0	0%
FY 2016		FY 2017			

- **NII before loan impairment charges/reversals** – Up thanks to careful balance-sheet management
- **Loan impairment charges/reversals** – New impairment charges: contained and mainly in Corporate Banking

Operating expenses, depreciation and amortization

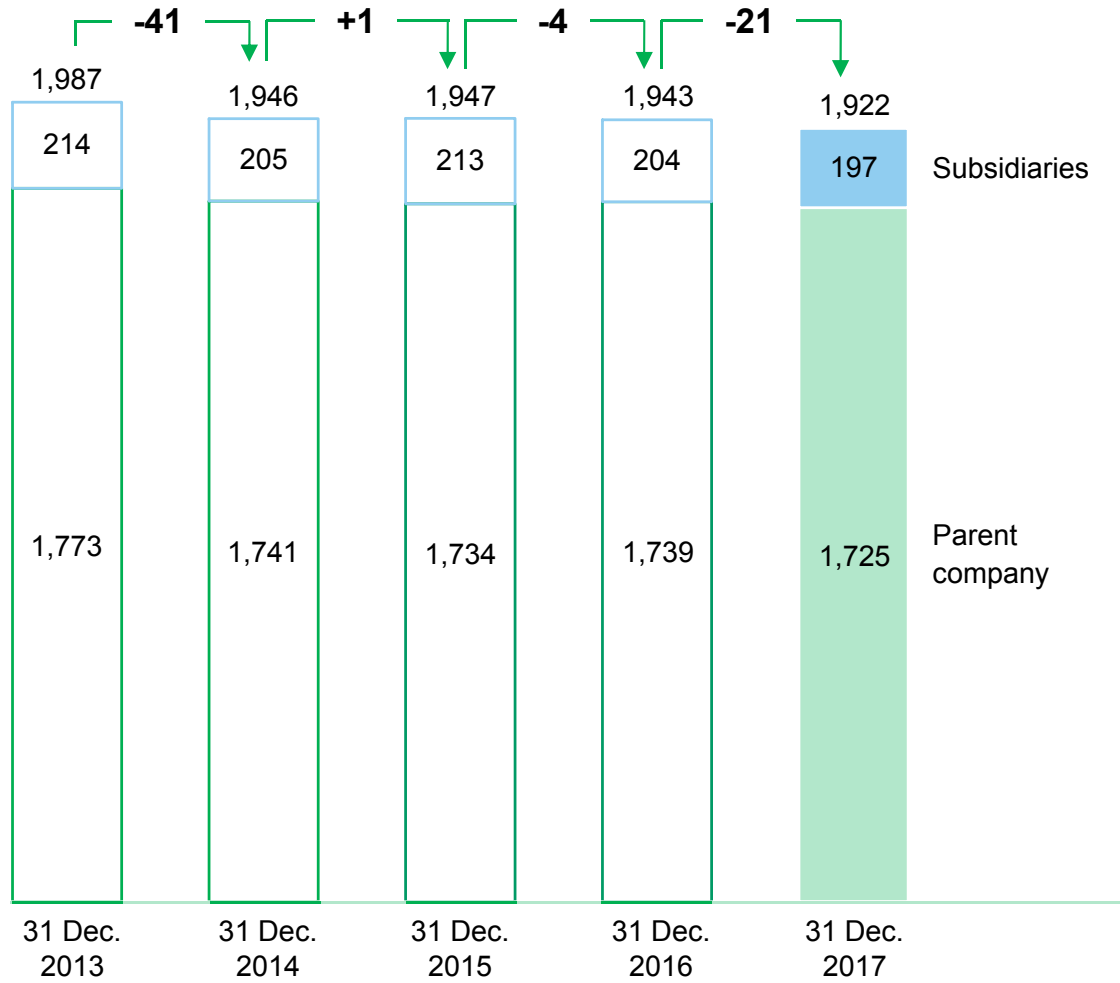
CHF millions (rounded)

	FY 2016	FY 2017			
	581	579		-2	-0%
	171	171	Other operating expenses	0	+0%
	338	337	Personnel costs	-1	-0%
	72	70	Depreciation & amortization	-2	-3%
	FY 2016	FY 2017			

- **Operating expenses** – Continued firm cost control
- Over the last five years, **operating expenses, depreciation and amortization** have been steadily reduced (1.1% p.a. on average)

Headcount

Full-time equivalents at period-end



- Steady decrease in headcount at both the parent company and its subsidiaries over the last five years

Assets

CHF billions (rounded)

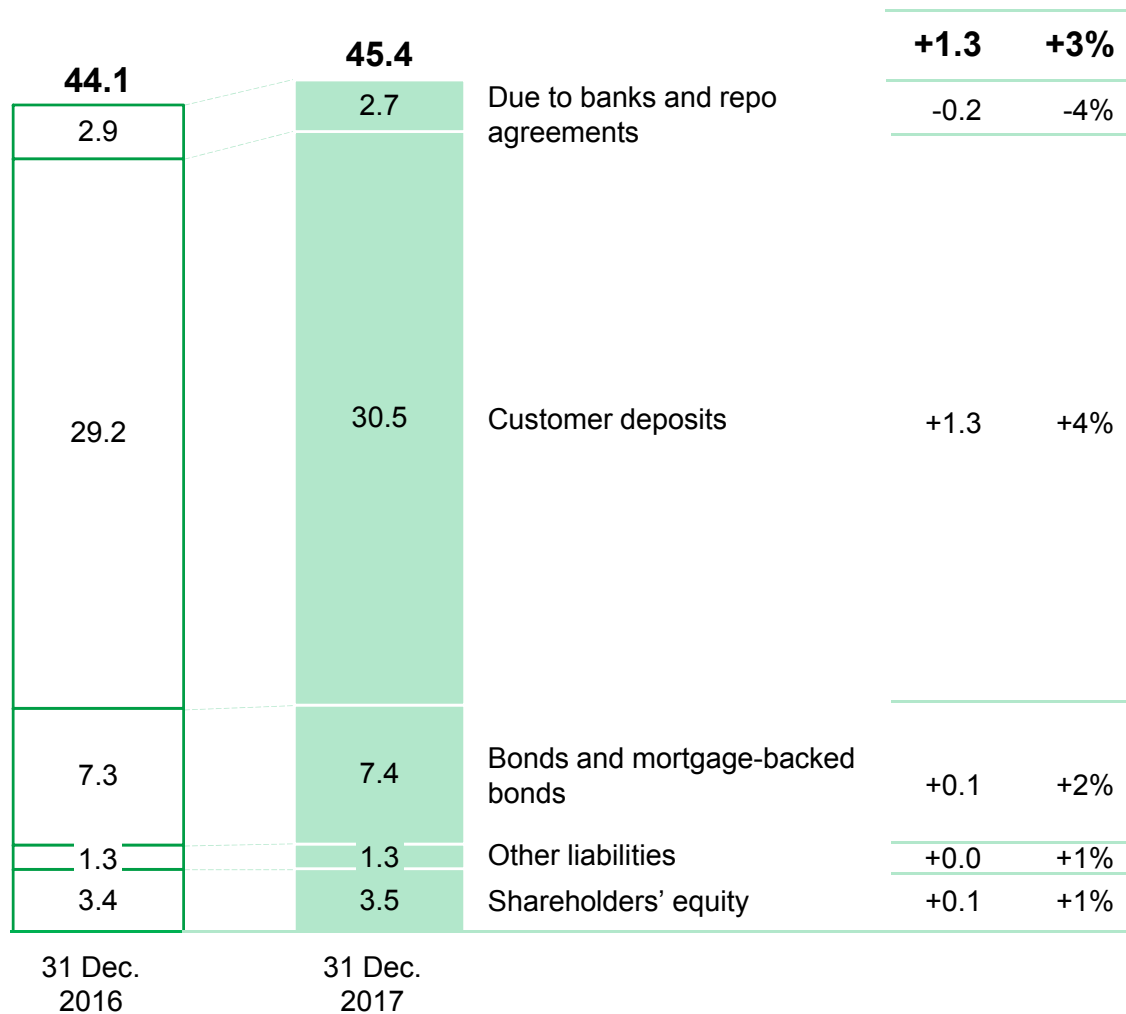


			+1.3	+3%
44.1	45.4			
7.5	8.0	Cash and equivalents	+0.5	+7%
1.7	1.5	Due from banks and reverse repo agreements	-0.2	-10%
4.8	4.8	Loans and advances to customers	+0.0	+0%
25.0	25.4	Mortgage loans	+0.4	+1.5%
3.2	3.8	Financial investments	+0.6	+16%
1.8	1.9	Other assets	+0.1	+2%
31 Dec. 2016	31 Dec. 2017			

- **Cash and equivalents** – Continued increase in SNB sight deposits following fund inflows, despite negative interest rates charged on large depositors
- **Mortgage loans** – Moderate growth in a highly competitive market

Liabilities and shareholders' equity

CHF billions (rounded)



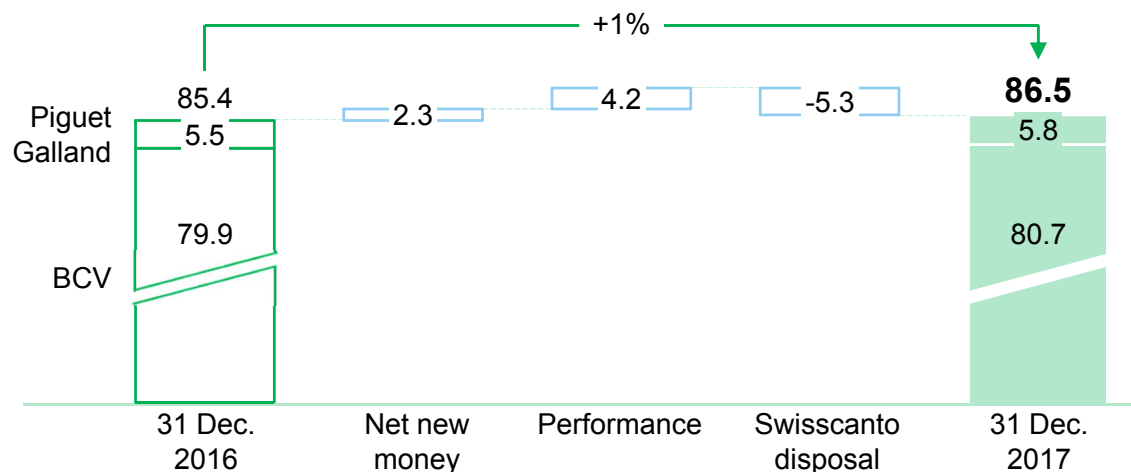
- **Customer deposits** – Increase despite unattractive interest rates on deposits
- **Shareholders' equity** – Steady increase

Assets under management

CHF billions (rounded)

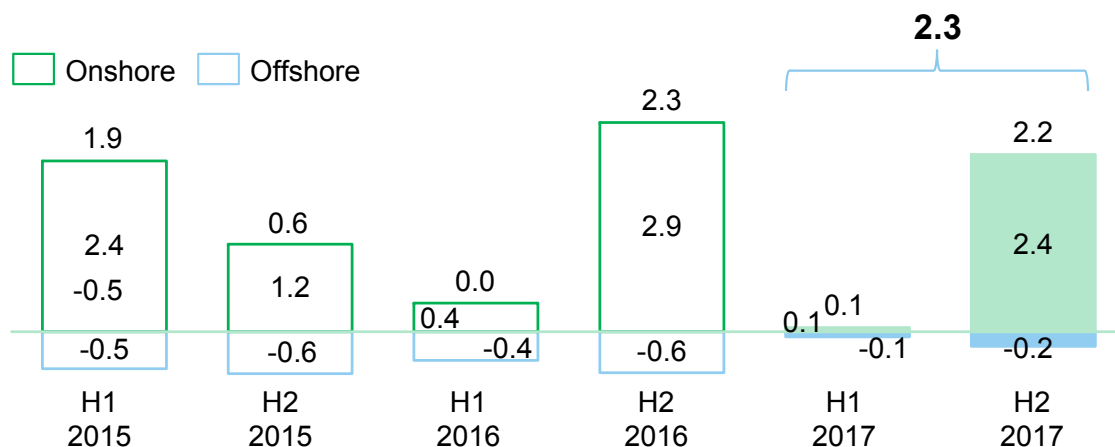


Assets under management



- Net new money of +CHF 2.3bn
- Performance of +CHF 4.2bn (+5%)
- Negative impact of Swisscanto assets (-CHF 5.3bn) transferred to ZKB, with almost no effect on revenues

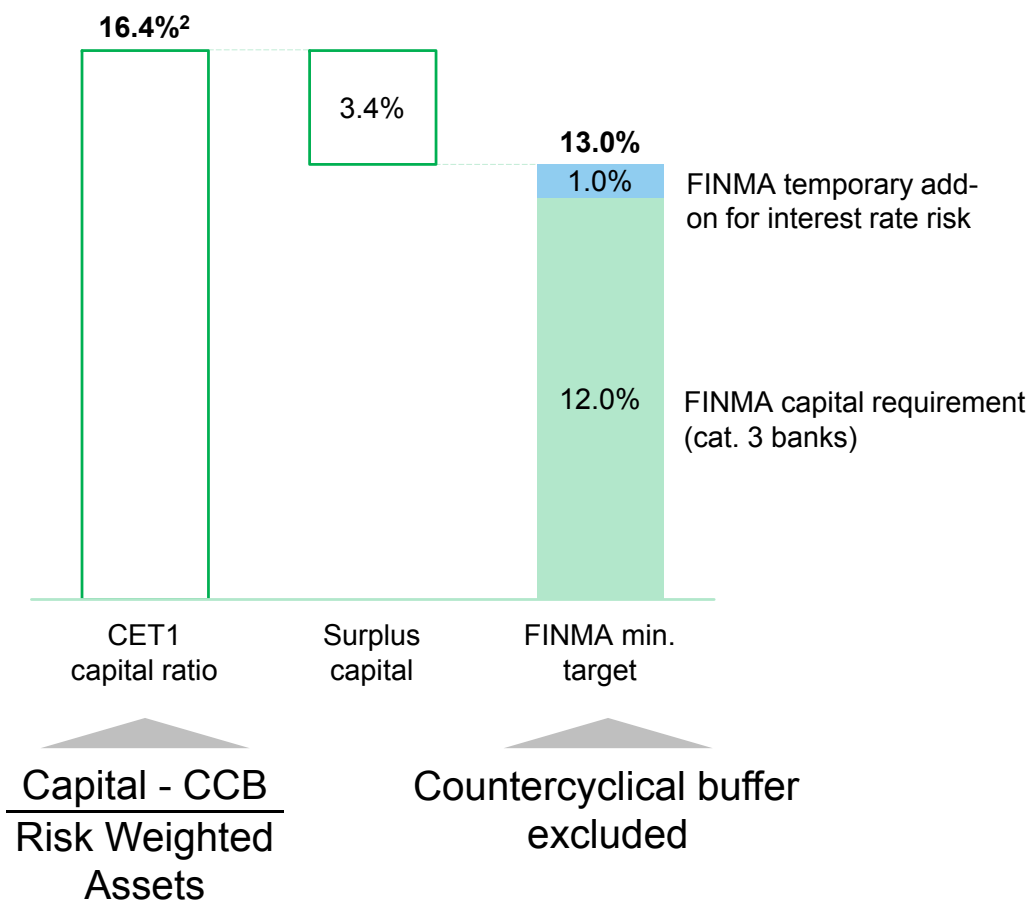
Net new money



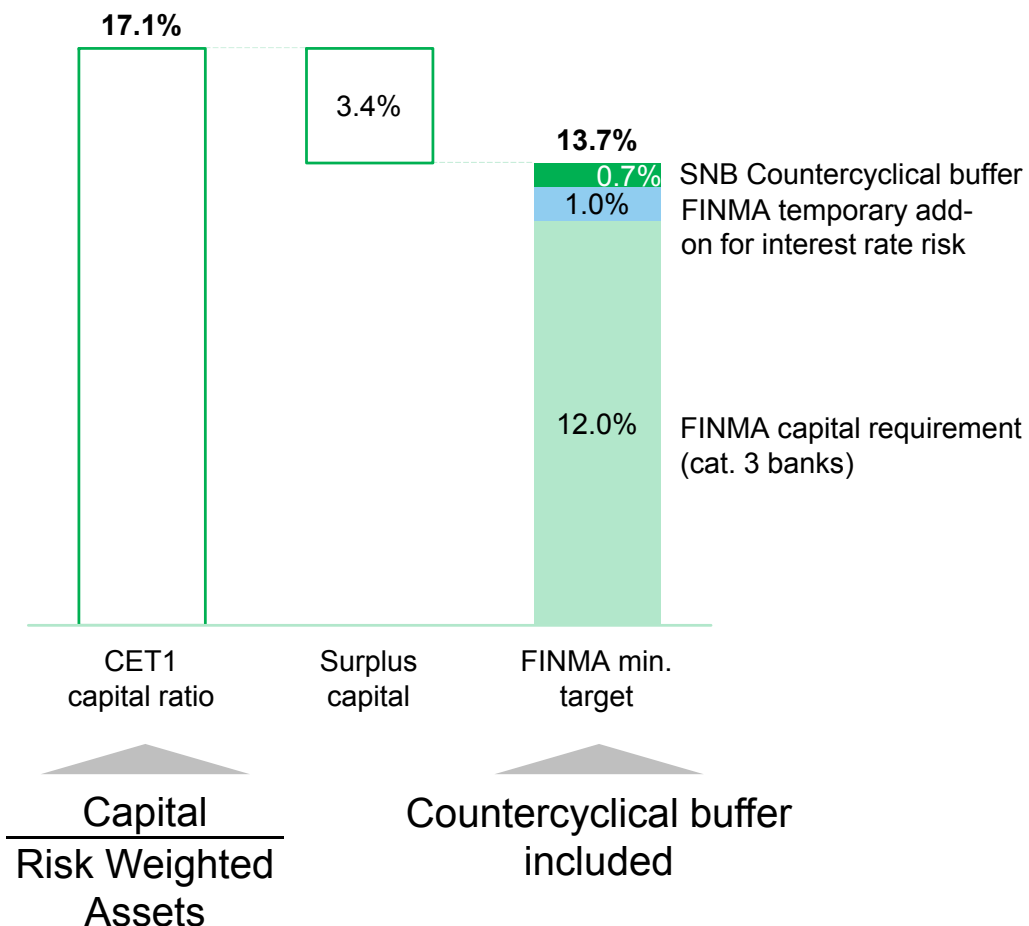
- Continued strong onshore inflows (CHF 2.5bn)
- Limited offshore outflows, as expected (CHF 0.3bn)

New calculation method for capital ratios

Previous calculation method



New calculation method¹



Note

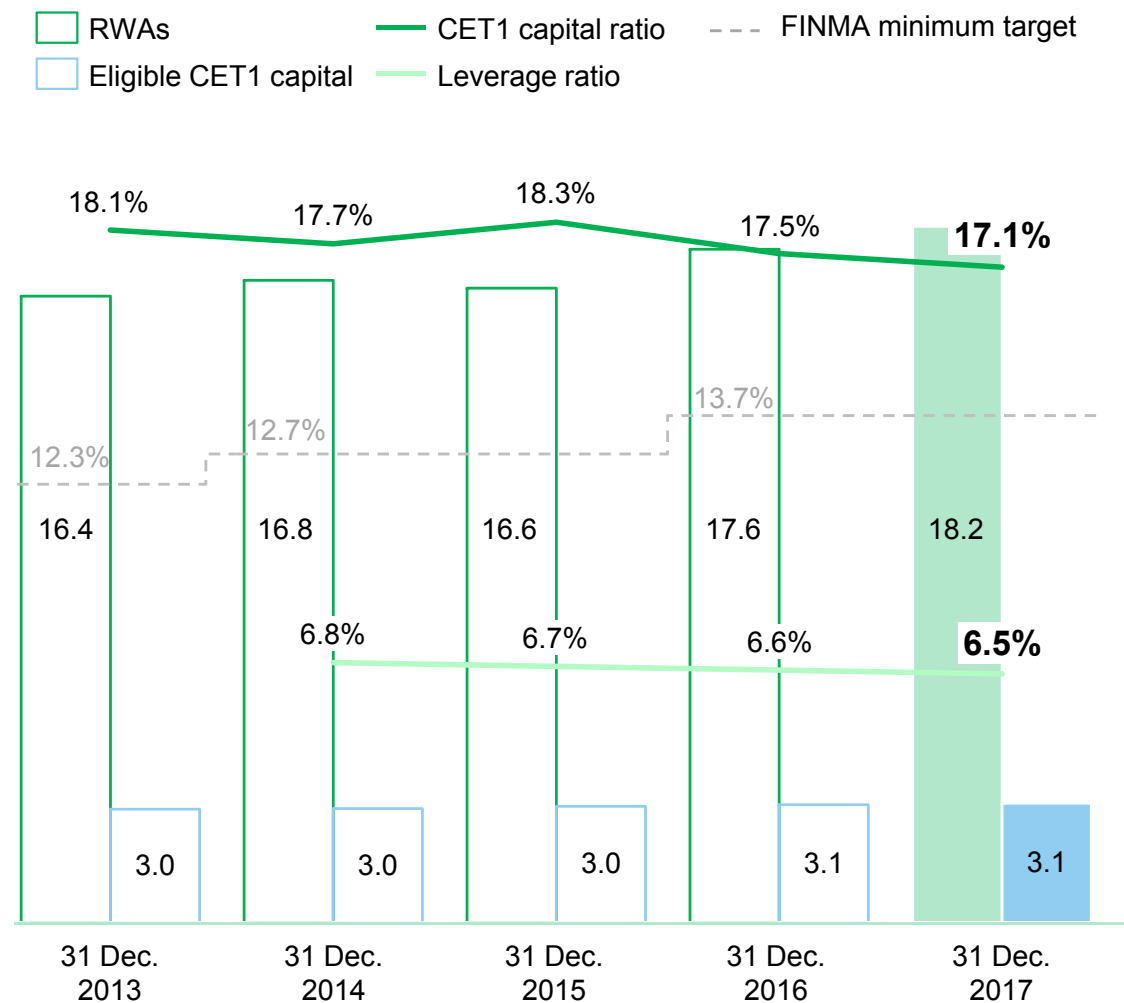
- (1) In accordance with FINMA Circular 2016/1, "Disclosure - banks"
- (2) Calculated by subtracting the Countercyclical buffer (CCB) from regulatory capital

Capital ratios

CHF billions (rounded)



Risk-weighted assets and CET1 capital ratio



CET1 capital ratio

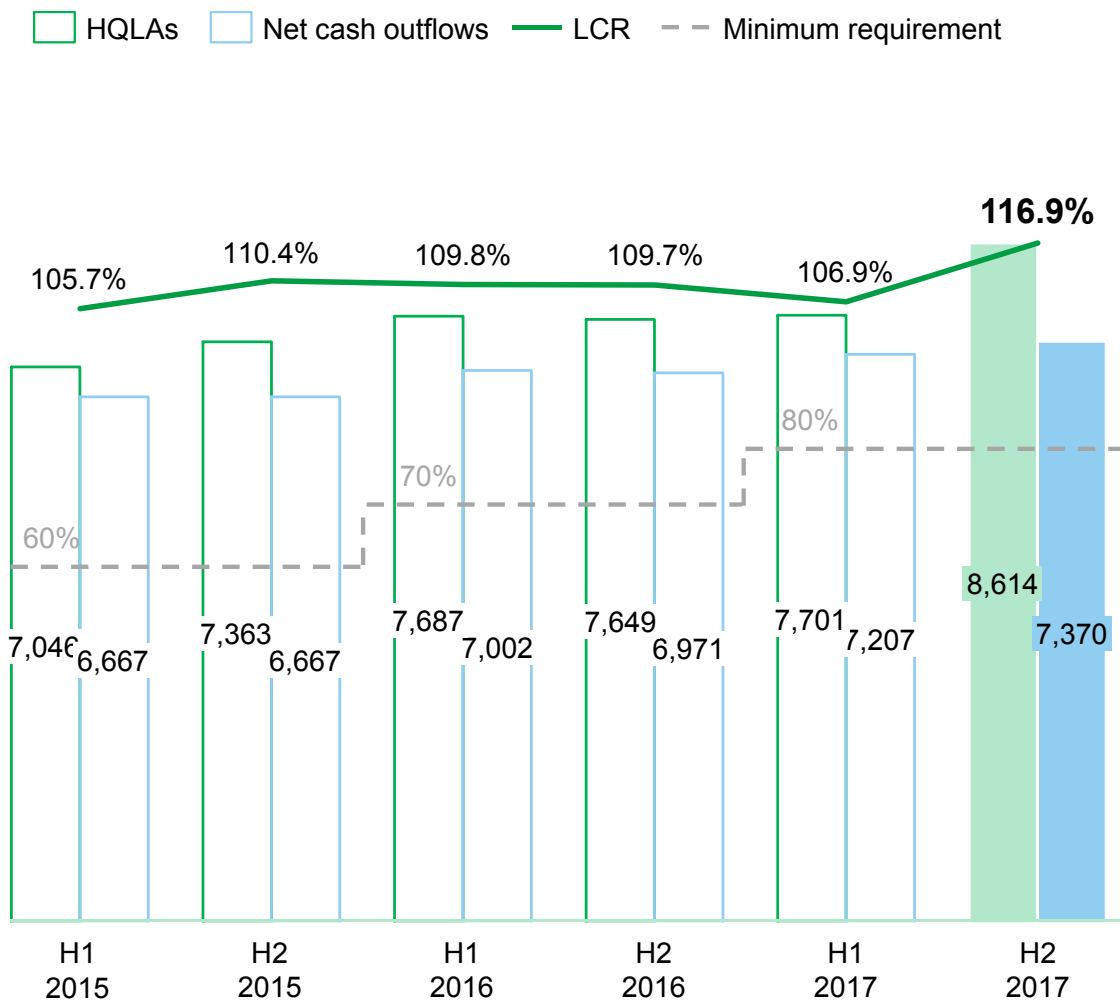
- Declined as a result of higher RWAs, mainly on residential mortgages – driven up by volume growth and the yearly increase in the specific IRB multiplier
- Look-through CET1 capital ratio of 16.8%, including fully loaded specific IRB multiplier

Leverage ratio

- Leverage ratio slightly down at 6.5%

Liquidity ratio

CHF millions (rounded)



- Increase in the **LCR** by roughly 6 percentage points since end-2015
- Composition of Bank's HQLAs:
 - 65% as cash deposited with the SNB
 - 35% as AAA and AA-Swiss-issued securities eligible as SNB collateral
- Increase in the minimum requirement by 10 percentage points each year until 2019

Recap of our distribution policy since 2008

Barring any significant changes in the economic or regulatory environment or the Bank's situation

Horizon 1

From 2008 to 2012

Ordinary dividend

CHF **20** to CHF **25**
per share

+

Special dividend

CHF **10** tax-exempt
per share

Horizon 2

From 2013 to 2017

Ordinary dividend

CHF **22** to CHF **27**
per share

+

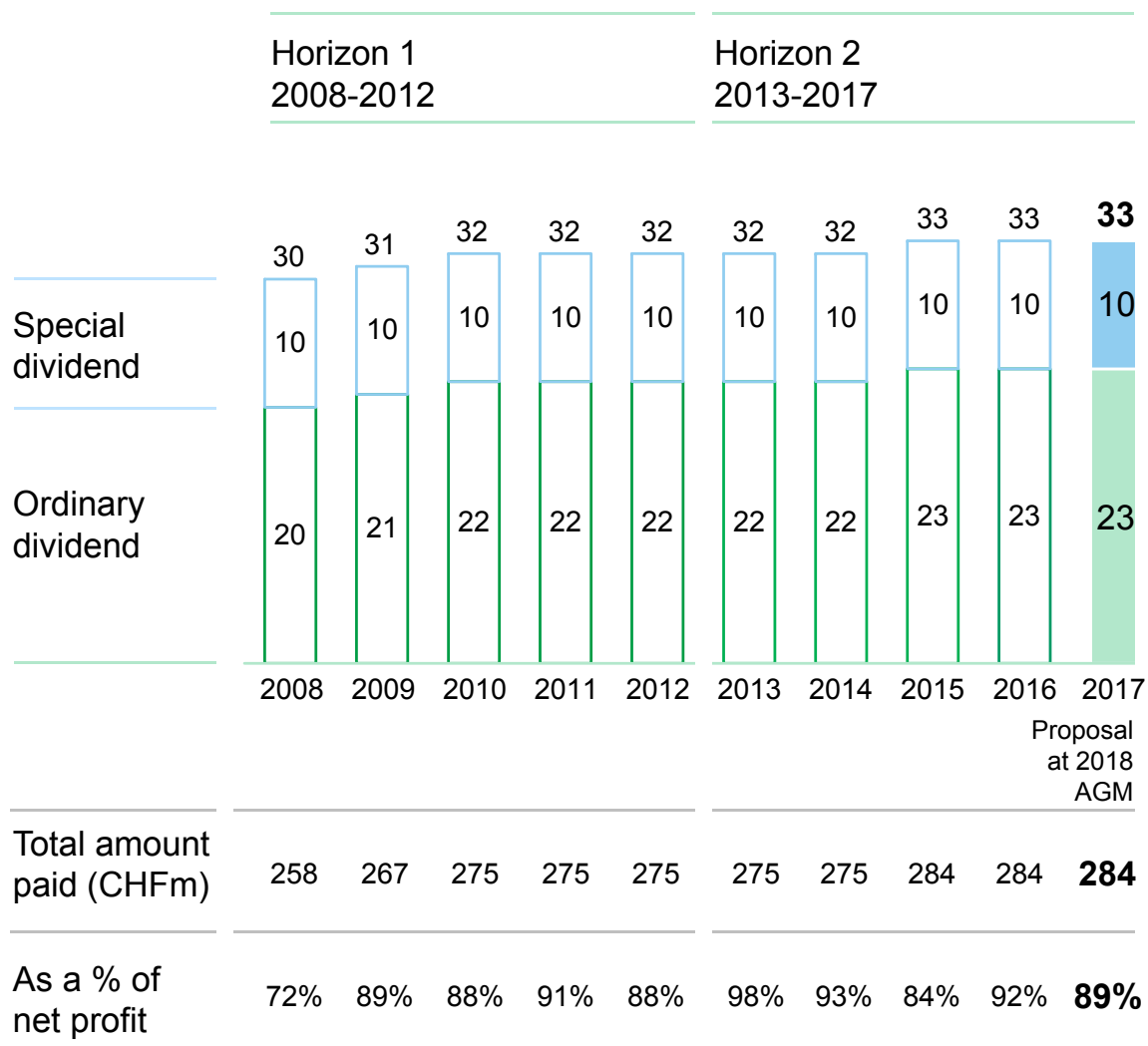
Special dividend

CHF **10** tax-exempt
per share

Dividends to be paid in 2018 (based on 2017 earnings)



CHF per share

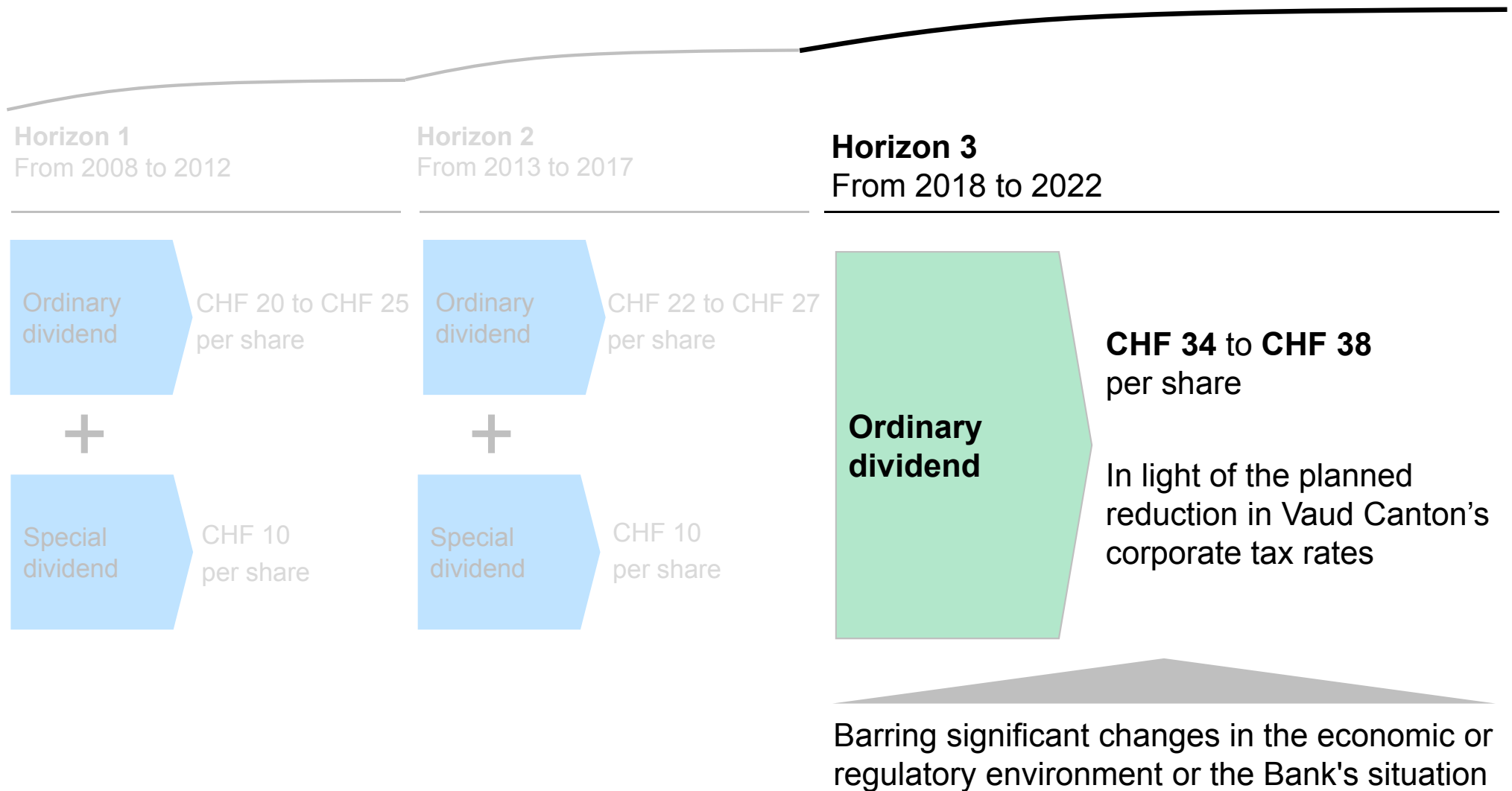


- Same distribution policy applied consistently since 2008, despite:
 - A major financial crisis
 - Uncertainty and costs created by the “US program”
 - An unfavorable negative-interest-rate environment

- Proposal at 2018 AGM: Total distribution of CHF 33 per share – CHF 23 as an ordinary dividend and a special distribution¹ of CHF 10 for the last time
 - Total payout: CHF 284m
 - 89% of 2017 net profit

Note
(1) Distribution out of paid-in reserves

Distribution policy extended for another five years with a higher range



Introduction

Pascal Kiener, CEO

FY 2017 financial results

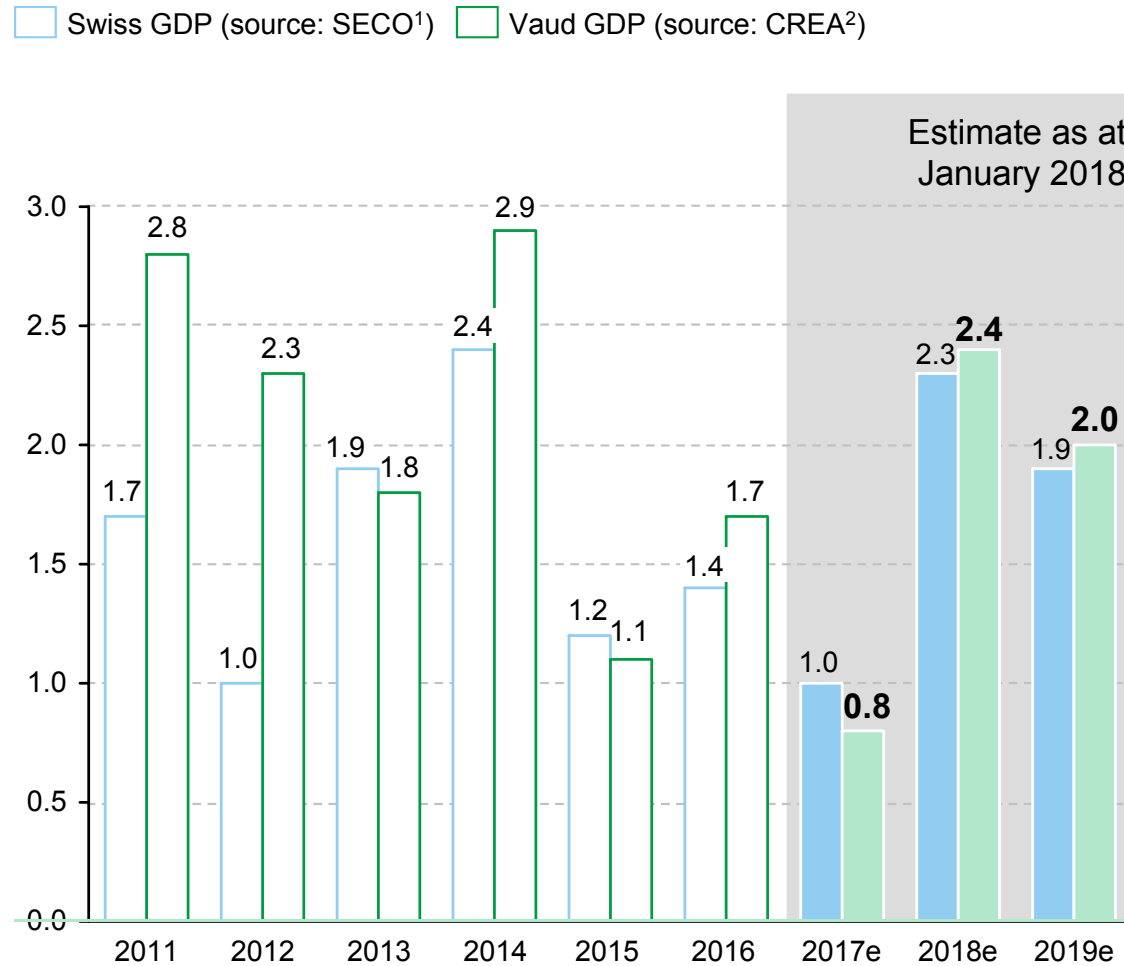
Thomas W. Paulsen, CFO

Outlook

Pascal Kiener, CEO

Swiss and Vaud GDP growth

As a %



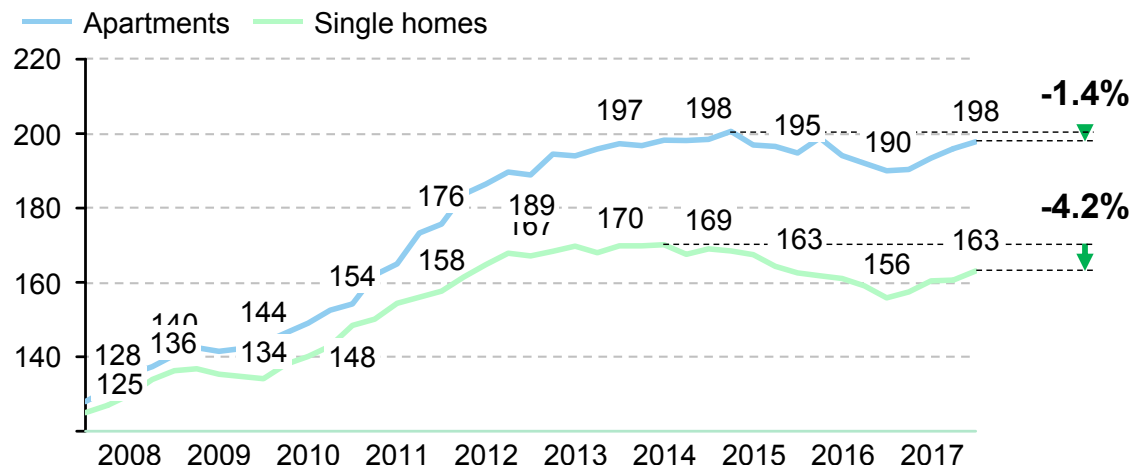
- In **2017**: Swiss and Vaud GDP growth estimates were revised downwards, to levels lower than in 2016
- Stronger economic growth expected in Switzerland and Vaud in 2018 thanks to a gradual improvement in the global economy and a relatively weaker Swiss franc

Note

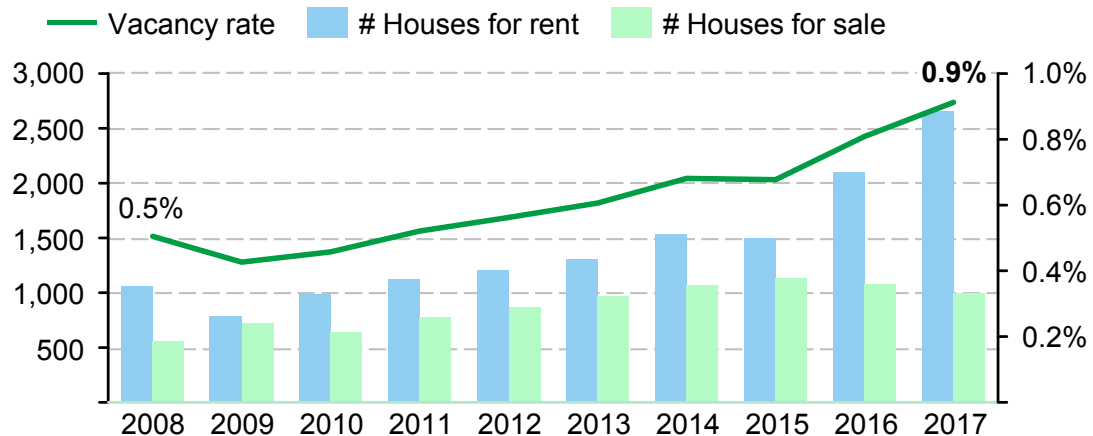
- (1) SECO (Switzerland's State Secretariat for Economic Affairs)
- (2) CREA (Lausanne University's Créa Institute of Macro-economics)

Real estate in the Vaud region

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



Vacant housing in Vaud



Source Wüest Partner

- Vaud real-estate market has been cooling down since 2014
- In 2017, prices on Vaud real-estate transactions increased slightly, mainly due to a smaller supply of owner-occupied housing:
 - +4.1% on apartments
 - +4.7% on single homes
- Compared with the peak in 2014, prices down:
 - -1.4% on apartments
 - -4.2% on single homes
- Ongoing increase in the vacancy rate driven by a larger supply of rental housing
- Vaud real-estate market is still cooling down
- BCV mortgage loan policy unchanged

2018 business trends in line with 2017

Revenues still under pressure mainly because of low interest rates

Continued firm control of operating expenses

Operating profit expected to be similar to 2017

After-tax capital gain of CHF 27m to be booked in H1 2018

17 August 2017

Half-year 2017
results

15 February 2018

Full-year 2017
results

27 March 2018

Publication of the
2017 Annual Report

26 April 2018

Annual
Shareholders'
Meeting in Lausanne

30 April 2018

Ex-dividend date¹

2 May 2018

Dividend record
date¹

3 May 2018

Dividend payment¹

23 August 2018

Half-year 2018
results

Note

(1) Total amount distributed to shareholders in the form of an ordinary dividend of CHF 23 per share and a special distribution out of paid-in capital of CHF 10 per share, subject to approval at the Annual Shareholders' Meeting

Appendices



Income statement



CHF millions (rounded)

	FY 2017	FY 2016	Abs	%
Interest and discount income	576.4	599.0	-22.6	-4
Interest and dividend income from financial investments	34.7	40.3	-5.6	-14
Interest expense	-113.3	-156.7	-43.4	-28
Net interest income before loan impairment charges/reversals	497.8	482.5	15.2	3
Loan impairment charges/reversals	-20.2	-4.7	15.4	327
Net interest income after loan impairment charges/reversals (NII)	477.6	477.8	-0.2	-0
Fees and commissions on securities and investment transactions	250.3	241.5	8.8	4
Fees and commissions on lending operations	44.6	42.2	2.4	6
Fees and commissions on other services	71.8	75.2	-3.5	-5
Fee and commission expense	-50.3	-51.0	-0.7	-1
Net fee and commission income	316.4	307.9	8.5	3
Net trading income and fair-value adjustments	133.9	139.2	-5.4	-4
Gains/losses on disposals of financial investments	2.5	6.4	-3.9	-61
Income from equity investments	6.2	5.5	0.7	13
Real-estate income	10.9	11.0	-0.1	-1
Miscellaneous ordinary income	20.0	21.6	-1.5	-7
Miscellaneous ordinary expenses	-0.9	-2.3	-1.4	-61
Other ordinary income	38.7	42.1	-3.4	-8
Total income from ordinary banking operations	966.6	967.1	-0.5	-0
Personnel costs	-337.0	-338.0	-0.9	-0
Other operating expenses	-171.4	-170.7	0.7	0
Operating expenses	-508.4	-508.7	-0.3	-0
Depreciation and amortization of fixed assets and impairment on equity investments	-70.4	-72.4	-2.0	-3
Other provisions and losses	-1.2	-2.7	-1.4	-54
Operating profit	386.5	383.4	3.2	1
Extraordinary income	16.8	6.7	10.1	150
Extraordinary expenses	-0.0	-0.0	0.0	0
Change in reserves for general banking risks	0.0	3.0	-3.0	N/A
Taxes	-83.1	-83.5	-0.4	-0
Net profit	320.3	309.6	10.6	3
Minority interests	-0.0	-0.0	-0.0	0
Net profit attributable to BCV shareholders	320.2	309.6	10.6	3

Balance sheet



CHF millions (rounded)

	31 Dec. 2017	31 Dec. 2016	Abs	%
Cash and cash equivalents	8,044	7,496	549	7
Due from banks	1,013	1,373	-360	-26
Reverse repurchase agreements	499	306	194	63
Loans and advances to customers	4,826	4,812	14	0
Mortgage loans	25,407	25,037	370	1
Trading portfolio assets	186	153	33	21
Positive mark-to-market values of derivative financial instruments	282	281	1	0
Other financial assets at fair value	653	630	23	4
Financial investments	3,753	3,234	519	16
Accrued income and prepaid expenses	91	107	-15	-14
Non-consolidated holdings	70	70	0	0
Tangible fixed assets	519	517	2	0
Intangible assets	12	16	-3	-22
Other assets	57	54	3	6
Assets	45,415	44,085	1,329	3
Due to banks	1,398	1,070	328	31
Repurchase agreements	1,350	1,791	-442	-25
Customer deposits	30,512	29,245	1,267	4
Negative mark-to-market values of derivative financial instruments	205	244	-40	-16
Other financial liabilities at fair value	812	771	41	5
Medium-term notes	15	21	-7	-31
Bonds and mortgage-backed bonds	7,392	7,267	125	2
Accrued expenses and deferred income	172	184	-11	-6
Other liabilities	87	56	30	54
Provisions	15	16	-1	-7
Liabilities	41,958	40,666	1,292	3
Reserves for general banking risks	701	701	0	0
Share capital	86	86	0	0
Capital reserve	121	207	-86	-41
Retained earnings	2,249	2,137	112	5
Currency translation reserve	-1	-2	0	-10
Treasury shares	-19	-19	0	-2
Minority interests in equity	0	0	-0	-6
Net profit	320	310	11	3
<i>Of which minority interests</i>	0	0	-0	0
Shareholders' equity	3,457	3,420	37	1
Total liabilities and shareholders' equity	45,415	44,085	1,329	3

Key performance indicators

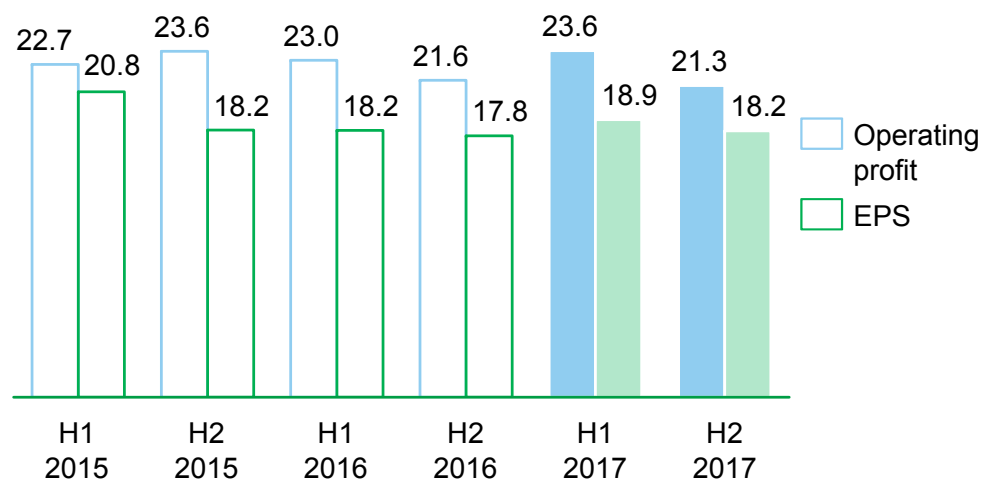


	31 Dec. 2013	31 Dec. 2014	31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	
Asset quality and balance sheet structure	Impaired loans/ credit exposure	0.9%	0.7%	0.7%	0.7%	0.7%
	Customer deposits/ loans to customers ¹	96%	96%	98%	98%	101%
	Interest margin	1.23%	1.22%	1.14%	1.11%	1.12%
Capital²	CET1 ratio	18.1%	17.7%	18.3%	17.5%	17.1%
	Total capital ratio	18.2%	17.9%	18.4%	17.6%	17.3%
	Leverage ratio	NA	6.8%	6.7%	6.6%	6.5%
Productivity	Cost/income ratio (excl. goodwill amortization)	61%	60%	57%	59%	58%
Financial performance	ROE (net profit/average equity)	8.5%	9.0%	10.1%	9.1%	9.4%

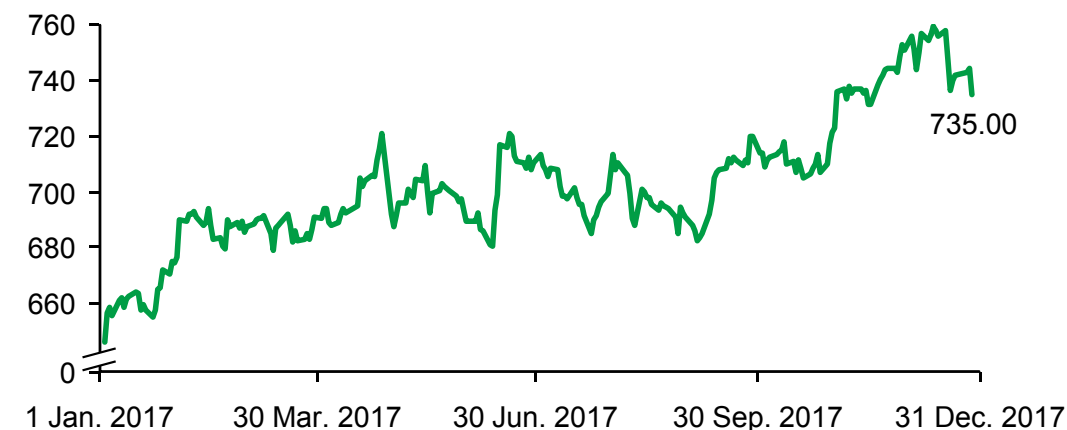
Note

- (1) 2013-2014 figures were adjusted to facilitate like-for-like comparison
- (2) Ratios are calculated in accordance with FINMA Circular 2016/1, "Disclosure – banks"

Per share (CHF)



Stock price



Key figures

	31 Dec. 2013	31 Dec. 2014	31 Dec. 2015	31 Dec. 2016	31 Dec. 2017
Number of issued shares	8,606,190	8,606,190	8,606,190	8,606,190	8,606,190
Market capitalization (CHF billions)	4.19	4.64	5.48	5.56	6.33
High / low prices YTD	559.50 / 445.00	541.00 / 472.75	640.00 / 510.50	694.00 / 582.00	764.50 / 644.00

BCV Investor Relations iPad App

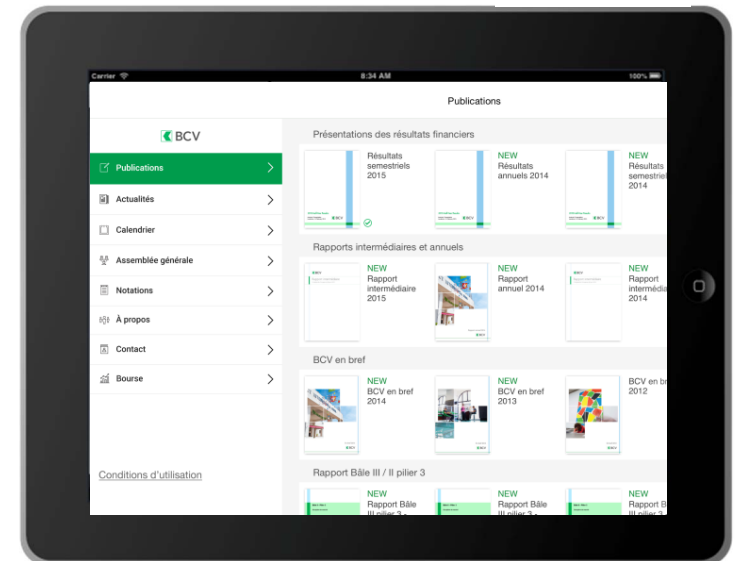


The BCV Investor Relations app keeps you in touch with the latest developments at BCV Group

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, as well as 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.