

2020 Half-Year Results

Analysts' presentation
20 August 2020



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Introduction
Pascal Kiener, CEO

HY 2020 financial results
Thomas W. Paulsen, CFO

Outlook
Pascal Kiener, CEO

Operating environment and BCV itself impacted by Covid-19 crisis

Revenue down 5% due to lower business activity and an increase in provisioning needs

Operating profit of CHF 179m (down 14%) and net profit of CHF 158m (down 13%)

Still highest ROE (8.8%) among peers and strong total capital ratio of 17.9%

HY 2020 key figures

CHF (rounded), unaudited figures



Revenues

477m

-5%

Operating profit

179m

-14%

Net profit

158m

-13%

Total assets

50.3bn

+4%

AuM

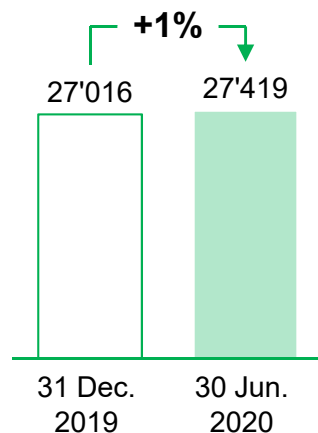
95.9bn

-2%

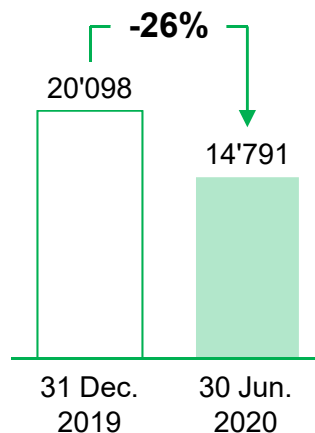
Main business trends

CHF millions (rounded), unaudited figures

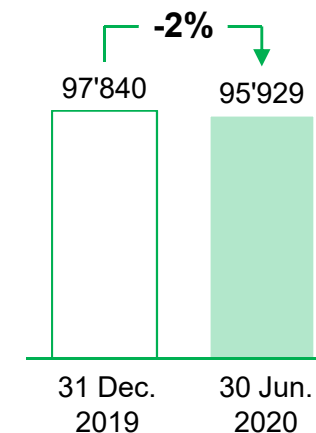
Mortgage loans



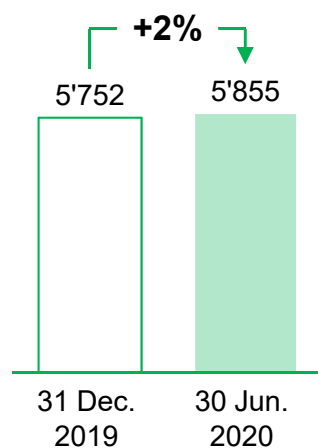
Sight deposits^{1,2}



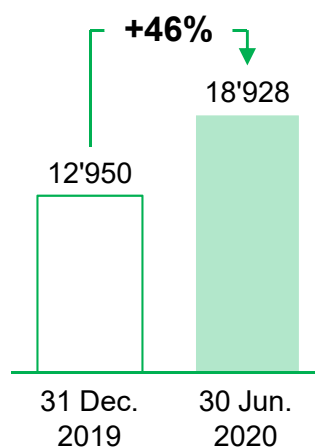
AuM



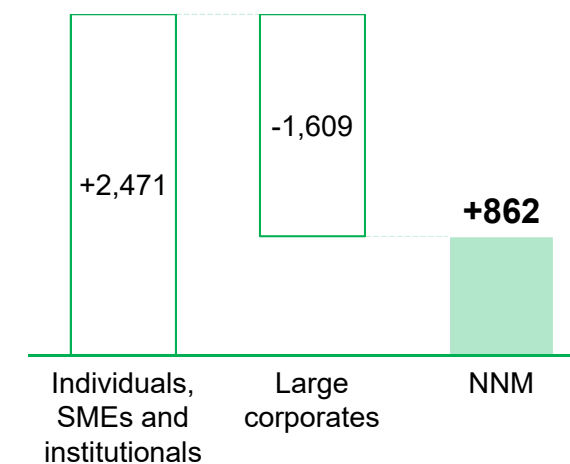
Other loans



Other client deposits²



Net new money



Note

(1) Including savings deposits

(2) Reclassification of accounts for payment transactions; aggregate change in the sum of the items Sight deposits and Other client deposits: +CHF 671m (+2%)

Other highlights

AA rating from S&P
with a stable outlook



10-for-1 stock split

CHF 896  CHF 89.60

as of 28 May 2020

Aa2 rating from
Moody's with a stable
outlook



Added to the MSCI
World and the STOXX
Europe 600 indices



CHF 310m distributed to
shareholders in May for the 2019
fiscal year; i.e., CHF 36 per share
or a dividend yield of 4.6%¹

Publication of our 2019
Sustainability Report,
GRI compliant



Note

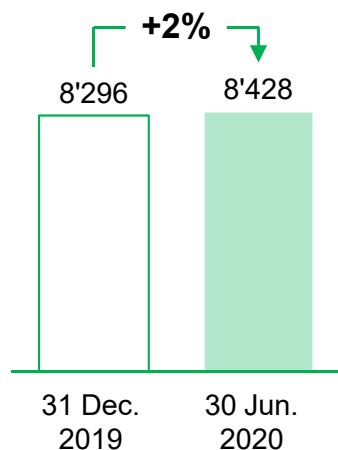
(1) Based on closing price at 31 December 2019

Retail Banking

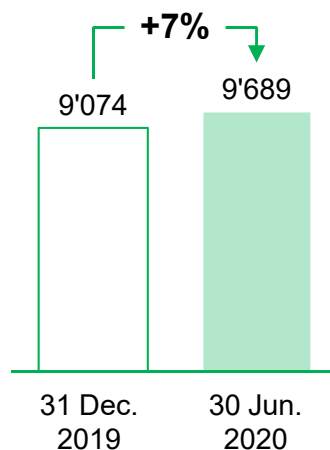
CHF millions (rounded)¹



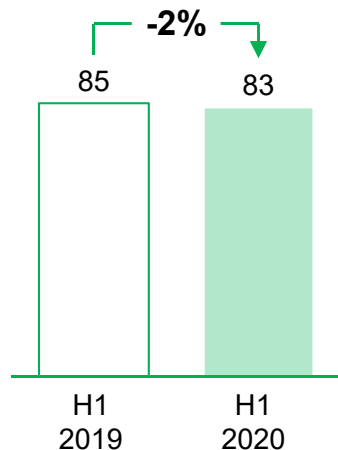
Mortgage loans



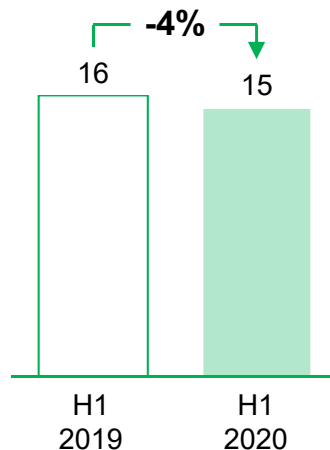
Customer deposits



Revenues



Operating profit

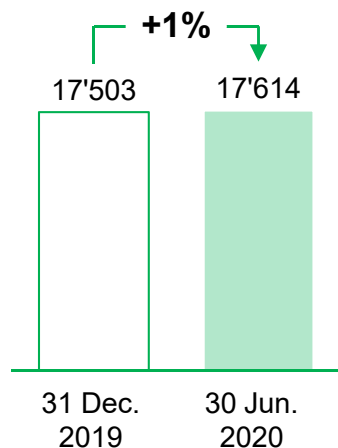


- Continuing moderate rise in mortgage loans, despite Covid-19 pandemic
- Customer deposits up – no negative interest rates charged to retail customers, coupled with lower consumer spending during lockdown
- Revenues and operating profit down 2% and 4%, respectively, due to lower business activity, in particular for payment and forex transactions

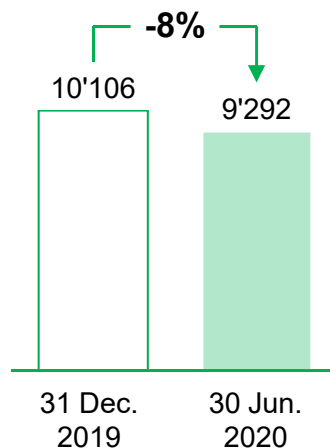
Note

(1) 2019 figures were adjusted to facilitate like-for-like comparison

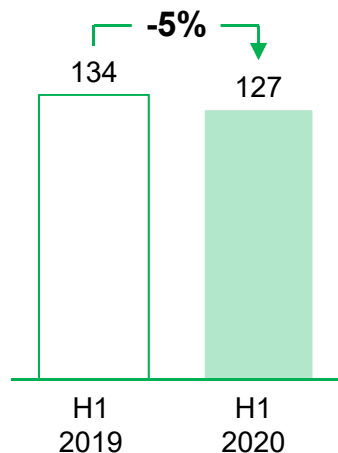
Loans/off-BS commitments



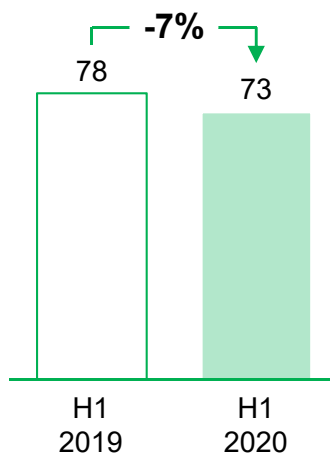
Customer deposits



Revenues



Operating profit



- SMEs
 - Loans / off-balance-sheet commitments up 6%, customer deposits up 18% due largely to Covid-19 bridge loans
 - 6,044 Covid-19 bridge loans granted, representing CHF 700m
- Large Corporates
 - Loans / off-balance-sheet commitments up 2%
 - Deposits down significantly (-36%)
- Trade Finance
 - Commodity prices down and weaker USD
 - General decrease in activity coupled with voluntary reduction in activity
 - Average business volumes down 22% compared with H1 2019
- Credit risk
 - CHF 20m increase in provisioning needs for a limited number of defaults in the SME and Trade Finance segments
 - Overall credit portfolio remains sound and Vaud companies resilient

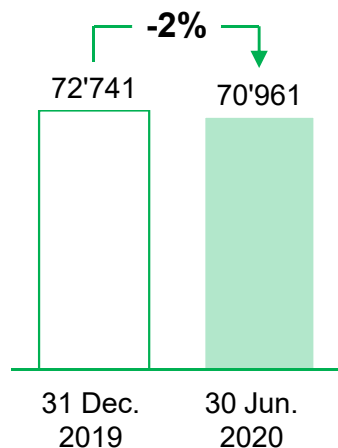
Note
(1) 2019 figures were adjusted to facilitate like-for-like comparison

Wealth Management

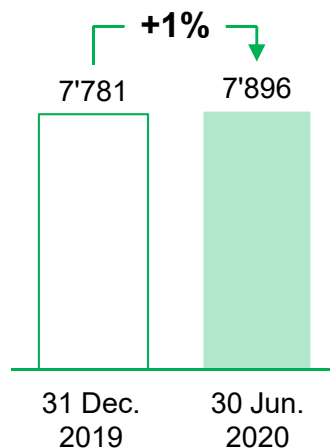
CHF millions (rounded)¹



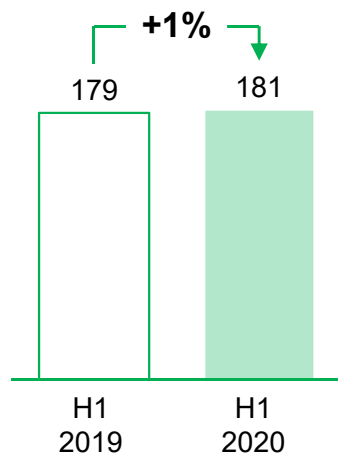
AuM



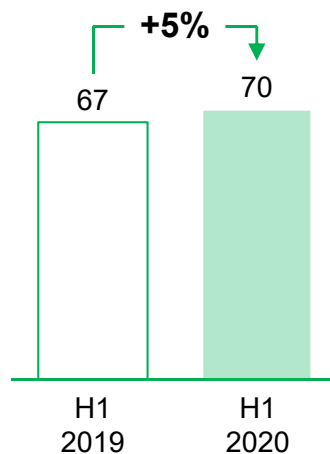
Mortgage loans



Revenues



Operating profit



- Slight increase in mortgage loans
- Decrease in AuM
 - NNM from private banking clients and especially from institutionals
 - Transfer of Swisscanto bond funds to ZKB
 - Negative performance of financial markets
- Revenues and operating profit, up 1% and 5% respectively, mainly driven by the rise in customer trading volumes

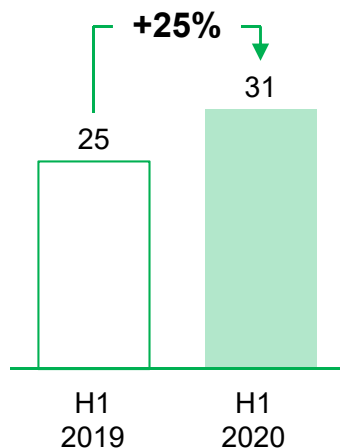
Note

(1) 2019 figures were adjusted to facilitate like-for-like comparison

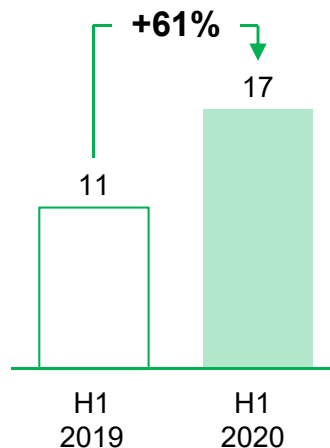
Trading

CHF millions (rounded)¹

Revenues

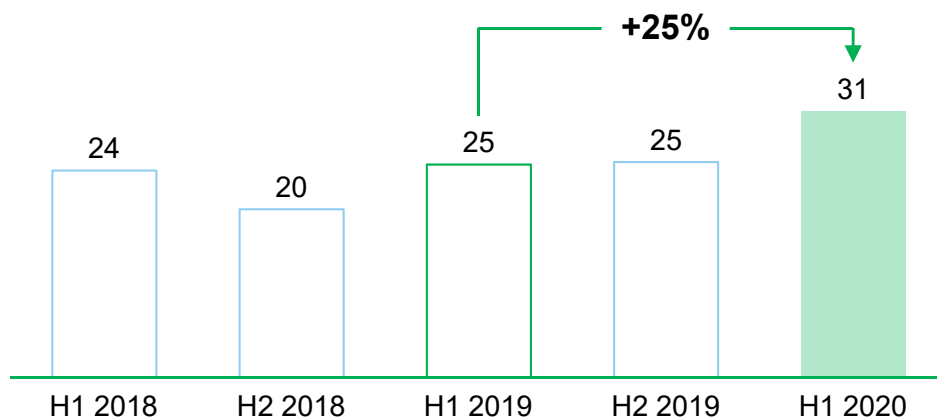


Operating profit



- Amid higher volatility, strong increase in forex trading revenues, which accounted for more than 70% of Trading revenues
- Revenues up 11% in structured products segment
- Revenues up 25% and operating profit up 61%

Revenues time series²



Note

- 2019 figures were adjusted to facilitate like-for-like comparison
- No adjustment except for 2019 to facilitate like-for-like comparison with 2020

Introduction

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HY 2020 financial results

Thomas W. Paulsen, CFO

Outlook

Pascal Kiener, CEO

Income statement

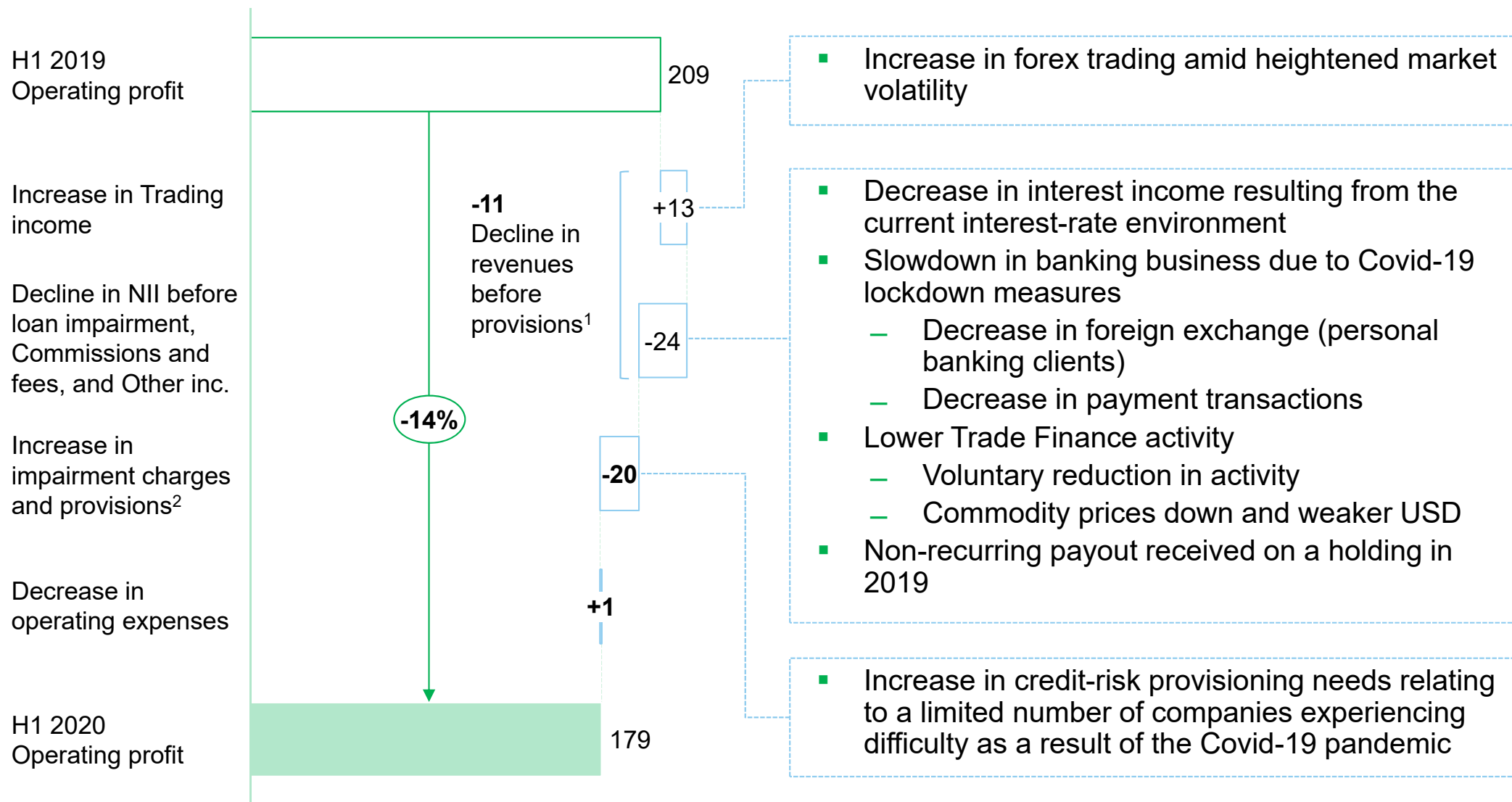
CHF millions (rounded), unaudited figures



	H1 2019	H1 2020	Change	
Total income from ordinary banking operations	502	477	-25	-5%
Operating expenses	-255	-253	-2	-1%
Depreciation & amortization of fixed assets and impairment on equity investments	-36	-37	+1	+4%
Other provisions and losses	-2	-8	+6	+332%
Operating profit	209	179	-30	-14%
Net extraordinary income	0	3	+3	N/A
Taxes	-27	-24	-3	-9%
Net profit	182	158	-24	-13%

Impact of the Covid-19 crisis

CHF millions (rounded), unaudited figures



Note
 (1) Revenues before provisions = Total income from ordinary banking operations – Loan impairment charges/reversals
 (2) Impairment charges and provisions = Loan impairment charges/reversals + Other provisions and losses

Total income from banking operations

CHF millions (rounded), unaudited figures

Total income from ordinary banking operations

H1 2019		H1 2020			
502		477		-25	-5%
253		229		-24	-10%
161		156		-5	-3%
60		73		+13	+22%
	28		19	-9	-32%
H1 2019		H1 2020			

- **Net interest income** – Down
- **Commissions & fees** – Down due to lower business activity
- **Trading** – Increase amid higher market volatility
- **Other income** – Decrease compared with H1 2019, which included a non-recurring payout on a holding

Net interest income

253		242		-11	-4%
	+1		-13	+14	N/A
253		229		-24	-10%
H1 2019		H1 2020			

- **NII before loan impairment charges/reversals** – Down due to the ongoing negative-interest-rate environment and lackluster Trade Finance activity
- **Loan impairment charges/reversals** – Net charge for isolated cases of defaulting companies

Operating expenses, depreciation and amortization

CHF millions (rounded), unaudited figures

	H1 2019	H1 2020		
	291	290		-1 -0%
	171	173	Personnel costs	+2 +1%
	84	80	Other operating expenses	-4 -5%
	36	37	Depreciation & amortization	+1 +4%

- **Continued firm control** of operating expenses
- **Personnel costs** slightly up reflecting vacation accruals
- **Other operating expenses** down thanks to lower IT running costs and marketing expenses
- **Depreciation & amortization** up 4% mainly due to investments in digital banking

Assets

CHF billions (rounded), unaudited figures

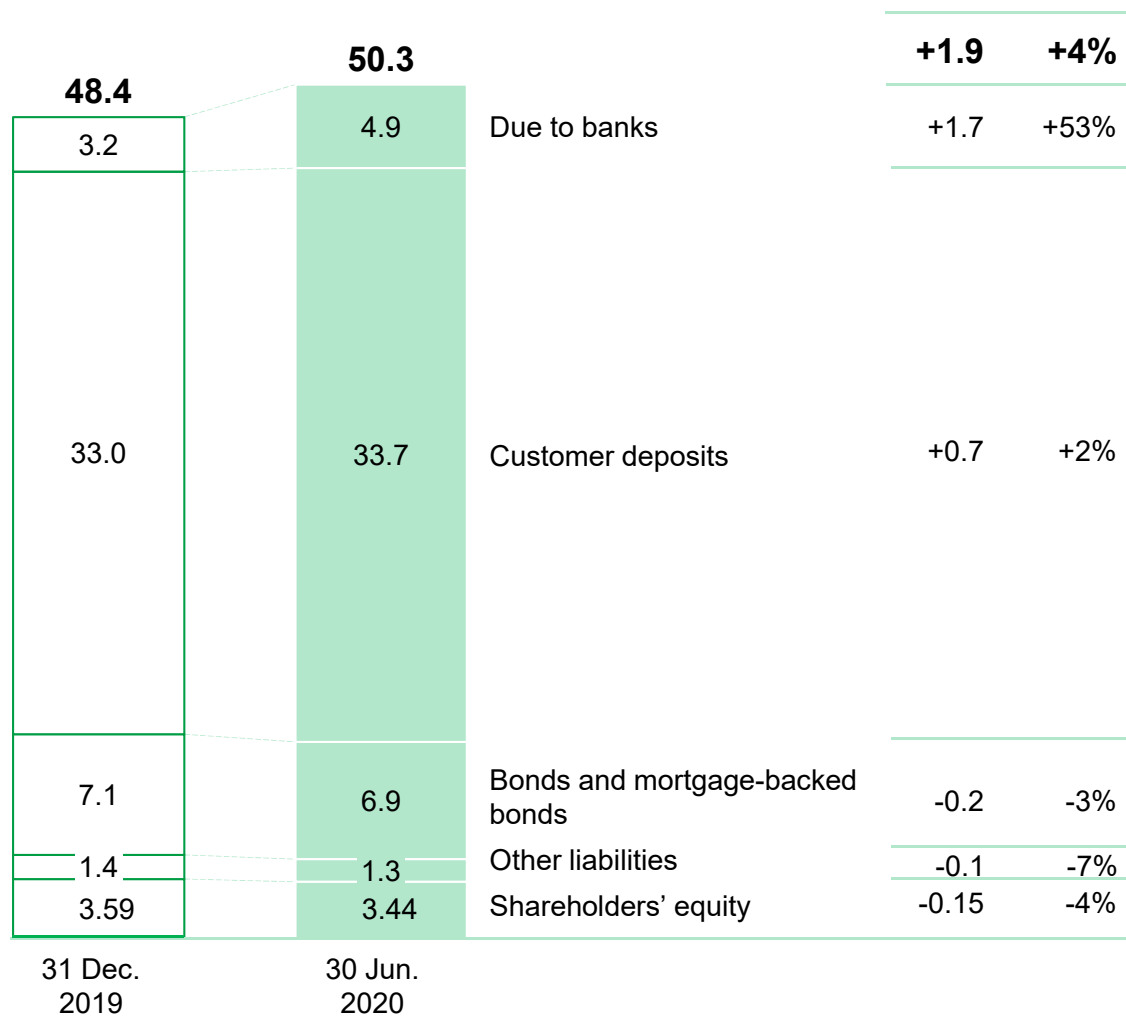


	31 Dec. 2019	30 Jun. 2020		+1.9	+4%
	48.4	50.3			
	8.4	9.6	Cash and equivalents	+1.2	+15%
	1.4	1.3	Due from banks and reverse repo agreements	-0.1	-8%
	5.8	5.9	Loans and advances to customers	+0.1	+2%
	27.0	27.4	Mortgage loans	+0.4	+1.5%
	3.8	4.2	Financial investments	+0.4	+9%
	2.0	1.9	Other assets	-0.1	-4%

- **Cash and equivalents** – SNB sight deposits up with higher exemption threshold
- **Loans and advances to customers** – Slightly up
 - 6,044 Covid-19 bridge loans representing CHF 700m
 - Lower Trade Finance activity
- **Mortgage loans** – Policy focused on loan quality instead of volume growth

Liabilities and equity

CHF billions (rounded), unaudited figures



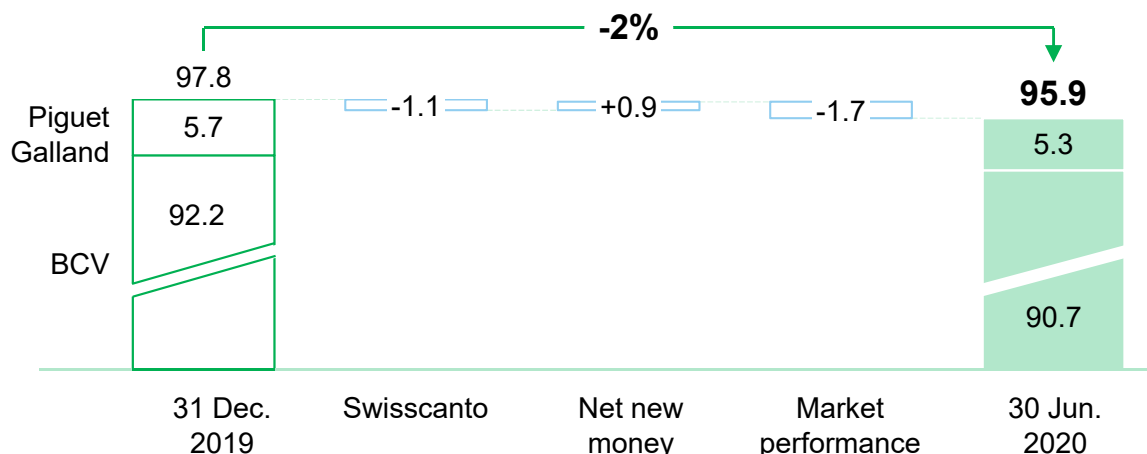
- **Due to banks** – Rise mainly due to SNB funding for Covid-19 bridge loans
- **Customer deposits** – Continued increase despite the ongoing negative-interest-rate environment
- **Shareholders' equity** – Seasonal decrease; dividend payment higher than net profit accrued over the first 6 months

Assets under management

CHF billions (rounded)



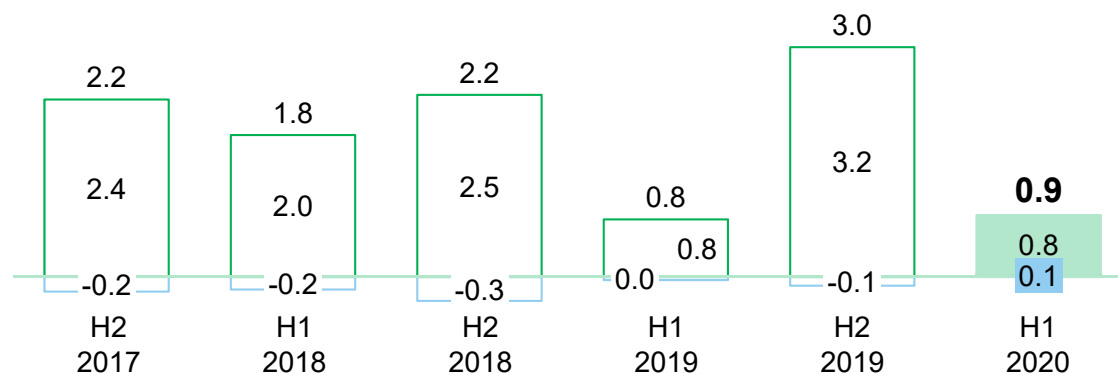
Assets under management



- AuM down 2% to CHF 95.9bn
 - Transfer of Swisscanto funds to ZKB for CHF 1.1bn
 - Net new money of CHF 0.9bn
 - Negative market performance of -CHF 1.7bn

Net new money

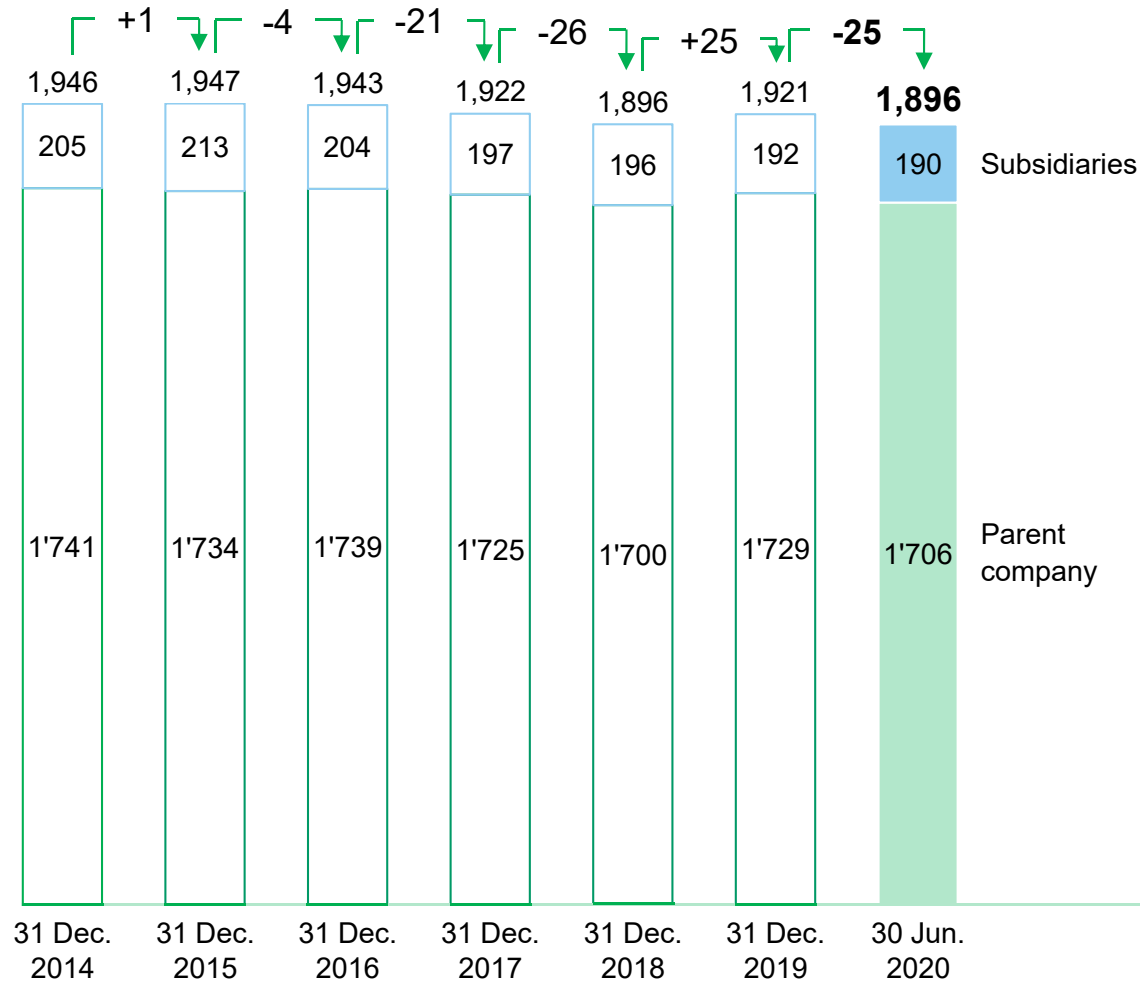
Onshore Offshore



- **Onshore** net inflows of CHF 0.8bn
 - +CHF 2.4bn from personal banking customers, Vaud SMEs, and institutionals
 - -CHF 1.6bn from large corporates
- **Offshore** net inflows of CHF 0.1bn, entirely in Private Banking

Headcount

Full-time equivalents at period-end



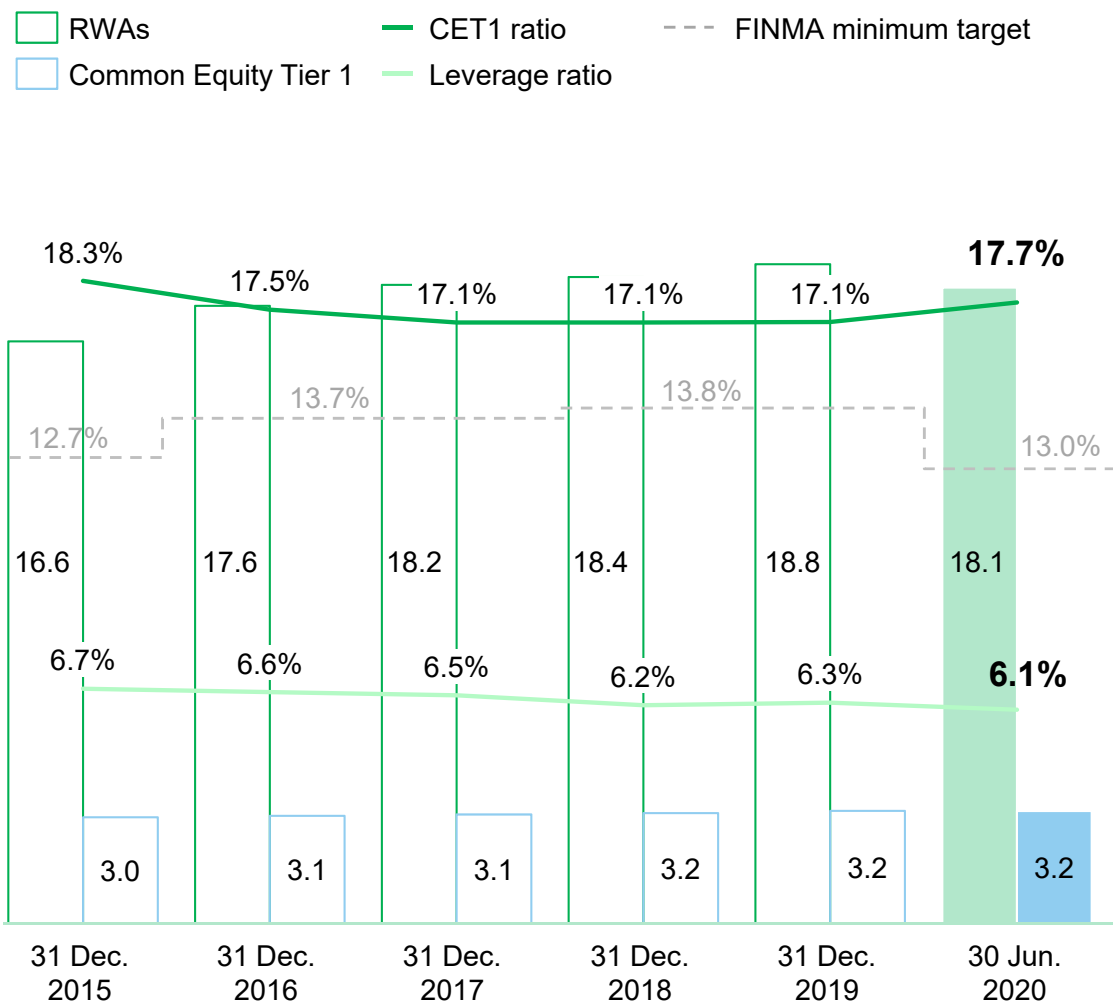
- Decrease in headcount with natural staff turnover
- Hiring processes slowed during the lockdown period

Capital ratios

CHF billions (rounded)



Risk-weighted assets and CET1 ratio



CET1 ratio

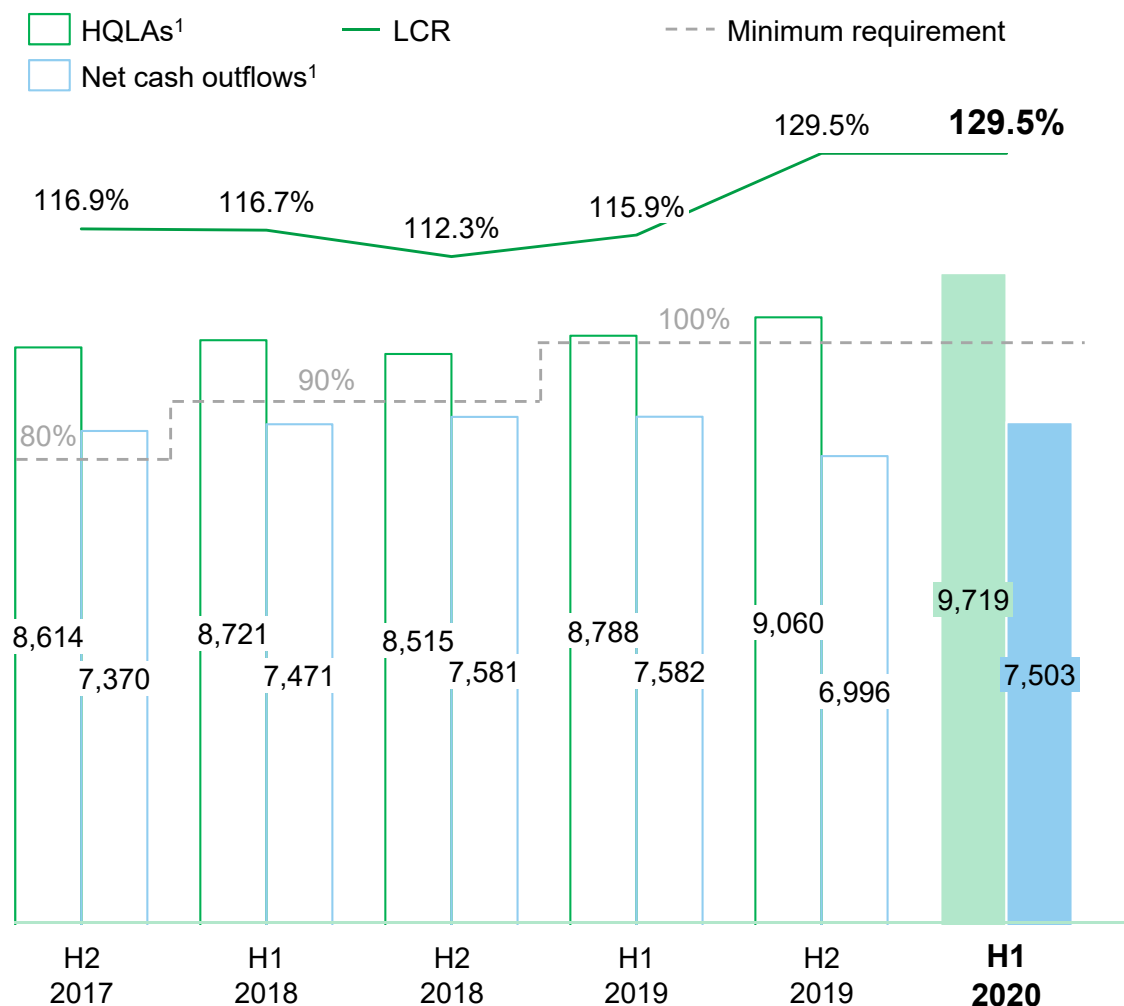
- CET1 ratio up, at 17.7%
 - Lower business volume in Trade Finance
 - Specific IRB multiplier adjusted by FINMA to reflect BCV's conservative approach in its internal models

Leverage ratio

- With higher cash deposits at the SNB, 20 bp decrease in the leverage ratio to 6.1%, vs. requirement of 3.0%

Liquidity ratio (LCR)

CHF millions (rounded)



- **LCR** stable since H2 2019 with HQLAs and notional net cash outflows having increased in the same proportions
- Composition of the Bank's HQLAs
 - 71%: cash deposited with the SNB
 - 29%: 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

Introduction

Pascal Kiener, CEO

HY 2020 financial results

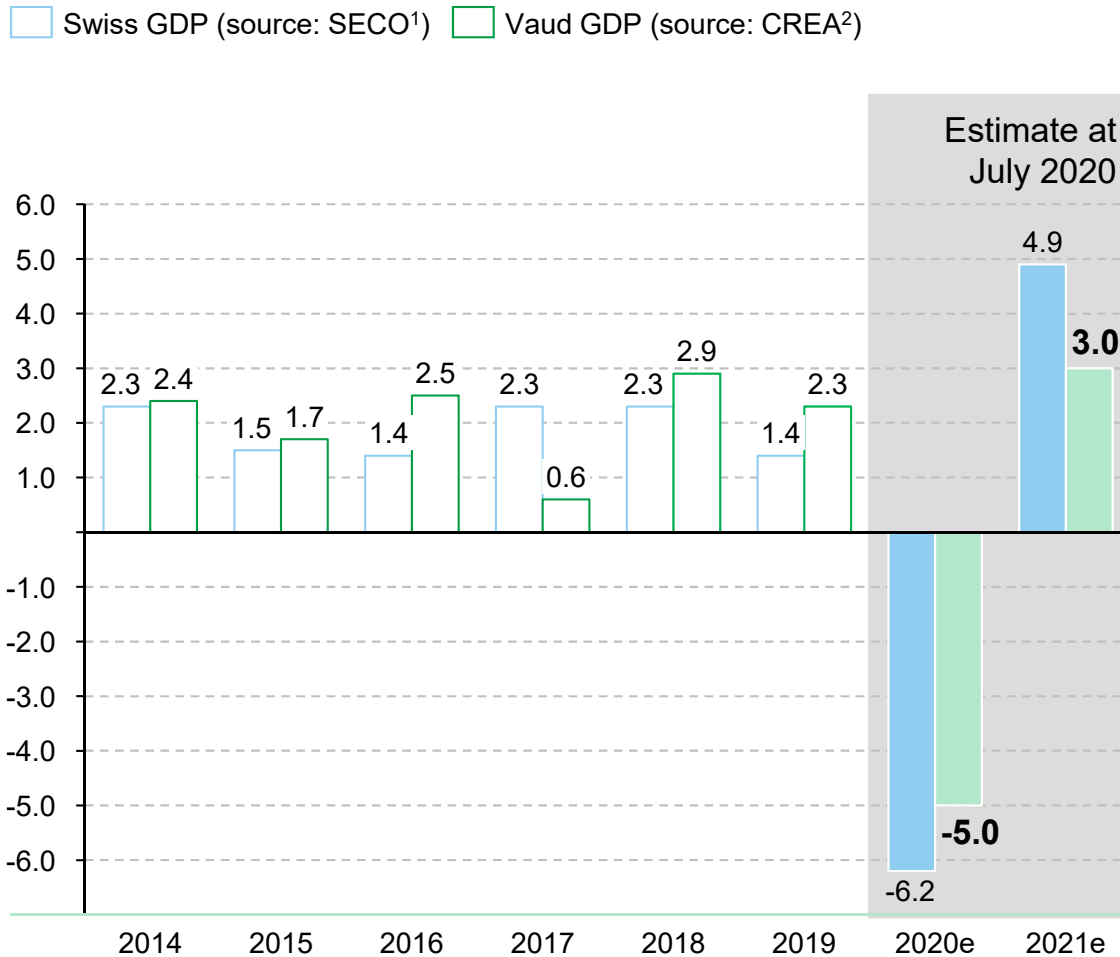
Thomas W. Paulsen, CFO

Outlook

Pascal Kiener, CEO

Swiss and Vaud GDP growth

In %

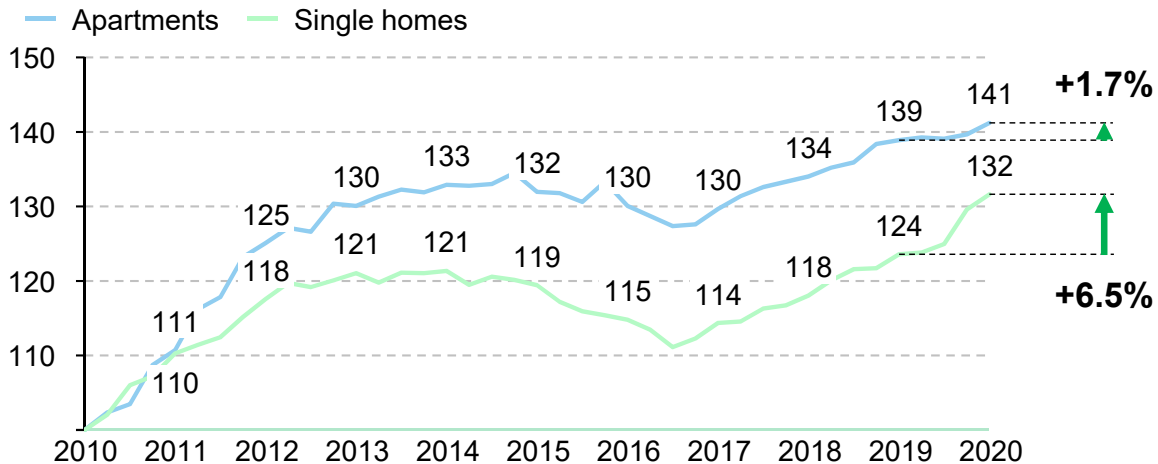


- As stated by the World Bank: Covid-19 will plunge the global economy into the worst recession since World War II
- In 2020: Swiss and Vaud GDP may shrink by 6.2% and 5.0%, respectively, still less severe than in other Western countries
- High level of uncertainty about how the pandemic will develop

Note

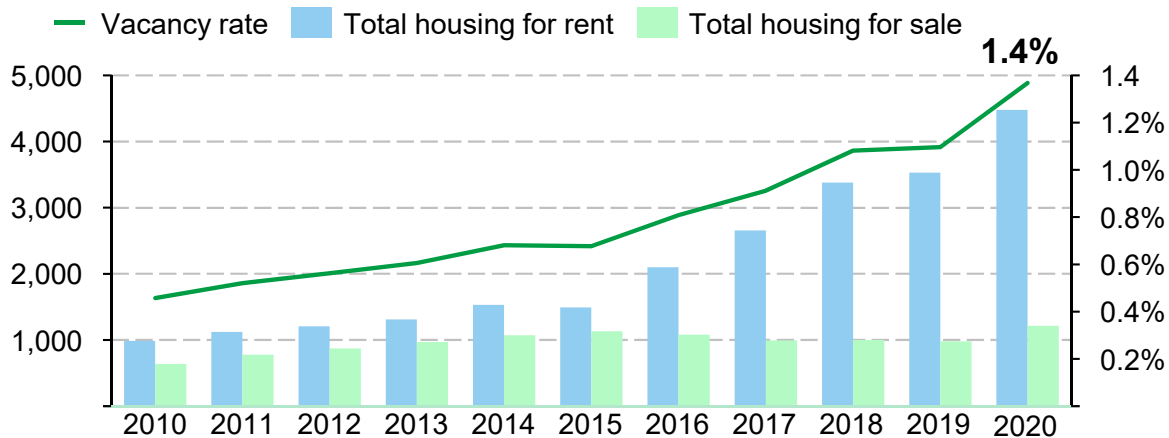
- (1) SECO = Switzerland's State Secretariat for Economic Affairs
- (2) CREA = Lausanne University's Créa Institute of Macroeconomics

Transaction prices in Vaud (Basis 100 in Jun. 2010)



- Prices on Vaud real-estate transactions have increased steadily over the past 52 weeks
 - Up 1.7% on apartments
 - Up 6.5% on single-family homes
- Heightened competition
 - Driven by low-interest-rate offers
 - Non-bank competitors

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
 - Targeting geographical areas with low vacancy rates

Source: Wüest Partner, Statistique Vaud

Question marks surrounding how the Covid-19 pandemic will develop

Low revenue growth expected given the current environment

Continued firm control of operating expenses

Operating profit and net earnings in line with H1 2020 trend, provided the pandemic situation does not worsen

27 February 2020

Full-year 2019
results

30 April 2020

Annual
Shareholders'
Meeting in Lausanne

20 August 2020

Half-year 2020
results

18 February 2021

Full-year 2020
results

29 March 2021

Publication of the
2020 Annual Report

29 April 2021

Annual
Shareholders'
Meeting in Lausanne

19 August 2021

Half-year 2021
results

Appendices



Income statement



CHF millions (rounded), unaudited figures

	H1 2020	H1 2019	Abs	%
Interest and discount income	262.4	289.2	-26.8	-9
Interest and dividend income from financial investments	12.8	15.7	-3.0	-19
Interest expense	-33.4	-52.4	-19.1	-36
Net interest income before loan impairment charges/reversals	241.8	252.5	-10.7	-4
Loan impairment charges/reversals	-12.9	0.7	13.5	N/A
Net interest income after loan impairment charges/reversals (NII)	228.9	253.1	-24.2	-10
Fees and commissions on securities and investment transactions	131.0	127.3	3.7	3
Fees and commissions on lending operations	19.9	24.6	-4.6	-19
Fees and commissions on other services	31.2	35.8	-4.6	-13
Fee and commission expense	-25.8	-26.6	-0.7	-3
Net fee and commission income	156.3	161.2	-4.8	-3
Net trading income and fair-value adjustments	73.0	59.6	13.4	22
Gains/losses on disposals of financial investments	0.2	0.3	-0.0	-5
Income from equity investments	4.9	12.4	-7.4	-60
Real-estate income	3.4	3.8	-0.4	-11
Miscellaneous ordinary income	10.4	11.3	-0.9	-8
Miscellaneous ordinary expenses	-0.2	-0.1	0.2	218
Other ordinary income	18.8	27.7	-8.9	-32
Total income from ordinary banking operations	477.1	501.6	-24.5	-5
Personnel costs	-173.3	-170.8	2.4	1
Other operating expenses	-79.6	-84.1	-4.5	-5
Operating expenses	-252.9	-255.0	-2.1	-1
Depreciation and amortization of fixed assets and impairment on equity investments	-37.0	-35.7	1.3	4
Other provisions and losses	-8.2	-1.9	6.3	332
Operating profit	179.0	209.0	-30.0	-14
Extraordinary income	3.1	0.2	2.9	N/A
Extraordinary expenses	-0.0	-0.1	-0.0	-47
Taxes	-24.3	-26.8	-2.5	-9
Net profit	157.8	182.4	-24.6	-13
Minority interests	-0.0	-0.0	0.0	79
Net profit attributable to BCV shareholders	157.8	182.4	-24.6	-13

Balance sheet



CHF millions (rounded), unaudited figures

	30 Jun. 2020	31 Dec. 2019	Abs	%
Cash and cash equivalents	9,621	8,384	1,237	15
Due from banks	1,045	1,186	-141	-12
Reverse repurchase agreements	272	239	32	14
Loans and advances to customers	5,855	5,752	103	2
Mortgage loans	27,419	27,016	403	1
Trading portfolio assets	280	277	3	1
Positive mark-to-market values of derivative financial instruments	308	273	35	13
Other financial assets at fair value	712	784	-71	-9
Financial investments	4,171	3,811	360	9
Accrued income and prepaid expenses	66	85	-19	-23
Non-consolidated holdings	69	69	0	0
Tangible fixed assets	410	433	-23	-5
Intangible assets	4	5	-2	-31
Other assets	36	36	-0	-0
Assets	50,268	48,352	1,916	4
Due to banks	2,648	1,703	945	55
Repurchase agreements	2,255	1,502	753	50
Customer deposits	33,719	33,048	671	2
Trading portfolio liabilities	1	2	-1	-50
Negative mark-to-market values of derivative financial instruments	276	213	63	30
Other financial liabilities at fair value	788	918	-129	-14
Medium-term notes	2	3	-1	-24
Bonds and mortgage-backed bonds	6,884	7,094	-210	-3
Accrued expenses and deferred income	127	154	-27	-17
Other liabilities	111	114	-2	-2
Provisions	19	16	4	23
Liabilities	46,832	44,766	2,066	5
Reserves for general banking risks	701	701	0	0
Share capital	86	86	0	0
Capital reserve	36	35	0	1
Retained earnings	2,472	2,419	53	2
Currency translation reserve	-2	-2	-0	-3
Own shares	-16	-18	1	8
Minority interests in equity	0	0	-0	-0
Net profit of the reporting period	158		158	
Net profit for 2019		363	-363	
<i>of which minority interests</i>	0	0	-0	-23
Shareholders' equity	3,435	3,586	-150	-4
Total liabilities and shareholders' equity	50,268	48,352	1,916	4

Key performance indicators

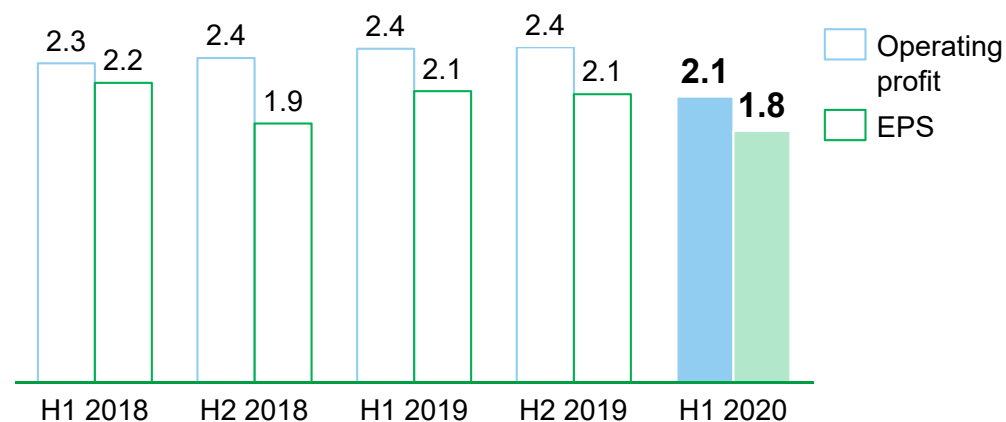


		31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	30 Jun. 2020
Asset quality and balance sheet structure	Impaired loans/ credit exposure	0.7%	0.7%	0.6%	0.5%	0.6%
	Customer deposits/ loans to customers	98%	101%	99%	101%	101%
	Liquidity Coverage Ratio (LCR)	113%	121%	113%	129%	130%
	Interest margin	1.11%	1.12%	1.10%	1.07%	0.97%
Capital	CET1 ratio ¹ <i>as of 30 Jun.</i>	17.5% 17.5%	17.1% 17.1%	17.1% 16.4%	17.1% 16.7%	17.7%
	Total capital ratio ¹ <i>as of 30 Jun.</i>	17.6% 17.6%	17.3% 17.2%	17.2% 16.5%	17.3% 16.8%	17.9%
	Leverage ratio	6.6%	6.5%	6.2%	6.3%	6.1%
Productivity	Cost/income ratio (excl. goodwill amortization)	59.4%	58.3%	57.6%	57.7%	58.8%
Financial performance	ROE (net profit/average equity)	9.1%	9.4%	10.1%	10.4%	8.8%

Note

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

Per share (CHF)¹



Stock price (CHF)¹



Key figures

	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	30 Jun. 2020
Number of issued shares	8,606,190	8,606,190	8,606,190	8,606,190	86,061,900
Market capitalization (CHF billions)	5.56	6.33	6.38	6.80	7.93
High / low prices YTD	694.00 / 582.00	764.50 / 644.00	823.00 / 688.00	820.00 / 708.00	99.60 / 67.50

Note

(1) All figures have been restated post 10-for-1 stock split of the BCV share on 28 May 2020

BCV Investor Relations iPad¹ App

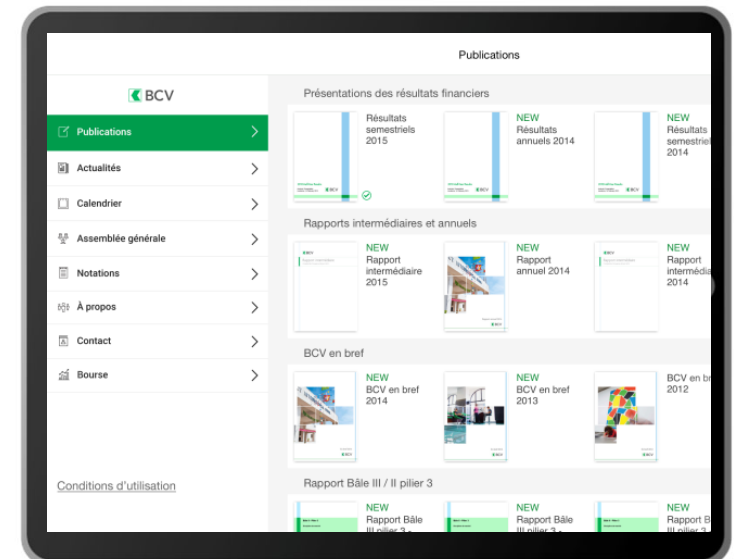


Our BCV Investor Relations app keeps you in touch with the latest developments at BCV Group

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
- Sustainability 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.