

2019 Full-Year Results

Analysts presentation
27 February 2020



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Introduction
Pascal Kiener, CEO

FY 2019 financial results
Thomas W. Paulsen, CFO

Strategy and Outlook
Pascal Kiener, CEO

Key messages



Sustained growth in key businesses and revenues up 3%, despite the ongoing negative-interest-rate environment

Operating profit up 4% to CHF 419m, also underpinned by continuing strict cost control

Net profit up 4% year on year to CHF 363m, its highest level in twelve years

Proposal to increase the dividend by CHF 1 to CHF 36 per share

Proposed 10-for-1 stock split

FY 2019 key figures

CHF (rounded)



Revenues

1.0bn

+3%

Operating profit

419m

+4%

Net profit

363m

+4%

Total assets

48.4bn

+1%

AuM

97.8bn

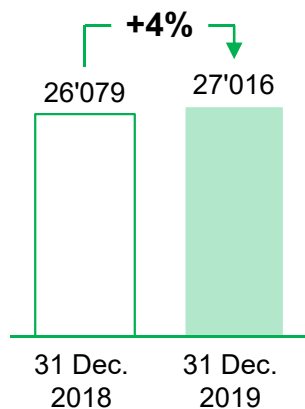
+12%

Main business trends

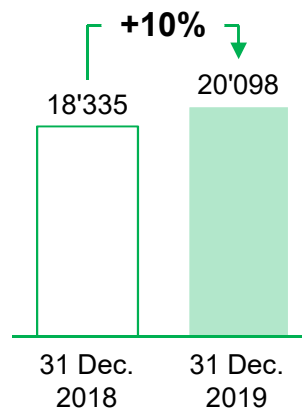


CHF millions (rounded)

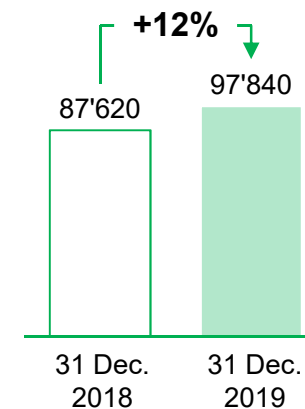
Mortgage loans



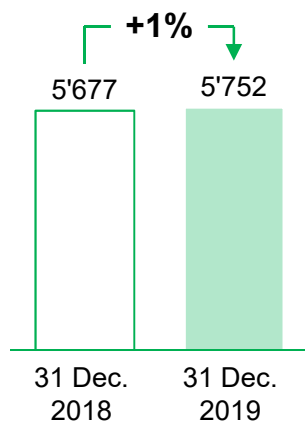
Sight deposits¹



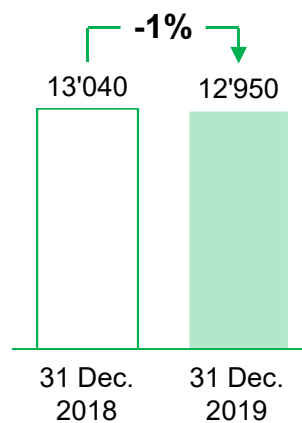
AuM



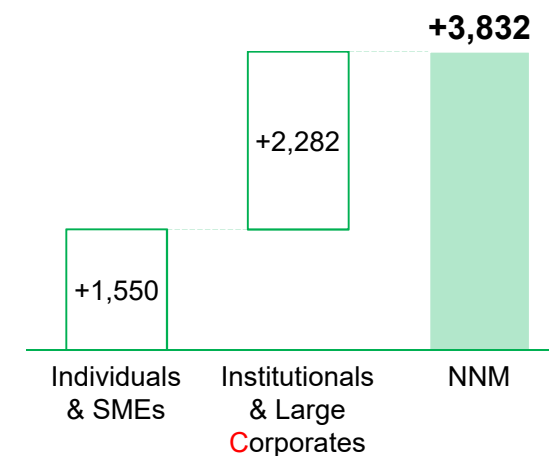
Other loans



Other client deposits



Net new money



Note
(1) Including savings deposits

Other highlights

Eftychia Fischer to be proposed as new Board member at the next AGM



AA rating from S&P with a stable outlook

Aa2 rating from Moody's with a stable outlook

CHF 301m distributed to shareholders in May for the 2018 fiscal year; i.e., CHF 35 per share or a dividend yield of 4.7%¹

UNPRI signatory as of 1 July 2019



Note

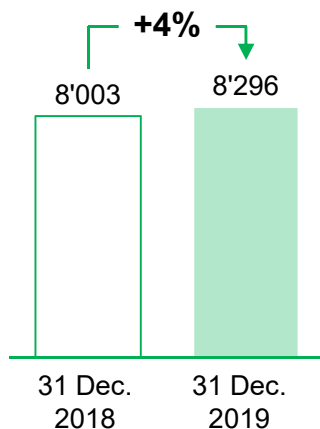
(1) Based on closing price at 31 December 2018

Retail Banking

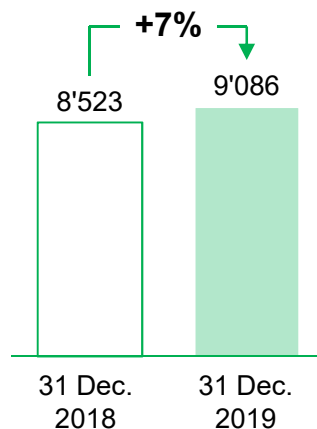
CHF millions (rounded)¹



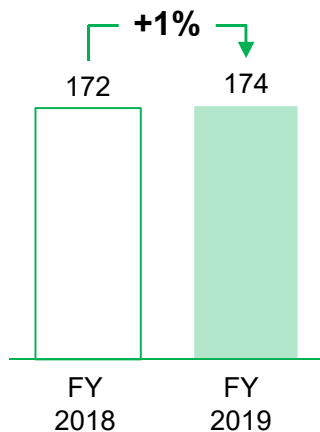
Mortgage loans



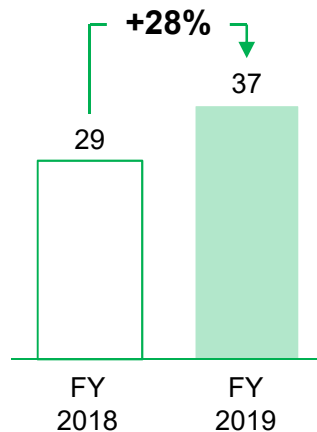
Customer deposits



Revenues



Operating profit



Continuing rise in mortgage loans, in line with market pace

Customer deposits up no negative interest rates charged to retail customers

Revenues slightly up and operating profit up 28%, due to lower operating costs and changes in indirect costing

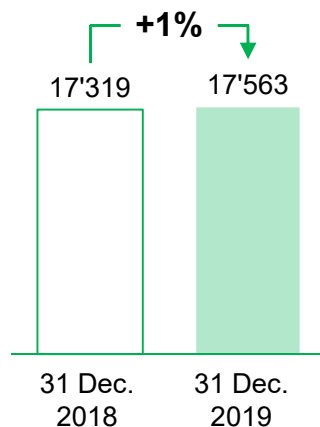
Note
(1) 2018 figures were adjusted to facilitate like-for-like comparison

Corporate Banking

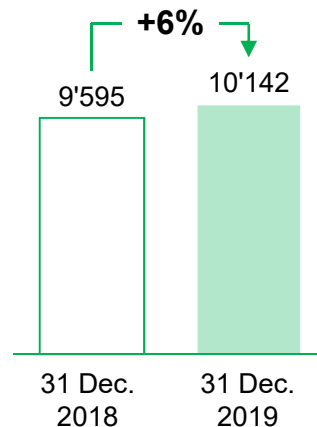
CHF millions (rounded)¹



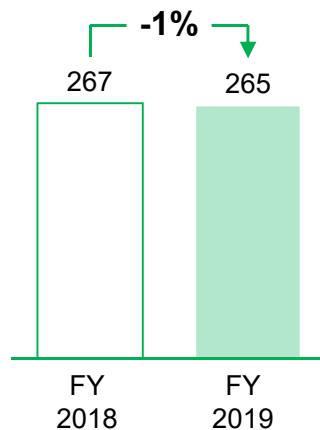
Loans/off-BS commitments



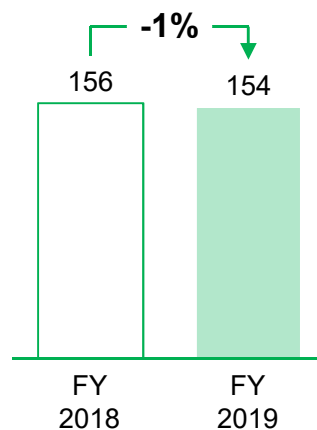
Customer deposits



Revenues



Operating profit



Solid momentum in Corporate Banking businesses

SMEs

Loans and off-balance-sheet commitments up 5%

Customer deposits up 4%

Large Corporates

Loans and off-balance-sheet commitments down 2%

Increase in deposits (+8%)

Trade Finance

Average business volumes down slightly (-2%) on 2018

Revenues and operating profit down 1%

Sound credit portfolio with very low new provisioning needs

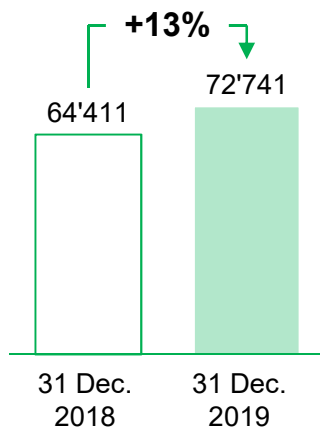
Note
(1) 2018 figures were adjusted to facilitate like-for-like comparison

Wealth Management

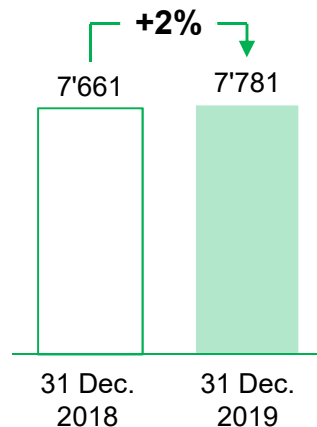
CHF millions (rounded)¹



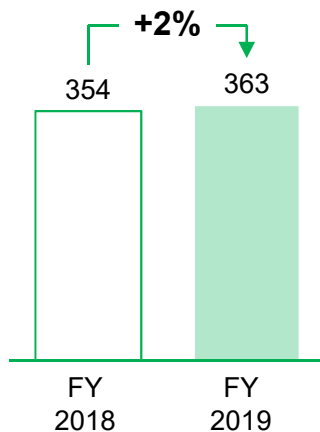
AuM



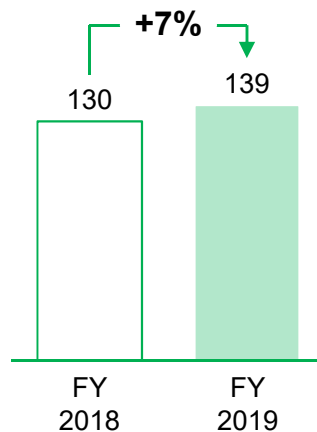
Mortgage loans



Revenues



Operating profit



Growth in AuM

NNM from institutional and onshore private banking clients

Positive performance in financial markets

Continuing increase in mortgage loans

Resilient revenues and operating profit, up 2% and 7% respectively

Implementation of ESG criteria in our institutional asset management business

Rollout of our BCV Conseil range of investment advisory services

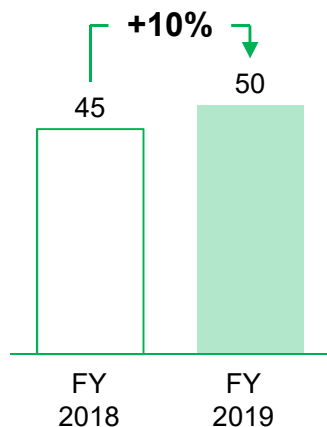
Note
(1) 2018 figures were adjusted to facilitate like-for-like comparison

Trading

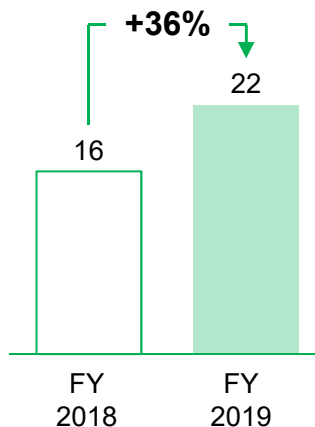
CHF millions (rounded)¹



Revenues



Operating profit

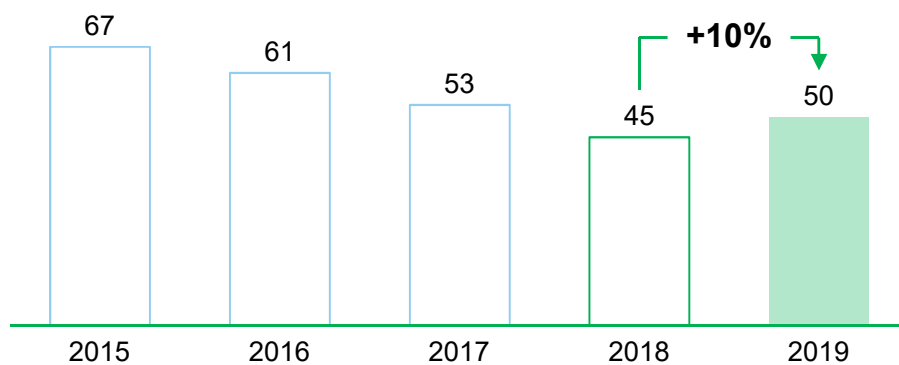


Forex trading still accounts for 2/3 of Trading revenues. Stable compared to 2018

High business volumes in the equities, bonds, fixed income, and structured products segments

Revenues up 10% and operating profit up 36%

Revenues time series²



Note

- (1) 2018 figures were adjusted to facilitate like-for-like comparison
- (2) No adjustment except for 2018 to facilitate like-for-like comparison with 2019

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Income statement

CHF millions (rounded)



	FY 2018	FY 2019	Change	
Total income from ordinary banking operations	977	1,002	+25	+3%
Operating expenses	-500	-504	+4	+1%
Depreciation & amortization of fixed assets and impairment on equity investments	-69	-71	+2	+4%
Other provisions and losses	-5	-7	+2	+54%
Operating profit	403	419	+16	+4%
Net extraordinary income	35	1	-34	-98%
Taxes	-88	-57	-31	-36%
Net profit	350	363	+13	+4%

Total income from banking operations



CHF millions (rounded)

Total income from ordinary banking operations

	976	1,002		+25	+3%
	490	507	Net interest income	+17	+3%
	317	323	Commissions & fees	+6	+2%
	128	128	Trading	+0	+0%
	41	44	Other	+3	+8%
	FY 2018	FY 2019			

Net interest income Up
Commissions & fees Increase driven by Wealth Management
Trading Stable

Net interest income

	496	497	NII before loan impairment charges/reversals	+1	+0%
	-6	10	Loan impairment charges/reversals	-16	-265%
	490	507	Net interest income	+17	+3%
	FY 2018	FY 2019			

NII before loan impairment charges/reversals Slightly up. Volume growth offset the lower repricing resulting from the ongoing negative-interest-rate environment
Loan impairment charges/reversals Net reversal in a positive economic environment

Operating expenses, depreciation and amortization



CHF millions (rounded)

	569	575		+6	+1%
	167	165	Other operating expenses	-2	-1%
	333	339	Personnel costs	+6	+2%
	69	71	Depreciation & amortization	+2	+4%
FY 2018		FY 2019			

Continued firm control of operating expenses

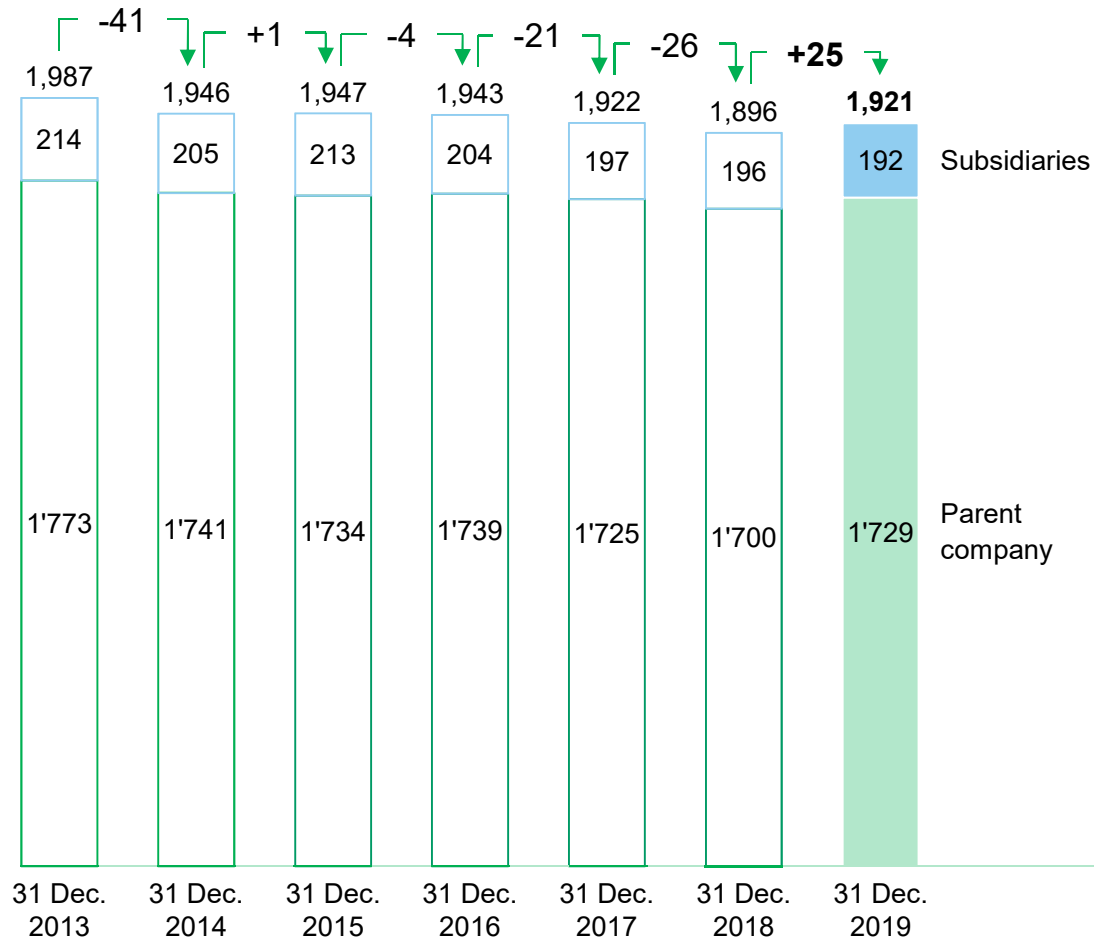
Other operating expenses down continuously since 2011 (-2% per year on average)

Personnel costs slightly up

Depreciation & amortization up 4% mainly due to investments in digital banking

Headcount

Full-time equivalents at period-end



Increase in headcount due to the insourcing of 20 IT development specialists

Gradually decreasing depreciation and amortization charge for IT development. Down ~CHF 1.7m/year as of 2022

Assets

CHF billions (rounded)



	47.9	48.4		+0.5	+1%
	8,2	8,4	Cash and equivalents	+0.2	+2%
	2,2	1,4	Due from banks and reverse repo agreements	-0.8	-36%
	5,7	5,8	Loans and advances to customers	+0.1	+1%
	26,1	27,0	Mortgage loans	+0.9	+4%
	3,8	3,8	Financial investments	0.0	+1%
	1,9	2,0	Other assets	+0.1	+5%
31 Dec. 2018		31 Dec. 2019			

Cash and equivalents Continued increase in SNB sight deposits despite the ongoing negative-interest-rate environment

Loans and advances to customers Slightly up

Mortgage loans Growth in line with market trend

Liabilities and equity

CHF billions (rounded)



47.9		48.4			
4,5	3,2	Due to banks	+0.5	+1%	
			-1.3	-28%	
31,4	33,0	Customer deposits	+1.6	+5%	
7,2	7,1	Bonds and mortgage-backed bonds	-0.1	-2%	
1,3	1,4	Other liabilities	+0.1	+13%	
3,52	3,59	Shareholders equity	+0.07	+2%	
31 Dec. 2018	31 Dec. 2019				

Customer deposits Continued increase despite the ongoing negative-interest-rate environment

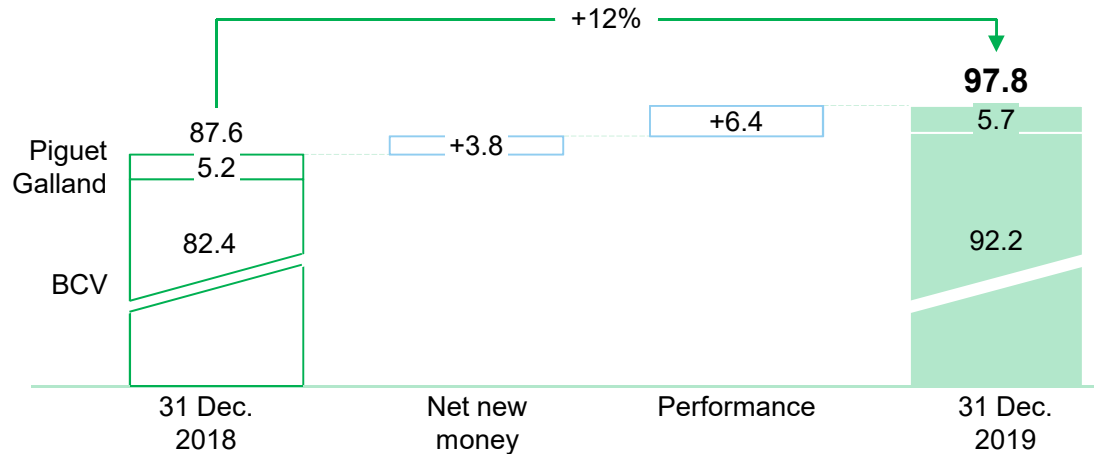
Shareholders equity Up CHF 64m

Assets under management

CHF billions (rounded)



Assets under management

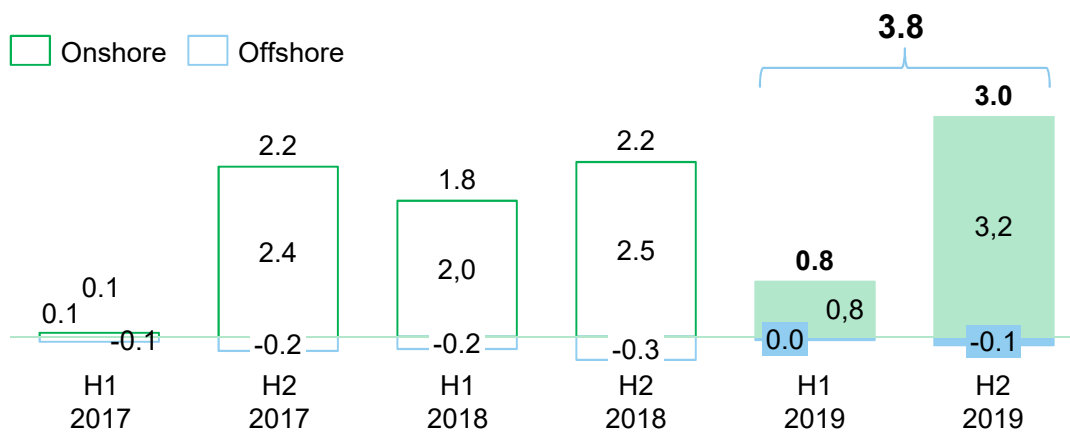


AuM up 12% to CHF 97.8bn

Net new money of CHF 3.8bn

Performance of +CHF 6.4bn

Net new money



Onshore net inflows of CHF 4.0bn

CHF 1.7bn from personal banking customers and Vaud SMEs

CHF 2.3bn from large-corporate and institutional clients

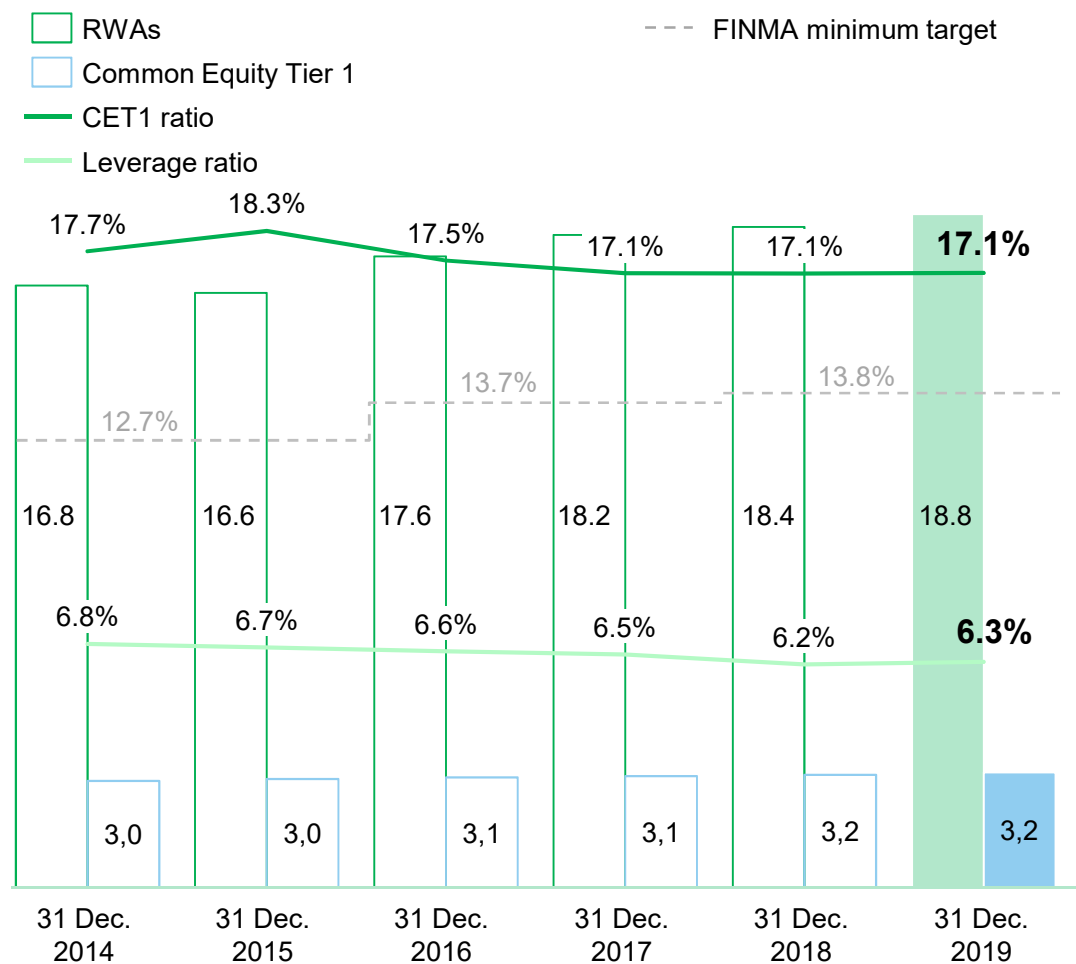
Offshore net outflows of CHF 0.2bn, entirely in Private Banking

Capital ratios

CHF billions (rounded)



Risk-weighted assets and CET1 ratio



CET1 ratio

CET1 ratio stable at 17.1%

Business growth, mainly in residential mortgages

Increase in retained earnings (after subtracting the proposed dividend)

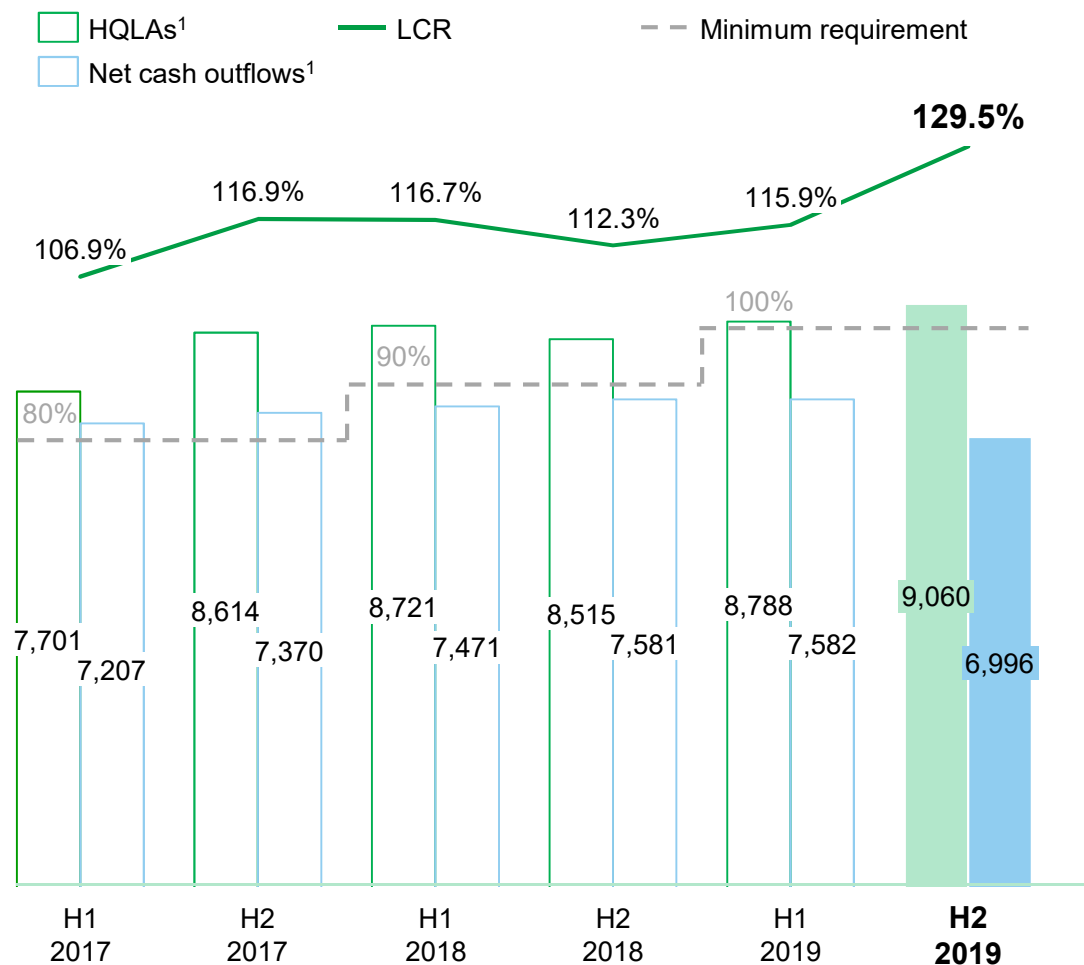
Specific IRB multiplier now fully loaded

Leverage ratio

10 bp increase in the leverage ratio to 6.3%, vs. requirement of 3.0%

Liquidity ratio (LCR)

CHF millions (rounded)



LCR has increased since H1 2019 mainly due to lower net cash outflows

Composition of the Bank's HQLAs

67%: cash deposited with the SNB

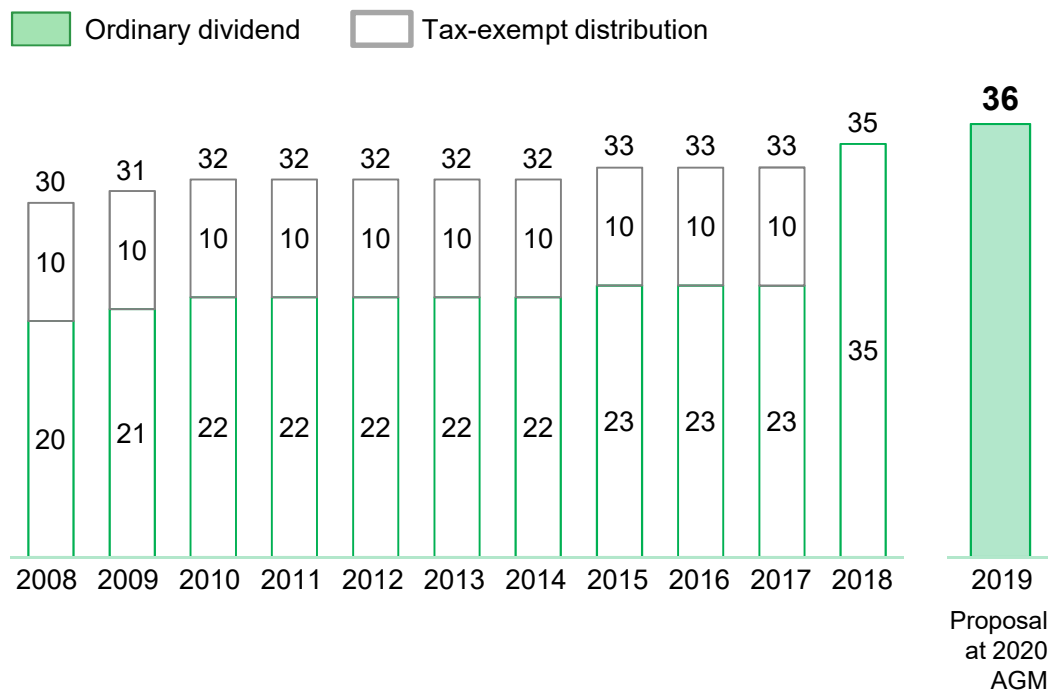
33%: mainly Swiss-issued, AAA- to AA-rated securities eligible as SNB collateral

Transition phase is over: Minimum 100% requirement now fully loaded

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

2019 dividend

CHF per share



Total payout (CHFm)											
258	267	275	275	275	275	275	284	284	284	301	310

As % of net profit											
72%	89%	88%	91%	88%	98%	93%	84%	92%	89%	86%	85%

Current dividend policy (2018-2022)

Applicable as of the 2018 dividend

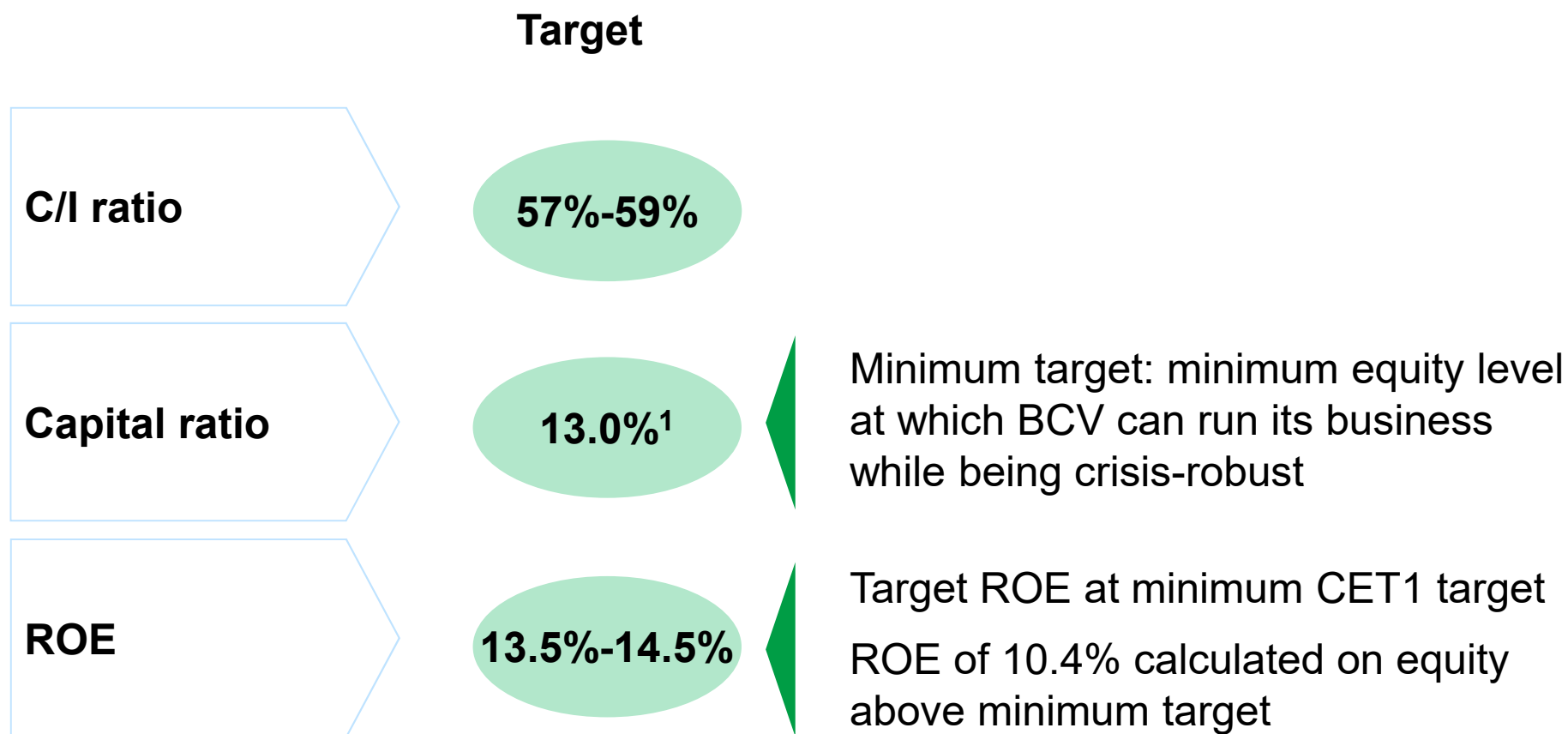
Between CHF 34 and CHF 38 per share

Proposal at 2020 AGM: Dividend of CHF 36 per share; i.e., an increase of CHF 1

Total payout: CHF 310m

85% of 2019 net profit

BCV target ratios



Note
(1) Common Equity Tier 1 at Group level and parent company level

Stock split

Make BCV shares more accessible to private investors
Reduce the share price to a level comparable to peers

1 BCV share



CHF **800**

Between CHF **34** and CHF **38**

10 BCV shares



CHF **80** each

Between CHF **3.4** and CHF **3.8**

Share price
(illustrative)

Dividend per
share

If approved by shareholders at the Annual Meeting on 30 April 2020, the stock split will take place on **28 May 2020¹**

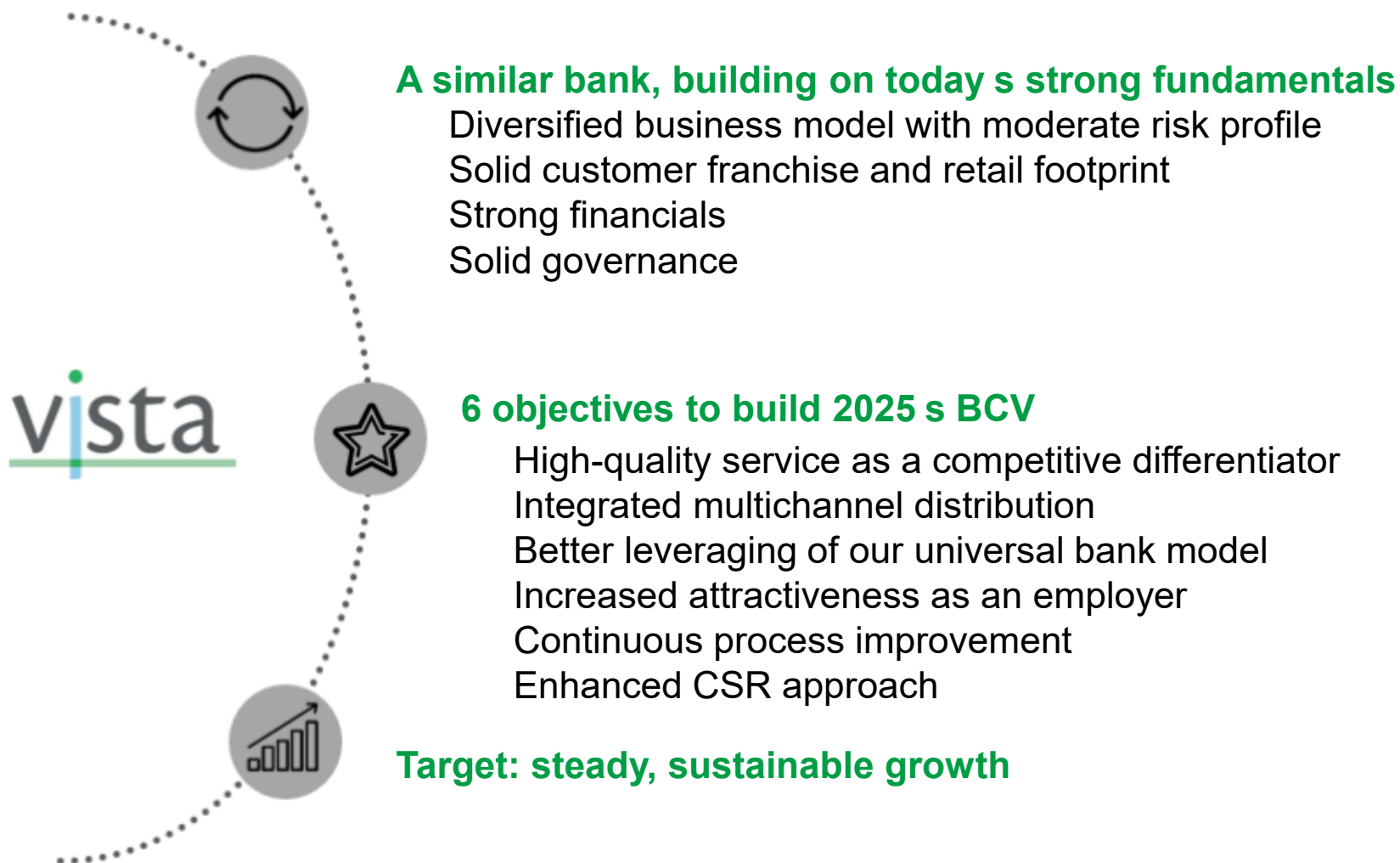
Note

(1) First trading day on a post-split basis

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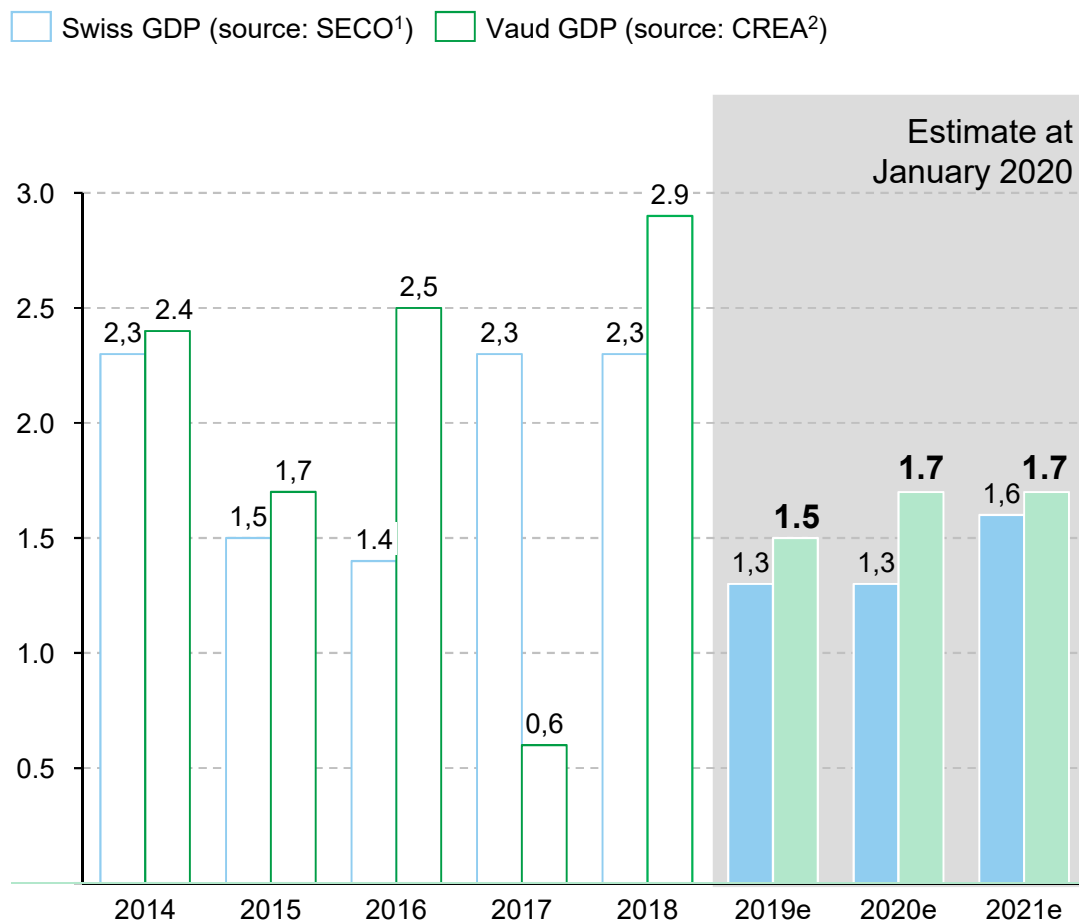


Main strategic objectives

Grow at least at market pace in Vaud	Retail Banking	Real-estate Professionals	Independent AMs
	Forex	E-brokerage	
Target above-market growth in Vaud	Onshore Private Banking	SMEs	Wealth Planning
	Asset Management	Custodian Bank	
Focus on profitability	Trade Finance	Structured Products	
	Large Corporates	Equities, Bonds and Fixed Income	
Maintain existing franchise, slight decline going forward	Offshore Private Banking		
	Offshore Retail Banking		

Swiss and Vaud GDP growth

In %



Lower GDP growth in 2019 (around 1.5%) due to the global economic slowdown

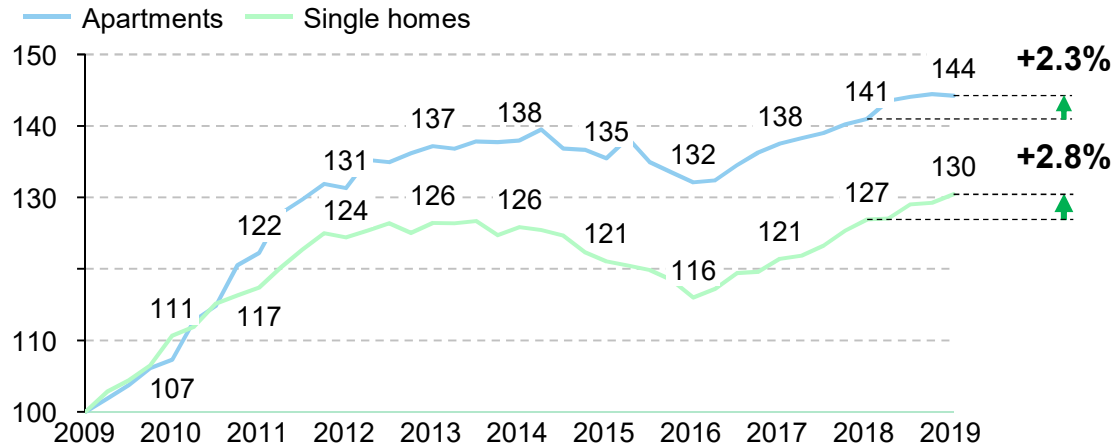
In 2020: GDP growth probably lower than January 2020 estimate (between 1.3% - 1.5%) because of the global economic slowdown

High level of uncertainty due to geopolitical tensions, trade tensions, and the coronavirus and its potential impact

Note
(1) SECO = Switzerland's State Secretariat for Economic Affairs
(2) CREA = Lausanne University's Créa Institute of Macroeconomics

Real estate in Vaud

Transaction prices in Vaud (Basis 100 in Dec. 2009)



Prices on Vaud real-estate transactions have increased steadily over the past 52 weeks

Up 2.3% on apartments

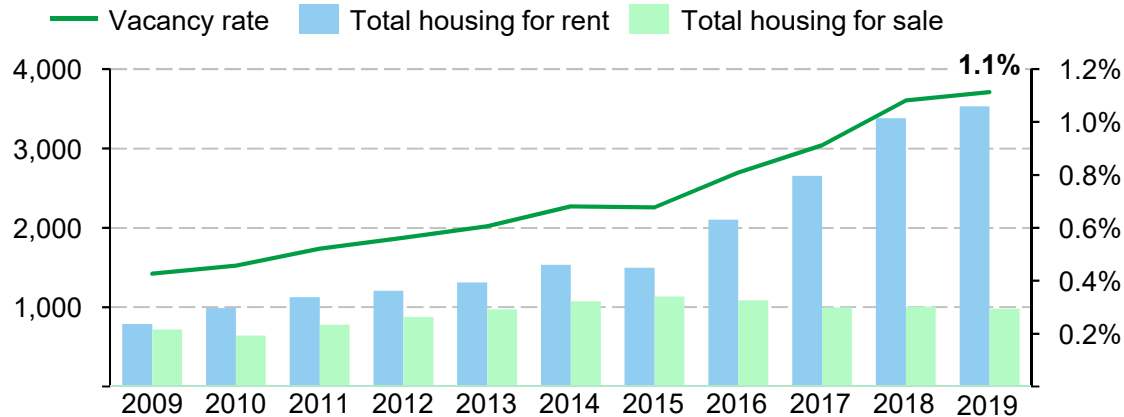
Up 2.8% on single-family homes

Heightened competition

Driven by low-interest-rate offers

Non-bank competitors starting to make aggressive mortgage offers

Vacant housing in Vaud



A larger supply of rental housing is pushing up the vacancy rate

BCV's mortgage policy remains clearly focused on loan quality instead of volume growth

Source: Wüest Partner, Statistique Vaud

Business trends in line with 2019

Low revenue growth expected given the current interest-rate environment

Continued firm control of operating expenses

27 February 2020

Full-year 2019
results

30 March 2020

Publication of the
2019 Annual Report

30 April 2020

Annual
Shareholders
Meeting in Lausanne

5 May 2020

Ex-dividend date¹

6 May 2020

Dividend record
date¹

7 May 2020

Dividend payment¹

28 May 2020

Stock split²

20 August 2020

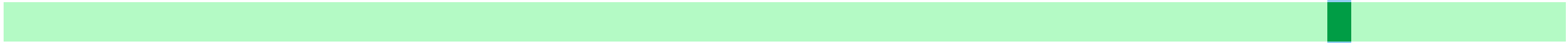
Half-year 2020
results

Note

(1) Total amount distributed to shareholders in the form of an ordinary dividend of CHF 36 per share, subject to approval at the Annual Shareholders Meeting

(2) First trading day on a post-split basis, provided the split is approved at the Annual Shareholders Meeting

Appendices



Income statement



CHF millions (rounded)

	FY 2019	FY 2018	Abs	%
Interest and discount income	570.3	573.1	-2.7	-0
Interest and dividend income from financial investments	27.9	31.0	-3.1	-10
Interest expense	-101.4	-108.0	-6.7	-6
Net interest income before loan impairment charges/reversals	496.9	496.1	0.8	0
Loan impairment charges/reversals	9.8	-5.9	-15.8	-265
Net interest income after loan impairment charges/reversals (NII)	506.7	490.1	16.6	3
Fees and commissions on securities and investment transactions	259.4	250.2	9.2	4
Fees and commissions on lending operations	44.5	46.1	-1.6	-4
Fees and commissions on other services	73.6	72.6	1.0	1
Fee and commission expense	-54.6	-51.7	2.9	6
Net fee and commission income	322.9	317.2	5.7	2
Net trading income and fair-value adjustments	128.1	128.1	0.1	0
Gains/losses on disposals of financial investments	0.5	2.1	-1.6	-76
Income from equity investments	13.7	11.9	1.8	15
Real-estate income	7.5	7.5	0.0	0
Miscellaneous ordinary income	22.9	20.0	2.9	15
Miscellaneous ordinary expenses	-0.3	-0.3	0.0	8
Other ordinary income	44.3	41.1	3.2	8
Total income from ordinary banking operations	1,002.0	976.5	25.5	3
Personnel costs	-339.3	-332.7	6.6	2
Other operating expenses	-165.2	-167.5	-2.2	-1
Operating expenses	-504.5	-500.2	4.3	1
Depreciation and amortization of fixed assets and impairment on equity investments	-71.3	-68.8	2.6	4
Other provisions and losses	-7.2	-4.7	2.5	54
Operating profit	418.9	402.9	16.0	4
Extraordinary income	0.7	34.9	-34.2	-98
Extraordinary expenses	-0.2	-0.0	0.2	637
Taxes	-56.6	-88.1	-31.6	-36
Net profit	362.9	349.7	13.2	4
Minority interests	-0.0	-0.0	0.0	27
Net profit attributable to BCV shareholders	362.9	349.7	13.2	4

Balance sheet



CHF millions (rounded)

	31 Dec. 2019	31 Dec. 2018	Abs	%
Cash and cash equivalents	8,384	8,235	149	2
Due from banks	1,186	1,921	-735	-38
Reverse repurchase agreements	239	314	-75	-24
Loans and advances to customers	5,752	5,677	75	1
Mortgage loans	27,016	26,079	937	4
Trading portfolio assets	277	334	-57	-17
Positive mark-to-market values of derivative financial instruments	273	268	5	2
Other financial assets at fair value	784	621	163	26
Financial investments	3,811	3,767	44	1
Accrued income and prepaid expenses	85	80	6	7
Non-consolidated holdings	69	70	-1	-2
Tangible fixed assets	433	445	-12	-3
Intangible assets	5	9	-3	-39
Other assets	36	42	-7	-16
Assets	48,352	47,863	489	1
Due to banks	1,703	2,655	-952	-36
Repurchase agreements	1,502	1,809	-307	-17
Customer deposits	33,048	31,375	1,673	5
Trading portfolio liabilities	2	0	1	326
Negative mark-to-market values of derivative financial instruments	213	236	-23	-10
Other financial liabilities at fair value	918	766	152	20
Medium-term notes	3	7	-4	-54
Bonds and mortgage-backed bonds	7,094	7,244	-150	-2
Accrued expenses and deferred income	154	156	-2	-2
Other liabilities	114	77	37	47
Provisions	16	15	1	5
Liabilities	44,766	44,341	425	1
Reserves for general banking risks	701	701	0	0
Share capital	86	86	0	0
Capital reserve	35	35	0	1
Retained earnings	2,419	2,371	48	2
Currency translation reserve	-2	-1	-0	-5
Own shares	-18	-20	2	9
Minority interests in equity	0	0	-0	-11
Net profit	363	350	13	4
<i>of which minority interests</i>	0	0	0	27
Shareholders' equity	3,586	3,522	64	2
Total liabilities and shareholders' equity	48,352	47,863	489	1

Key performance indicators

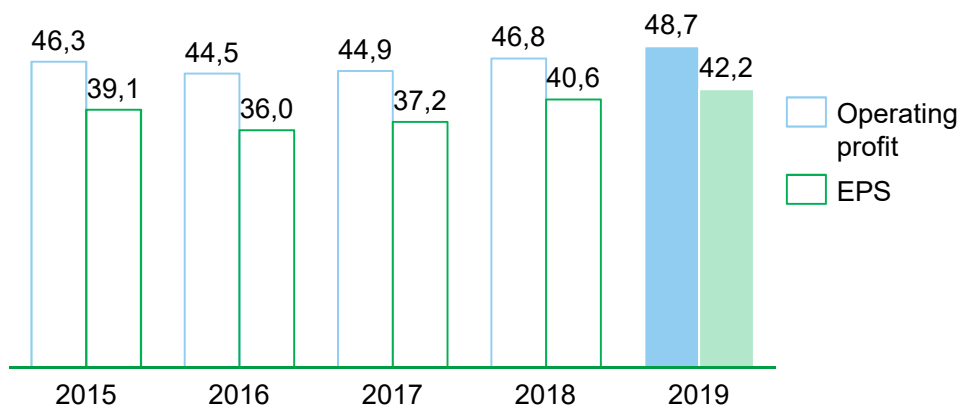


		31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019
Asset quality and balance sheet structure	Impaired loans/ credit exposure	0.7%	0.7%	0.7%	0.6%	0.5%
	Customer deposits/ loans to customers	98%	98%	101%	99%	101%
	Liquidity Coverage Ratio (LCR)	111%	113%	121%	113%	127%
	Interest margin	1.14%	1.11%	1.12%	1.10%	1.07%
Capital	CET1 ratio ¹	18.3%	17.5%	17.1%	17.1%	17.1%
	Total capital ratio ¹	18.4%	17.6%	17.3%	17.2%	17.3%
	Leverage ratio	6.7%	6.6%	6.5%	6.2%	6.3%
Productivity	Cost/income ratio (excl. goodwill amortization)	57.2%	59.4%	58.3%	57.6%	57.7%
Financial performance	ROE (net profit/average equity)	10.1%	9.1%	9.4%	10.1%	10.4%

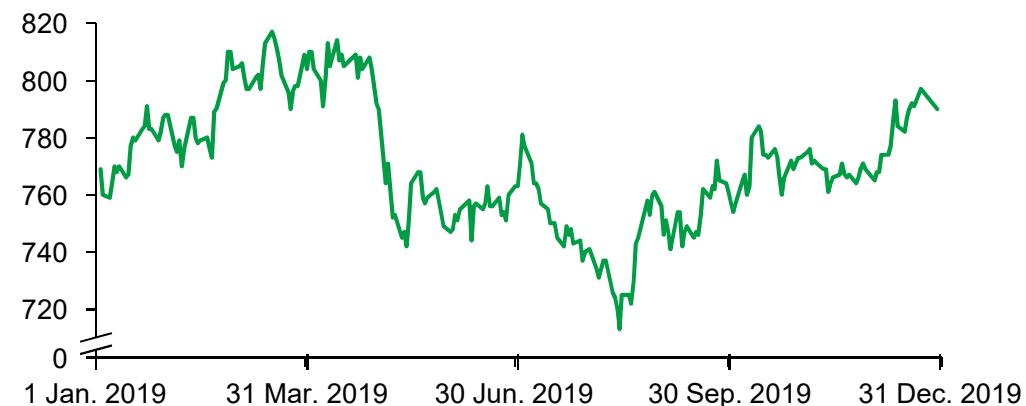
Note

(1) Ratios are calculated in accordance with FINMA Circular 2016/1, Disclosure banks

Per share (CHF)



Stock price



Key figures

	31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019
Number of issued shares	8,606,190	8,606,190	8,606,190	8,606,190	8,606,190
Market capitalization (CHF billions)	5.48	5.56	6.33	6.38	6.80
High / low prices YTD	640.00 / 510.50	694.00 / 582.00	764.50 / 644.00	823.00 / 688.00	820.00 / 708.00

BCV Investor Relations iPad¹ App

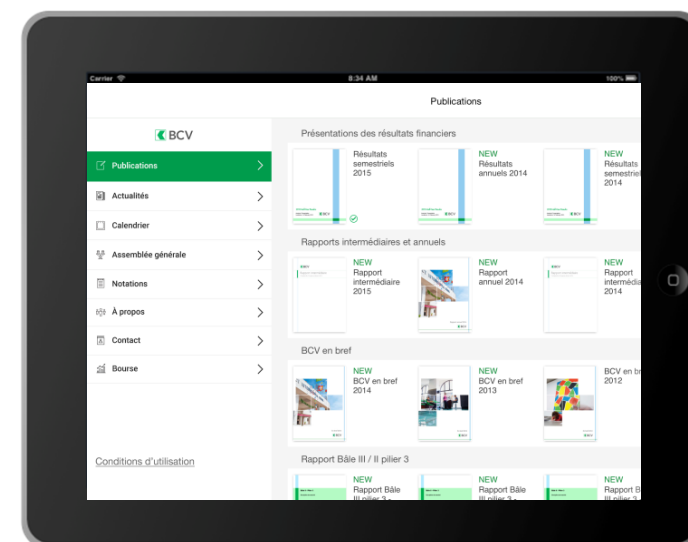


Our BCV Investor Relations app keeps you in touch with the latest developments at BCV Group

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.