

# 2018 Half-Year Results

Analysts' Presentation  
23 August 2018



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**Introduction**  
**Pascal Kiener, CEO**

H1 2018 financial results  
Thomas W. Paulsen, CFO

Outlook  
Pascal Kiener, CEO

Continuous growth in all key businesses

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Revenues stable (-1%) in the ongoing negative-interest-rate environment

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Operating profit slightly down (-2%)

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Net profit up 15% year on year to CHF 188m, including a capital gain from the disposal of a building as announced in the FY 2017 results

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# H1 2018 key figures

CHF (rounded), unaudited figures



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## Revenues

493m

-1%

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## Operating profit

200m

-2%

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## Net profit

188m

+15%

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## Total assets

45.9bn

+1%

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## AuM

87.9bn

+2%

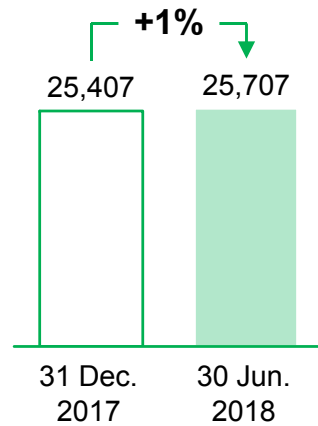
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# Main business trends

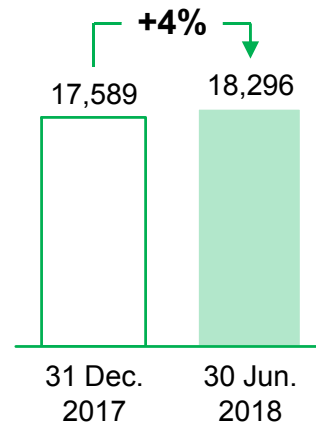


CHF millions (rounded), unaudited figures

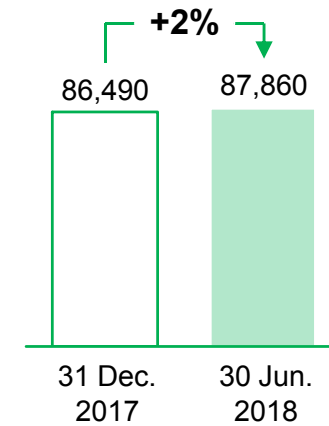
## Mortgage loans



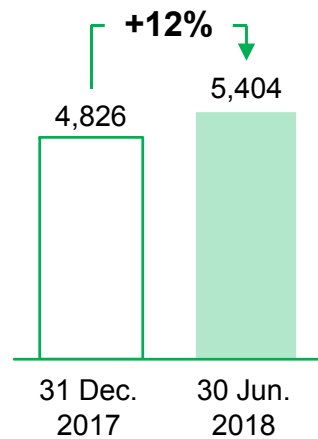
## Savings deposits



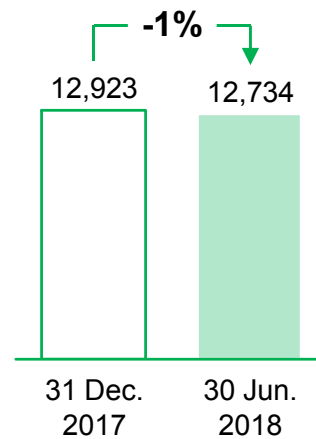
## AuM



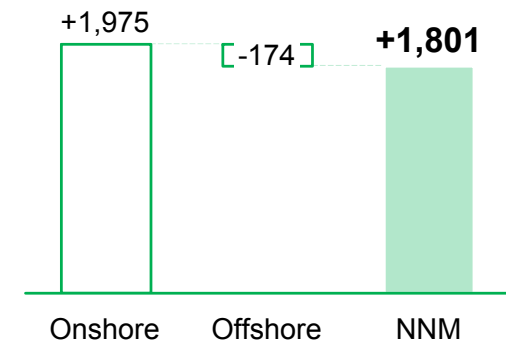
## Other loans



## Other client deposits



## Net new money



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Fabienne Freymond Cantone appointed to the Board of Directors by the Vaud Cantonal Government, replacing Luc Recordon as of 26 April 2018

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Jean-François Schwarz appointed to the Board of Directors by the Vaud Cantonal Government, replacing Paul-André Sanglard as of 1 January 2019

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CHF 284m distributed to shareholders in May; i.e., CHF 33 per share or a dividend yield of 4.5%<sup>1</sup>

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AA rating from S&P since 2011 with a stable outlook

Aa2 rating from Moody's with a stable outlook

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Note

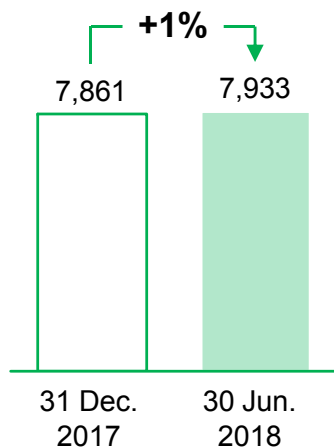
(1) Based on closing price at 29 December 2017

# Retail Banking

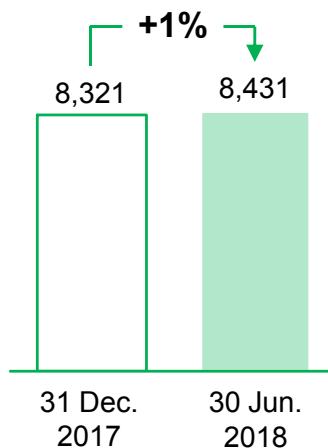
CHF millions (rounded)<sup>1</sup>



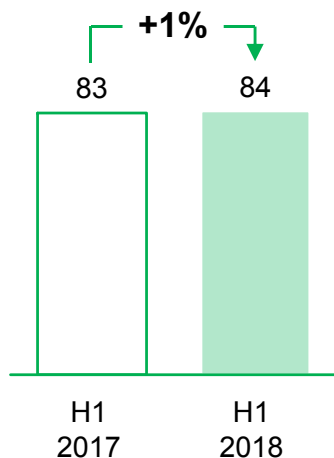
## Mortgage loans



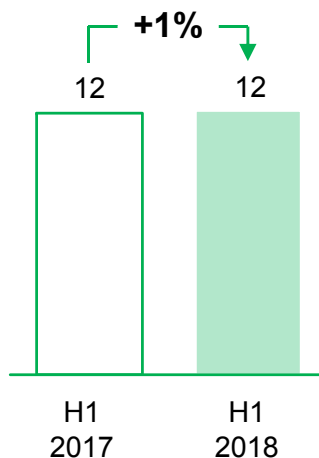
## Customer deposits



## Revenues



## Operating profit



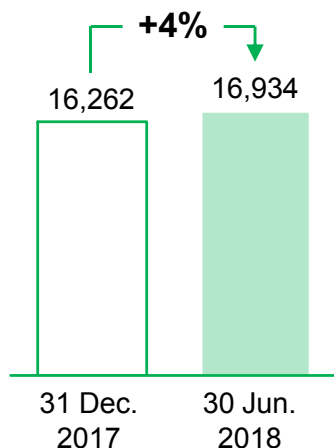
- Moderate but continual rise in mortgage loans
- Customer deposits stable – no negative interest rates charged to retail customers
- Revenues and operating profit up slightly

Note

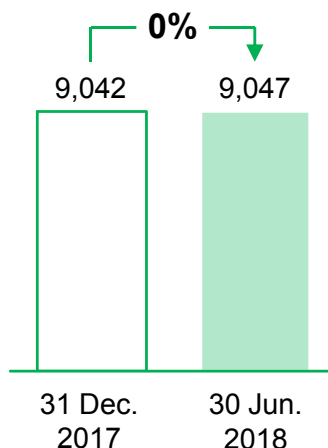
(1) 2017 figures were adjusted to facilitate like-for-like comparison



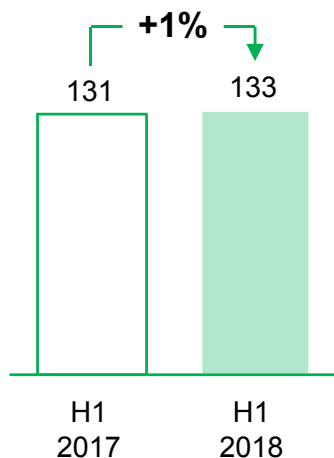
## Loans/off-BS commitments



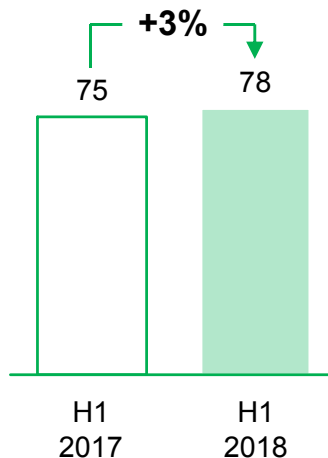
## Customer deposits



## Revenues



## Operating profit



Solid momentum in all Corporate Banking businesses

- SMEs
  - Loans and off-balance-sheet commitments (+3%)
  - Customer deposits up 6%
- Large Corporates
  - Loans and off-balance-sheet commitments up 7%
  - Decrease in deposits (-9%), with negative interest rates charged to some customers
- Trade Finance
  - Average business volume up 5% on H1 2017
- Sound credit portfolio. Provisioning needs low in the first half

Note

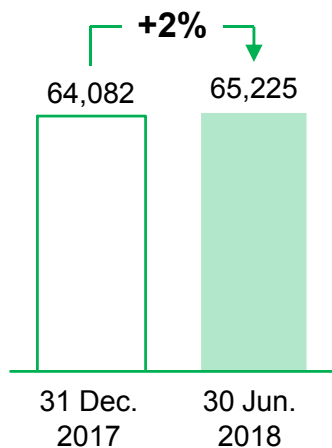
(1) 2017 figures were adjusted to facilitate like-for-like comparison

# Wealth Management

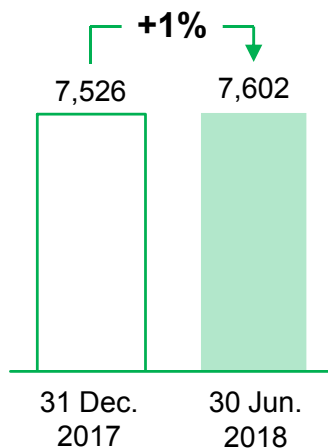
CHF millions (rounded)<sup>1</sup>



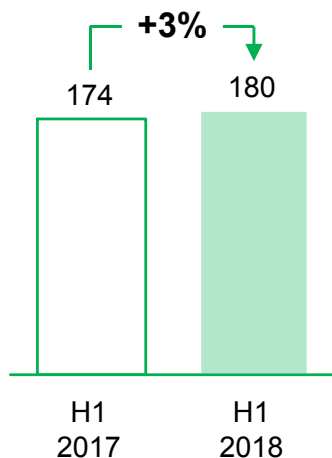
## AuM



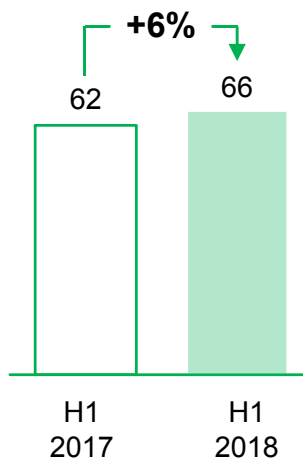
## Mortgage loans



## Revenues



## Operating profit



- Higher AuM, in particular due to net new money inflows in institutional assets
- Offshore business stable, as expected following the Bank's realignment of this business in recent years
- Revenues up 3% and operating profit up 6%

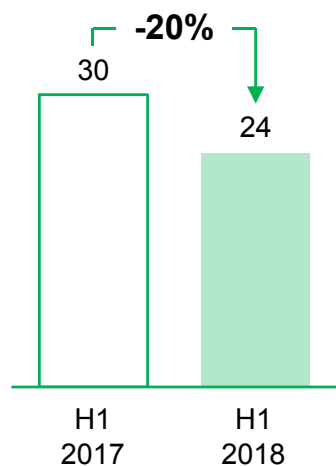
Note

(1) 2017 figures were adjusted to facilitate like-for-like comparison

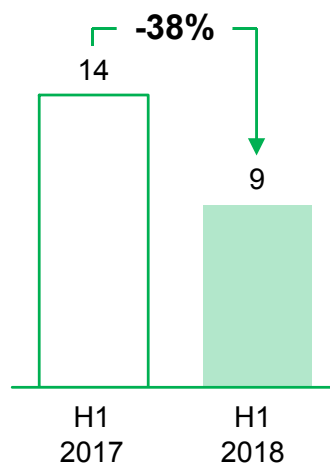
# Trading

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

## Revenues

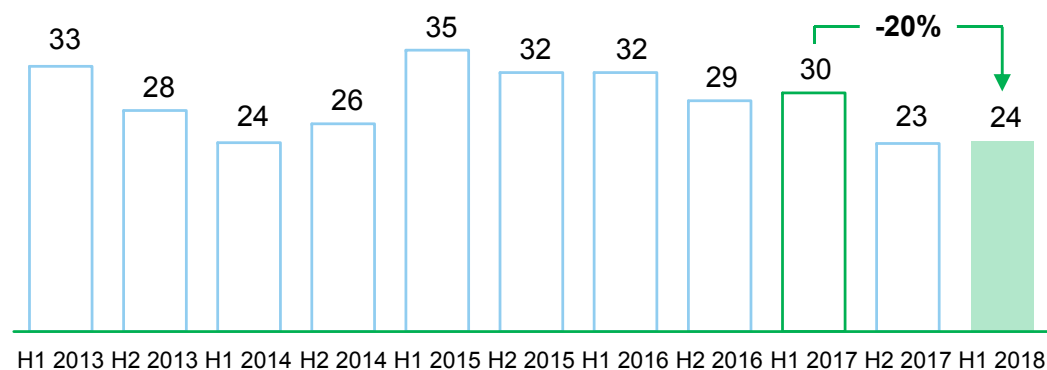


## Operating profit



- Activity down in the three Trading businesses:
  - Forex
  - Equities, bonds, and fixed income
  - Structured products
- Revenues down 20% and operating profit down 38% on H1 2017, but still at good levels given the very low level of risk

## Revenues time series<sup>1</sup>



### Note

- (1) 2017 figures were adjusted to facilitate like-for-like comparison
- (2) No adjustment except for H1 2017 to facilitate like-for-like comparison with H1 2018

Introduction  
Pascal Kiener, CEO

**H1 2018 financial results**  
**Thomas W. Paulsen, CFO**

Outlook  
Pascal Kiener, CEO

# Income statement

CHF millions (rounded), unaudited figures



	H1 2017	H1 2018	Change	
<b>Total income from ordinary banking operations</b>	<b>496.7</b>	<b>492.9</b>	<b>-3.8</b>	<b>-1%</b>
Operating expenses	-257.5	-254.4	-3.0	-1%
Depreciation & amortization of fixed assets and impairment on equity investments	-35.6	-35.8	+0.2	0%
Other provisions and losses	-0.2	-3.0	+2.8	N/A
<b>Operating profit</b>	<b>203.5</b>	<b>199.8</b>	<b>-3.7</b>	<b>-2%</b>
Net extraordinary income	1.4	33.8	+32.4	N/A
Taxes	-41.0	-45.9	+4.9	+12%
<b>Net profit</b>	<b>163.8</b>	<b>187.6</b>	<b>+23.8</b>	<b>+15%</b>

# Total income from banking operations

CHF millions (rounded), unaudited figures

## Total income from ordinary banking operations

H1 2017		H1 2018			
497		493		-4	-1%
247		243		-4	-2%
158		159		+1	+1%
69		65		-4	-5%
22		25		+3	+14%
H1 2017		H1 2018			

- **NII** – Slightly down in a low-interest-rate environment
- **Commissions & fees** – Slightly up
- **Trading** – Activity down but still at a good level

## Net interest income

H1 2017		H1 2018			
251		247		-4	-2%
	-4		-4	0	-11%
247		243		-4	-2%
H1 2017		H1 2018			

- **NII before loan impairment charges/reversals** – Down compared to H1 2017 due to lower interest income
- **Loan impairment charges/reversals** – Stable compared to H1 2017

# Operating expenses, depreciation and amortization

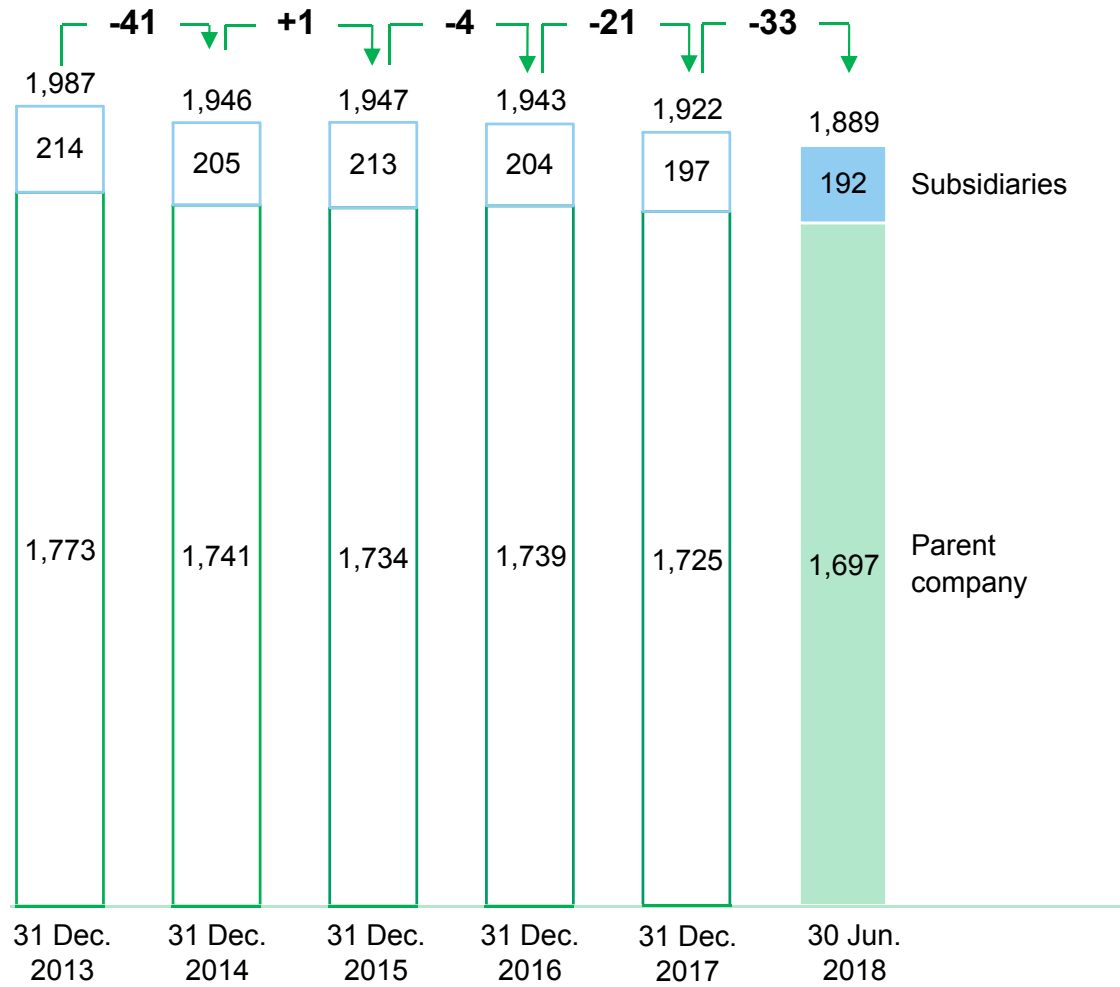
CHF millions (rounded), unaudited figures

	H1 2017	H1 2018			
	<b>293</b>	<b>290</b>		<b>-3</b>	<b>-1%</b>
	87	85	Other operating expenses	-2	-1%
	171	169	Personnel costs	-2	-1%
	36	36	Depreciation & amortization	0	0%
	H1 2017	H1 2018			

- Continued firm control of operating expenses
- Depreciation and amortization have stabilized after declining continuously since 2012

# Headcount

Full-time equivalents at period-end



- Continued firm cost control



# Assets

CHF billions (rounded), unaudited figures



	45.4	45.9		+0.5	+1%
	8.0	7.4	Cash and equivalents	-0.6	-8%
	1.5	1.7	Due from banks and reverse repo agreements	+0.2	+15%
	4.8	5.4	Loans and advances to customers	+0.6	+12%
	25.4	25.7	Mortgage loans	+0.3	+1%
	3.8	3.7	Financial investments	-0.1	-0%
	1.9	1.9	Other assets	-	-
31 Dec. 2017		30 Jun. 2018			

- **Cash and equivalents** – Decrease in SNB sight deposits partly offset by an increase in amounts due from banks
- **Loans and advances to customers** – Up significantly, especially in the Large Corporates and Trade Finance segments
- **Mortgage loans** – Moderate but steady growth

# Liabilities and equity

CHF billions (rounded), unaudited figures

	31 Dec. 2017	30 Jun. 2018			
	<b>45.4</b>	<b>45.9</b>		<b>+0.5</b>	<b>+1%</b>
	2.7	2.9	Due to banks	+0.2	+6%
	30.5	31.0	Customer deposits	+0.5	+2%
	7.4	7.2	Bonds and mortgage-backed bonds	-0.2	-3%
	1.3	1.3	Other liabilities	+0.0	+0%
	3.5	3.4	Shareholders' equity	-0.1	-3%

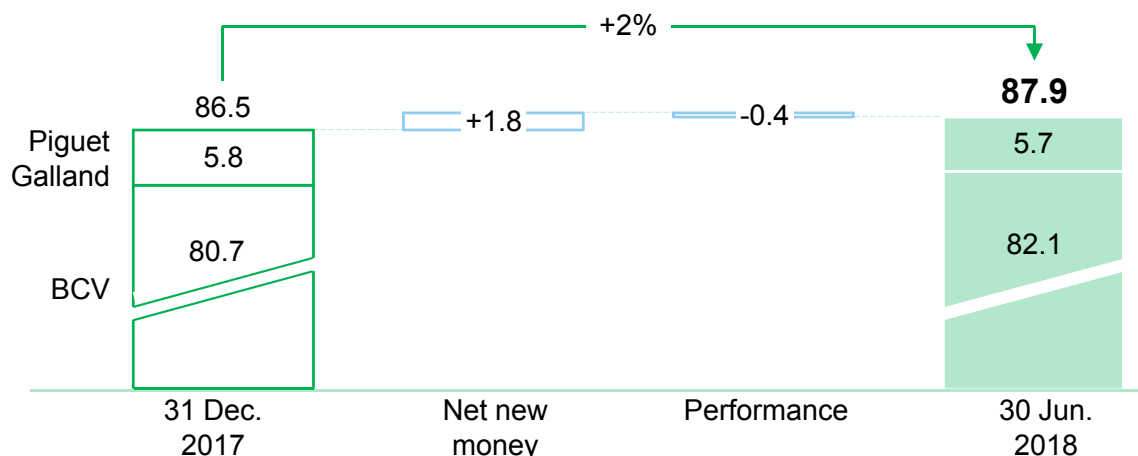
- **Due to banks** – Increase mainly as a result of repo agreements
- **Customer deposits** – Slight increase
- **Shareholders' equity** – Stable

# Assets under management

CHF billions (rounded)

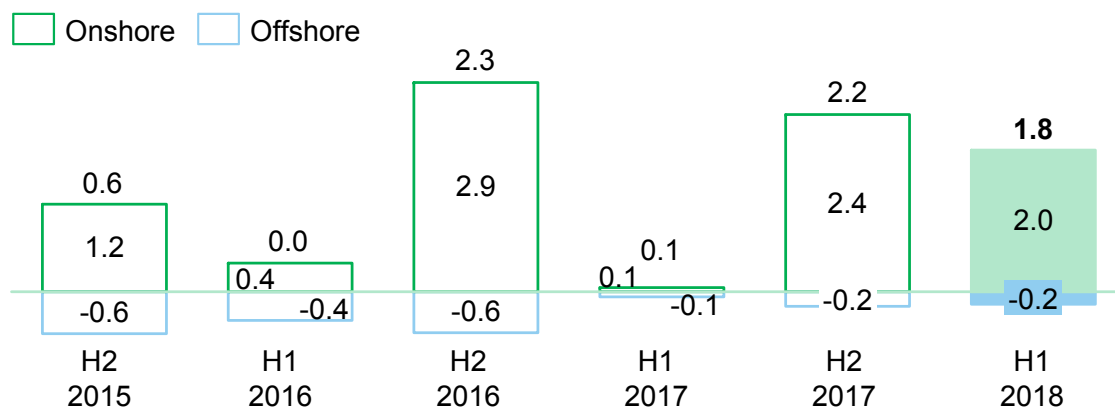


## Assets under management



- AuM up 2% to CHF 87.9bn
- Net new money of CHF 1.8bn
- Performance of -CHF 0.4bn

## Net new money



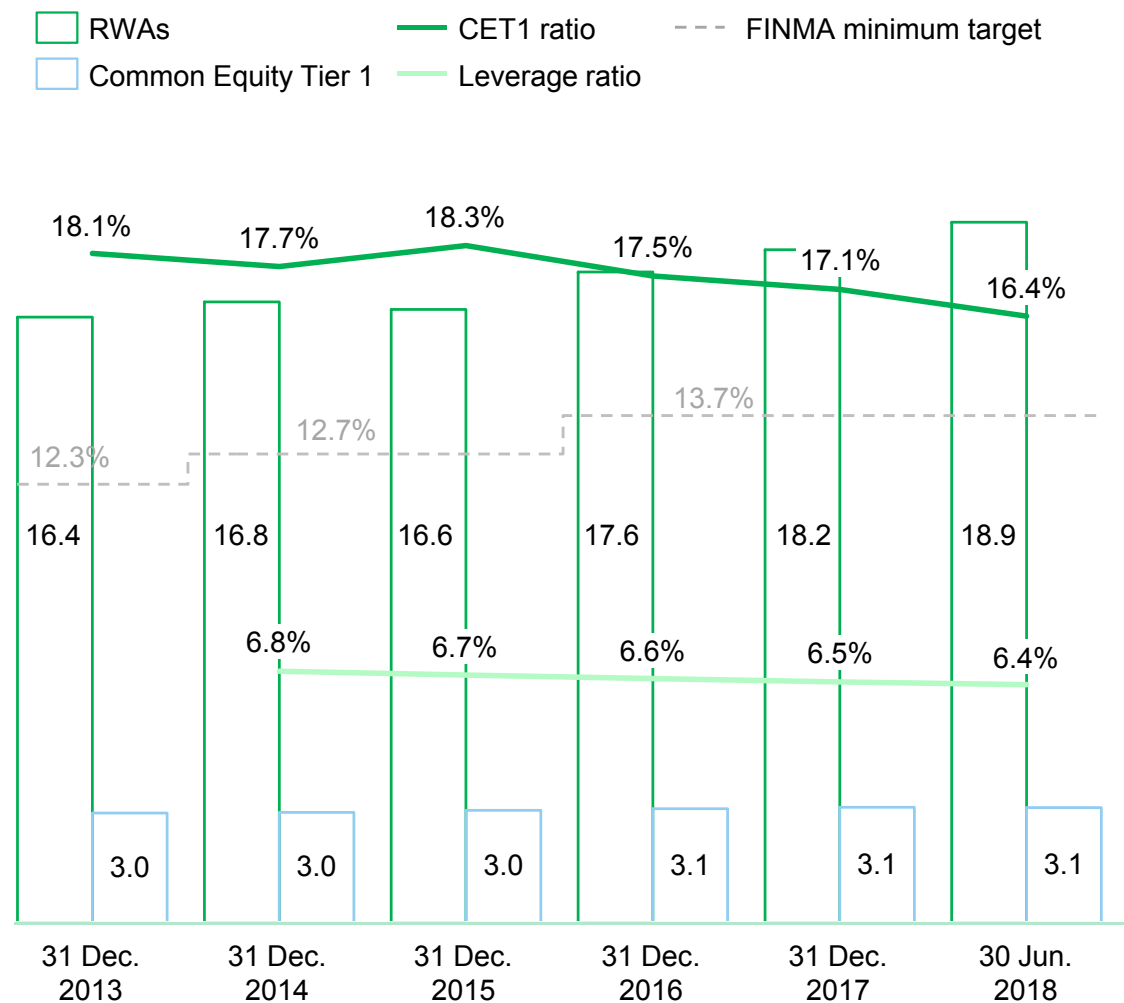
- Onshore net inflows of CHF 2.0bn:
  - Inflows from Retail, domestic Private Banking and SMEs (+CHF 1.2bn)
  - Inflows from institutional clients (+CHF 0.8bn)
- Offshore net outflows of CHF 0.2bn, in Private Banking

# Capital ratios

CHF billions (rounded)



## Risk-weighted assets and CET1 ratio



### CET1 ratio

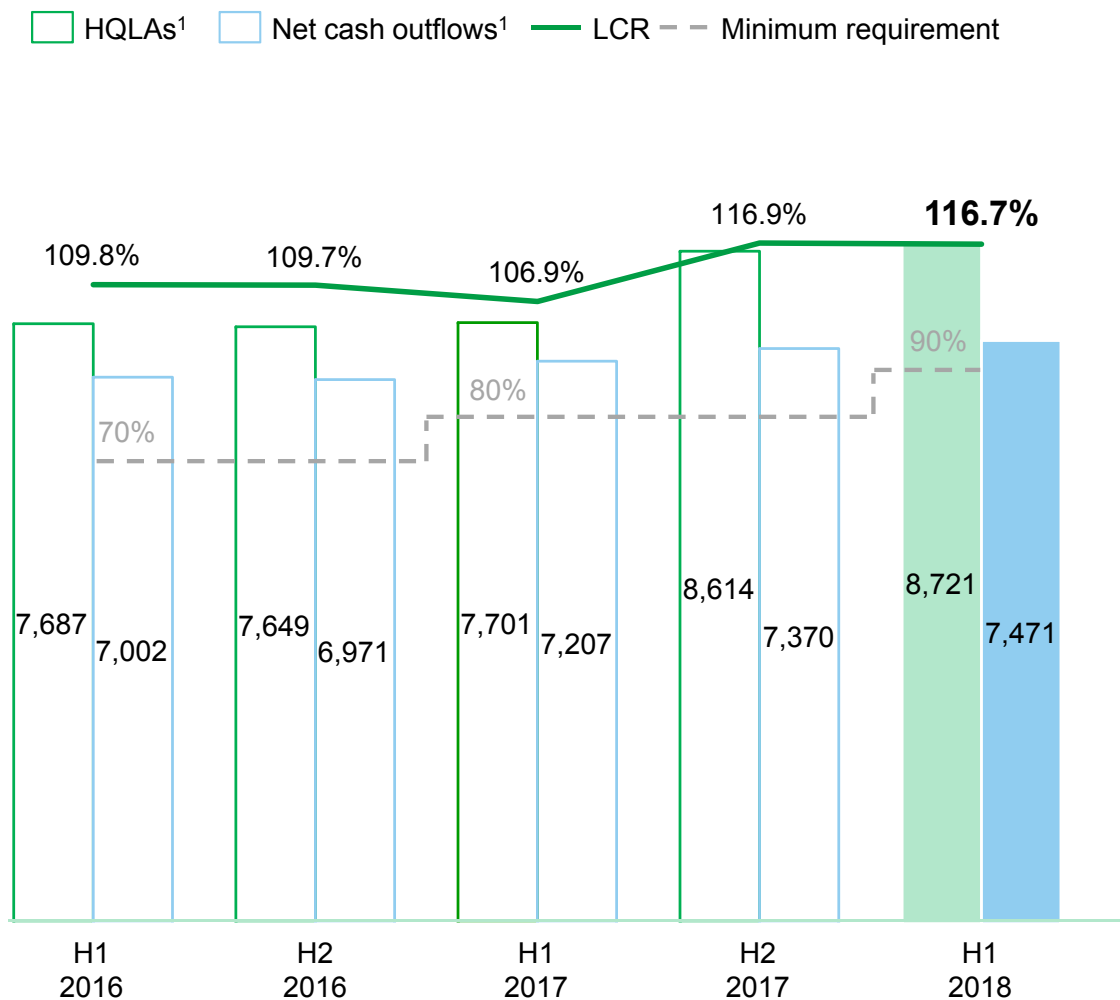
- Decrease in the CET1 ratio due to higher RWAs, mainly on:
  - Residential mortgages; driven up by the yearly increase in the specific IRB multiplier
  - Other loans; mainly in Corporate Banking segments
- Look-through CET1 ratio of 16.2%, including the fully-loaded specific IRB multiplier

### Leverage ratio

- Leverage ratio stable at 6.4%, vs. requirement of 3.0%

# Liquidity ratio

CHF millions (rounded)



- **LCR** has remained stable since H2 2017
- Composition of the Bank's HQLAs:
  - 64%: cash deposited with the SNB
  - 36%: mainly Swiss-issued, AAA- and AA-rated securities eligible as SNB collateral
- Minimum requirement increased by 10 percentage points each year until 2019

Note  
(1) Simple average of figures at month-end

Introduction

Pascal Kiener, CEO

H1 2018 financial results

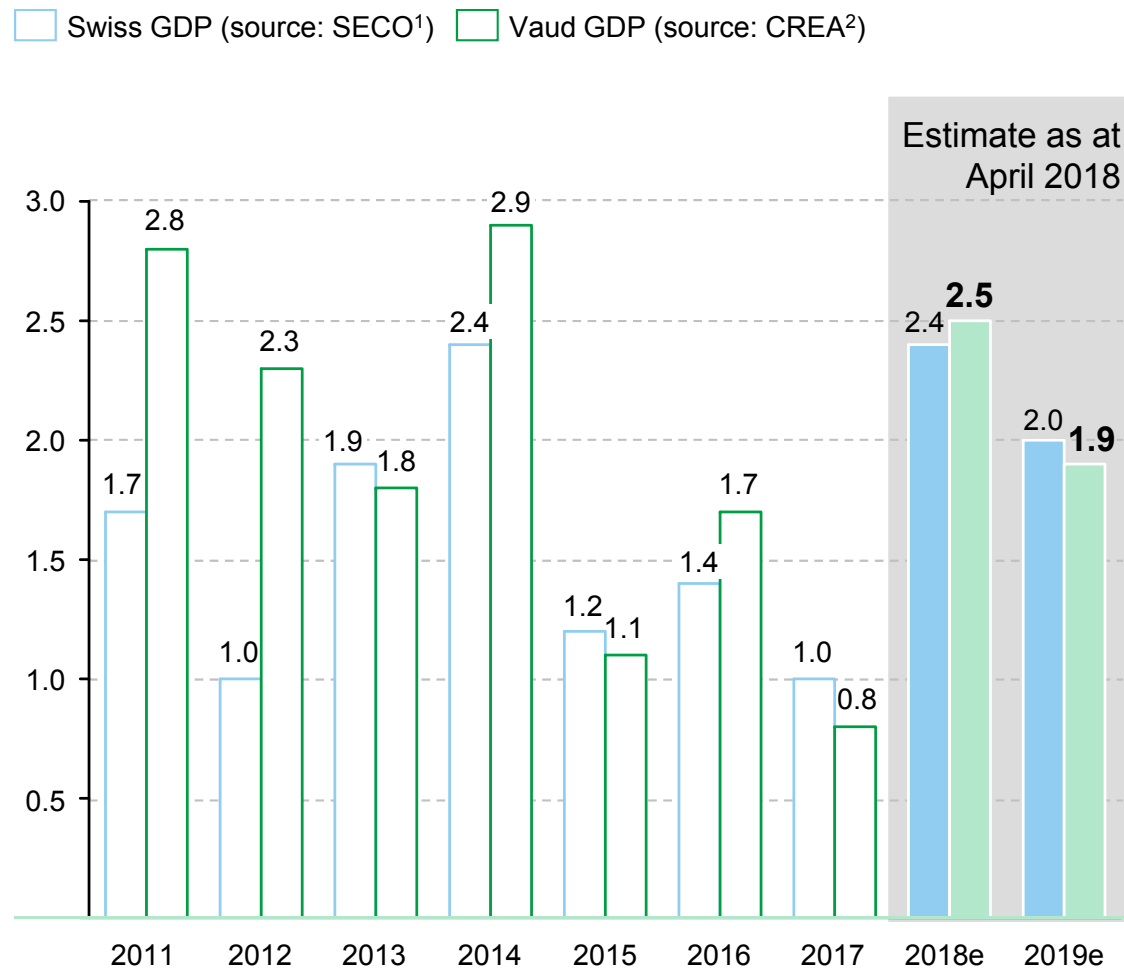
Thomas W. Paulsen, CFO

**Outlook**

**Pascal Kiener, CEO**

# Swiss and Vaud GDP growth

As a %



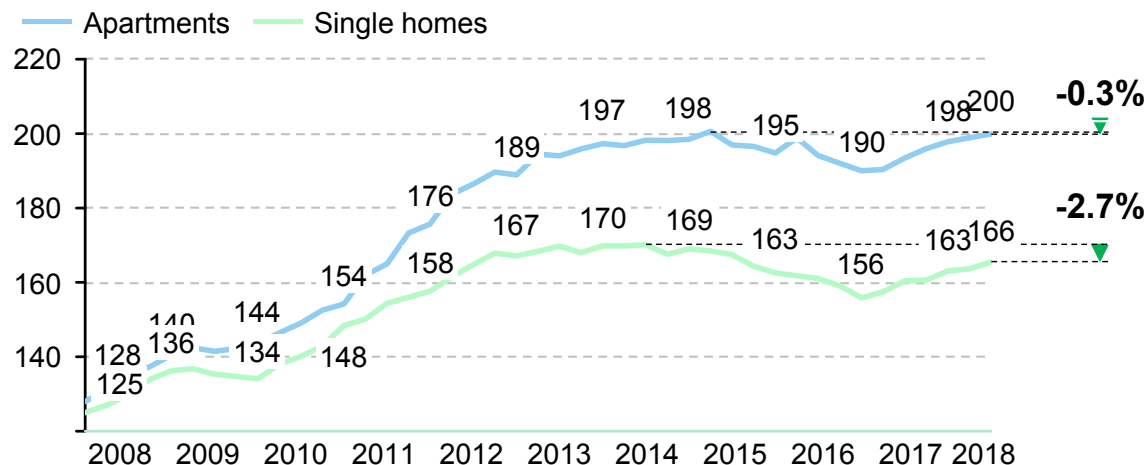
- In **2018**: Growth estimates for Swiss and Vaud GDP re-affirmed, as global economic recovery set to continue
- Economic development in Switzerland depends on two main factors:
  - Growth in Europe and the rest of the world
  - Exchange-rate fluctuations

Note

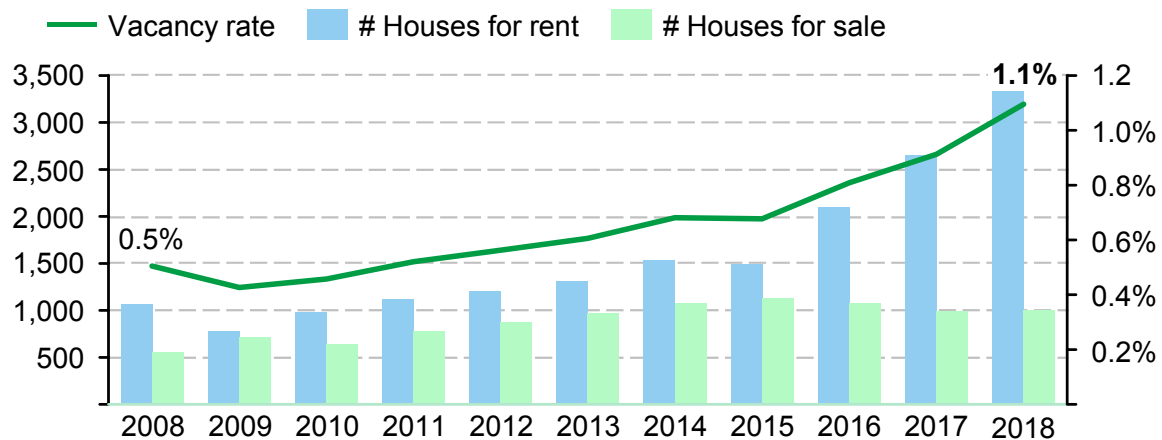
- (1) SECO (Switzerland's State Secretariat for Economic Affairs)
- (2) CREA (Lausanne University's Créa Institute of Macro-economics)

# Real estate in the Vaud region

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



## Vacant housing in Vaud



Source: Wüest Partner, Statistique Vaud

- Vaud real-estate market has levelled off since 2014
- In 2018, prices on Vaud real-estate transactions increased slightly, mainly due to a smaller supply of owner-occupied housing:
  - +1.0% on apartments
  - +1.5% on single-family homes
- Compared with the peak in 2014, prices are:
  - flat on apartments (-0.3%)
  - down on single-family homes (-2.7%)
- Ongoing increase in the vacancy rate driven by a larger supply of rental housing
- BCV mortgage loan policy unchanged



Full-year business trends in line with H1 2018

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Low revenue growth expected given the current interest-rate environment

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Continued firm control of operating expenses

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Excluding extraordinary items, FY operating and net profit are expected to be in line with previous years

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**15 February 2018**

Full-year 2017  
results

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**26 April 2018**

Annual  
Shareholders'  
Meeting in Lausanne

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**23 August 2018**

Half-year 2018  
results

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**21 February 2019**

Full-year 2018  
results

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**2 April 2019**

Publication of the  
2018 Annual Report

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**2 May 2019**

Annual  
Shareholders'  
Meeting in Lausanne

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**22 August 2019**

Half-year 2019  
results

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**Appendices**



# Income statement



CHF millions (rounded), unaudited figures

	H1 2018	H1 2017	Abs	%
Interest and discount income	282.8	291.5	-8.7	-3
Interest and dividend income from financial investments	16.7	18.7	-2.0	-11
Interest expense	-52.9	-59.1	-6.2	-10
<b>Net interest income before loan impairment charges/reversals</b>	<b>246.5</b>	<b>251.1</b>	<b>-4.5</b>	<b>-2</b>
Loan impairment charges/reversals	-3.5	-4.0	-0.4	-11
<b>Net interest income after loan impairment charges/reversals (NII)</b>	<b>243.0</b>	<b>247.1</b>	<b>-4.1</b>	<b>-2</b>
Fees and commissions on securities and investment transactions	126.5	122.9	+3.6	+3
Fees and commissions on lending operations	22.9	24.0	-1.1	-5
Fees and commissions on other services	35.2	35.4	-0.2	-0
Fee and commission expense	-25.2	-23.8	+1.4	+6
<b>Net fee and commission income</b>	<b>159.4</b>	<b>158.5</b>	<b>+0.9</b>	<b>+1</b>
<b>Net trading income and fair-value adjustments</b>	<b>65.2</b>	<b>69.0</b>	<b>-3.8</b>	<b>-5</b>
Gains/losses on disposals of financial investments	0.8	1.0	-0.1	-15
Income from equity investments	10.8	5.7	+5.1	+90
Real-estate income	3.7	5.4	-1.8	-33
Miscellaneous ordinary income	10.2	10.4	-0.2	-2
Miscellaneous ordinary expenses	-0.1	-0.3	-0.2	-53
<b>Other ordinary income</b>	<b>25.3</b>	<b>22.2</b>	<b>+3.1</b>	<b>+14</b>
<b>Total income from ordinary banking operations</b>	<b>492.9</b>	<b>496.7</b>	<b>-3.8</b>	<b>-1</b>
Personnel costs	-169.1	-170.9	-1.8	-1
Other operating expenses	-85.3	-86.5	-1.3	-1
<b>Operating expenses</b>	<b>-254.4</b>	<b>-257.5</b>	<b>-3.0</b>	<b>-1</b>
Depreciation and amortization of fixed assets and impairment on equity investments	-35.8	-35.6	+0.2	0
Other provisions and losses	-3.0	-0.2	+2.8	N/A
<b>Operating profit</b>	<b>199.8</b>	<b>203.5</b>	<b>-3.7</b>	<b>-2</b>
Extraordinary income	33.8	1.4	+32.4	N/A
Extraordinary expenses	-0.0	-0.0	0.0	N/A
Taxes	-45.9	-41.0	+4.9	+12
<b>Net profit</b>	<b>187.6</b>	<b>163.8</b>	<b>+23.8</b>	<b>+15</b>
Minority interests	0.0	0.0	0.0	0
<b>Net profit attributable to BCV Group shareholders</b>	<b>187.6</b>	<b>163.8</b>	<b>+23.8</b>	<b>+15</b>

# Balance sheet



CHF millions (rounded), unaudited figures

	30 Jun. 2018	31 Dec. 2017	Abs	%
Cash and cash equivalents	7,383	8,044	-661	-8
Due from banks	1,414	1,013	+401	+40
Reverse repurchase agreements	321	499	-178	-36
Loans and advances to customers	5,404	4,826	+578	+12
Mortgage loans	25,707	25,407	+300	+1
Trading portfolio assets	232	186	+46	+25
Positive mark-to-market values of derivative financial instruments	299	282	+18	+6
Other financial assets at fair value	705	653	+51	+8
Financial investments	3,740	3,753	-14	-0
Accrued income and prepaid expenses	65	91	-26	-28
Non-consolidated holdings	70	70	0	-0
Tangible fixed assets	434	519	-85	-16
Intangible assets	11	12	-2	-14
Other assets	76	57	+19	+33
<b>Assets</b>	<b>45,860</b>	<b>45,415</b>	<b>+446</b>	<b>+1</b>
Due to banks	1,554	1,398	+156	+11
Repurchase agreements	1,364	1,350	+15	+1
Customer deposits	31,031	30,512	+519	+2
Negative mark-to-market values of derivative financial instruments	239	205	+34	+17
Other financial liabilities at fair value	851	812	+38	+5
Medium-term notes	11	15	-3	-24
Bonds and mortgage-backed bonds	7,205	7,392	-187	-3
Accrued expenses and deferred income	147	172	-26	-15
Other liabilities	81	87	-6	-7
Provisions	17	15	+2	+12
<b>Liabilities</b>	<b>42,500</b>	<b>41,958</b>	<b>+542</b>	<b>+1</b>
Reserves for general banking risks	701	701	0	0
Share capital	86	86	0	0
Capital reserve	35	121	-86	-71
Retained earnings	2,371	2,249	+122	+5
Currency translation reserve	-1	-1	-0	+1
Own shares	-19	-19	0	0
Minority interests in equity	0	0	-0	0
Net profit	188	320	-132	-41
<i>of which minority interests</i>	0	0	0	0
<b>Shareholders' equity</b>	<b>3,361</b>	<b>3,457</b>	<b>-96</b>	<b>-3</b>
<b>Total liabilities and shareholders' equity</b>	<b>45,860</b>	<b>45,415</b>	<b>+446</b>	<b>+1</b>

# Key performance indicators

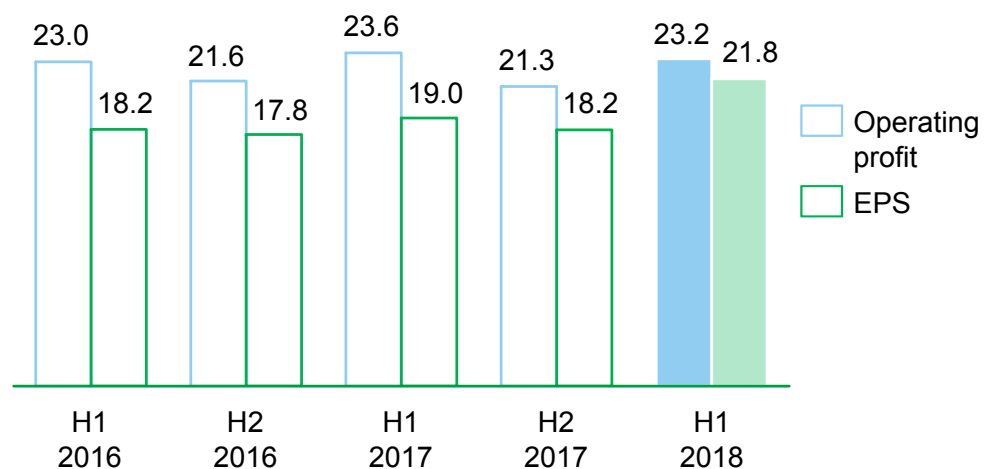


		31 Dec. 2014	31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	30 Jun. 2018
<b>Asset quality and balance sheet structure</b>	Impaired loans/ credit exposure	0.7%	0.7%	0.7%	0.7%	<b>0.6%</b>
	Customer deposits/ loans to customers <sup>1</sup>	96%	98%	98%	101%	<b>100%</b>
	Interest margin	1.22%	1.14%	1.11%	1.12%	<b>1.11%</b>
<b>Capital<sup>2</sup></b>	CET1 ratio	17.7%	18.3%	17.5%	17.1%	<b>16.4%</b>
	Total capital ratio	17.9%	18.4%	17.6%	17.3%	<b>16.5%</b>
	Leverage ratio	6.8%	6.7%	6.6%	6.5%	<b>6.4%</b>
<b>Productivity</b>	Cost/income ratio (excl. goodwill amortization)	60%	57%	59%	58%	<b>58%</b>
<b>Financial performance</b>	ROE (net profit/average equity)	9.0%	10.1%	9.1%	9.4%	<b>10.8%</b>

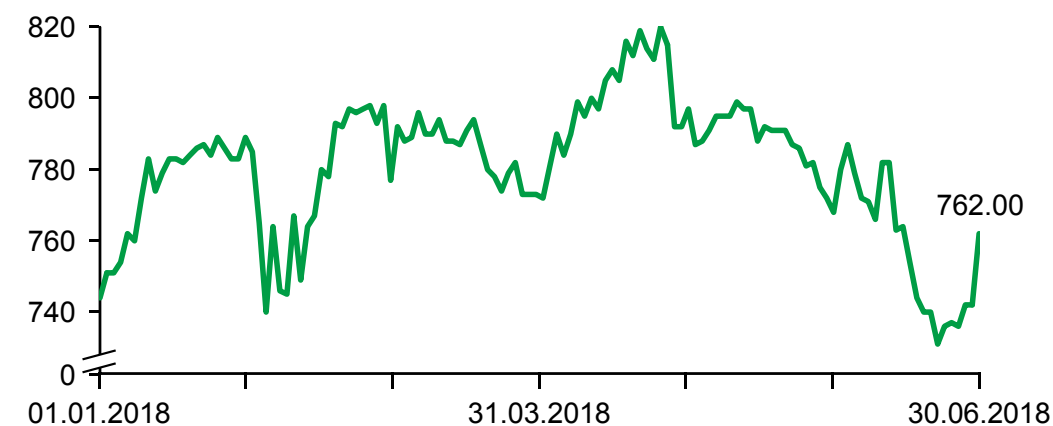
## Note

- (1) 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. 2014	31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	30 Jun. 2018
Number of issued shares	8,606,190	8,606,190	8,606,190	8,606,190	8,606,190
Market capitalization (CHF billions)	4.64	5.48	5.56	6.33	6.56
High / low prices YTD	541.00 / 472.75	640.00 / 510.50	694.00 / 582.00	764.50 / 644.00	727.00 / 823.00

# BCV Investor Relations iPad App

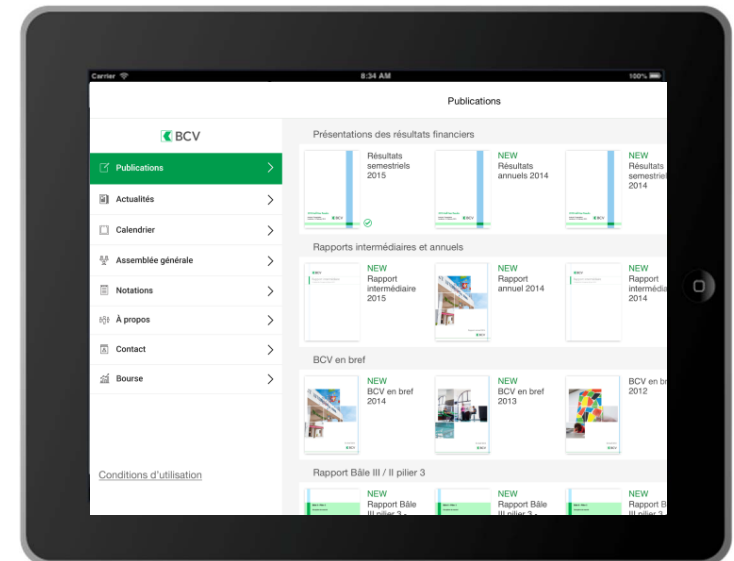


**Our BCV Investor Relations app keeps you in touch with the latest developments at BCV Group**

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.