

2023 Half-Year Results

Investors' and analysts' presentation
17 August 2023



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Introduction

Pascal Kiener, CEO

HY 2023 financial results

Thomas W. Paulsen, CFO

Outlook

Pascal Kiener, CEO

Business trends differed across segments: growth in mortgage loans (+2%) and deposits from individuals and SMEs (+1%); decline in other lending (-2%) and deposits from large corporates and institutionals (-5%)

Revenue up 11% to CHF 582m, driven by net interest income, which increased by 23% on higher interest rates

Operating profit up 22% year on year to CHF 276m and net profit up 22% to CHF 240m – the highest half-year net profit since 2007

HY 2023 key figures

CHF (rounded), unaudited figures



Revenues

582m

+11%

Operating profit

276m

+22%

Net profit

240m

+22%

Total assets

58.9bn

-1%

AuM

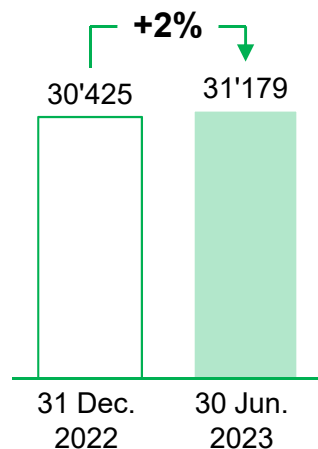
112.3bn

+3%

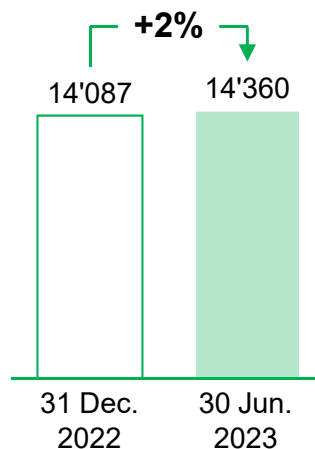
Main business trends

CHF millions (rounded), unaudited figures

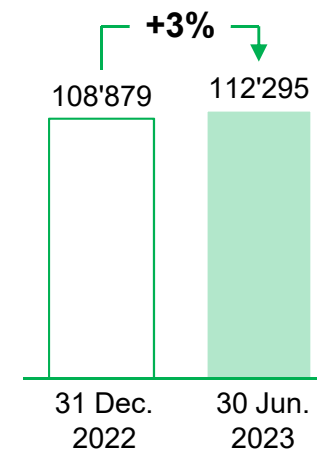
Mortgage loans



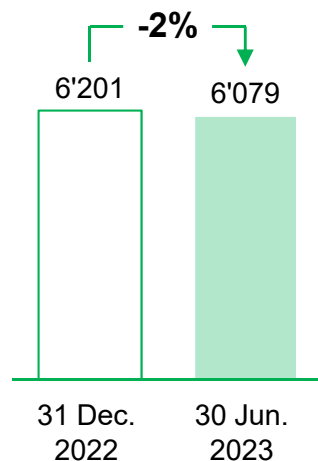
Sight deposits^{1,2}



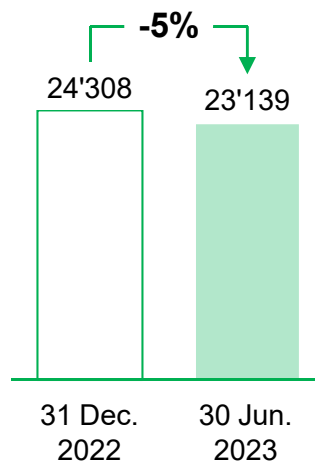
AuM



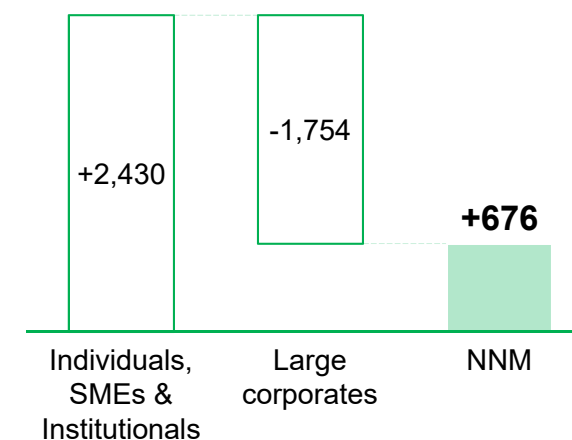
Other loans



Other client deposits²



Net new money



Note

(1) Including savings deposits

(2) Aggregate change in the sum of the items Sight deposits and Other client deposits: -CHF 895m (-2%)

Very solid financial and ESG ratings

Financial ratings



AA (stable) since 2011

- Financial ratings reaffirmed. BCV is one of the 20 best-rated banks in the world without an explicit government guarantee



Aa2 (stable) since 2015

ESG ratings



Stable at **AA**

- MSCI's second-highest rating
- In MSCI's "Leader" category



Stable at **A-**

- Ethos' second-highest rating



Upgrade to **A-**

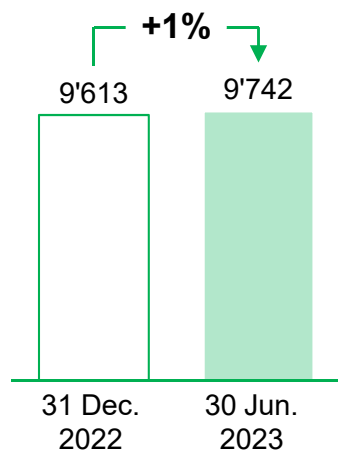
- In the "Leadership" category

Retail Banking

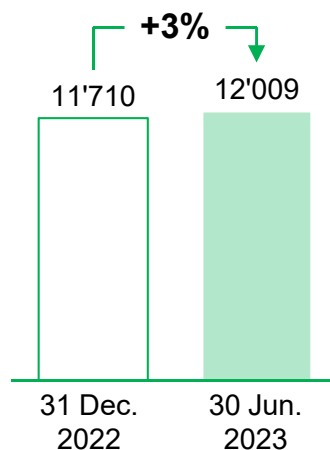
CHF millions (rounded)¹



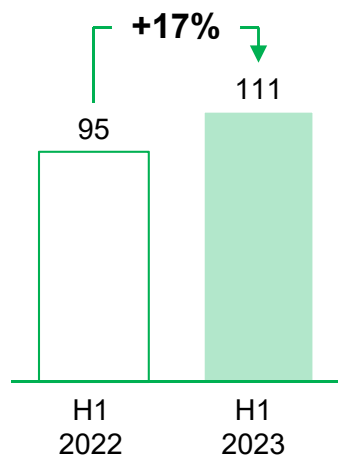
Mortgage loans



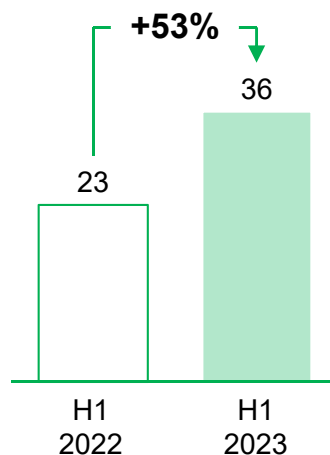
Customer deposits



Revenues



Operating profit



- Continuing rise in mortgage loans in a softening real-estate market
- Continuing cash inflows from customers
- Revenues and operating profit up sharply on higher interest rates

Note

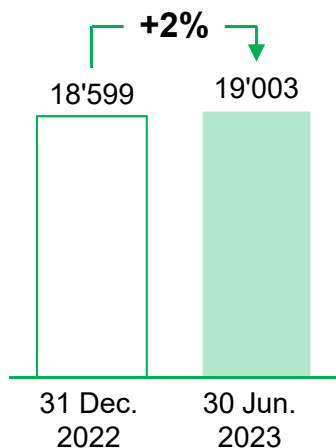
(1) 2022 figures were adjusted to facilitate like-for-like comparison

Corporate Banking

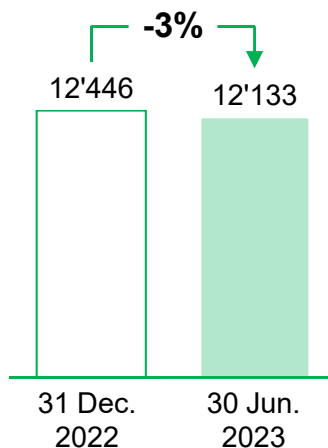
CHF millions (rounded)¹



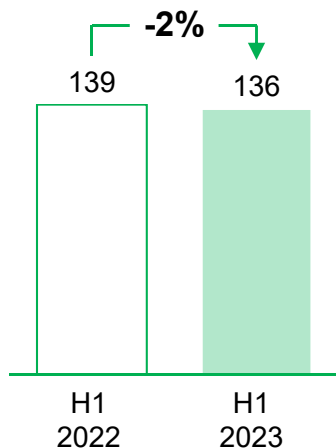
Loans/off-BS commitments



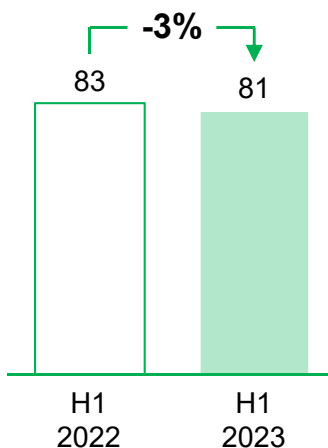
Customer deposits



Revenues



Operating profit



- SMEs
 - Mortgages and loans (excl. Covid-19 bridge loans) up 2%
 - Covid-19 bridge-loan repayments of more than CHF 75m in H1 2023 (over 60% of total Covid loan book paid off)
 - Deposits up 5%
- Real-estate firms
 - Mortgages up 8%
 - Deposits down 4%
- Large Corporates
 - Loans/off-BS commitments up 4%
 - Deposits volatile, as usual (-10%)
- Trade Finance
 - Average business volumes down 37%, driven by a cautious approach in the current geopolitical environment
- Credit risk
 - Vaud economy doing well
 - Businesses resilient
 - Limited provisioning needs

Note

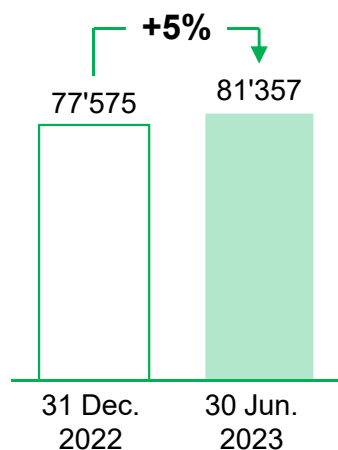
(1) 2022 figures were adjusted to facilitate like-for-like comparison

Wealth Management

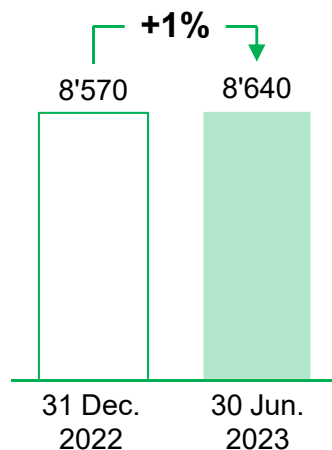
CHF millions (rounded)¹



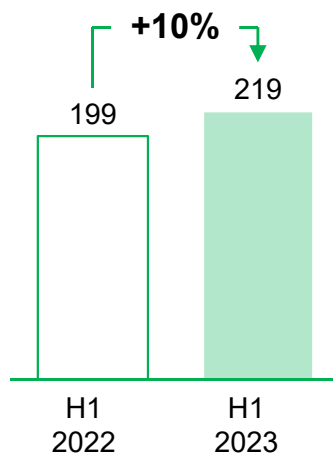
AuM



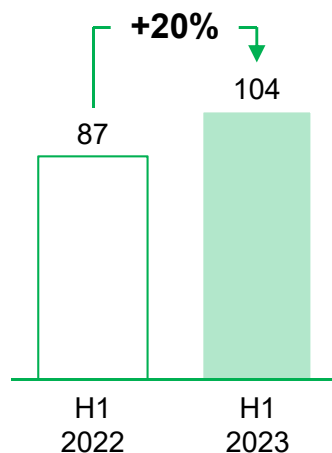
Mortgage loans



Revenues



Operating profit



- AuM higher on NNM from both private banking and institutional clients and positive market performance
- Slight rise in mortgage loans in a softening real-estate market
- Revenues and operating profit up on higher interest rates

Note

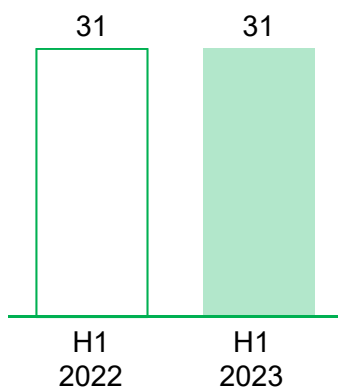
(1) 2022 figures were adjusted to facilitate like-for-like comparison

Trading

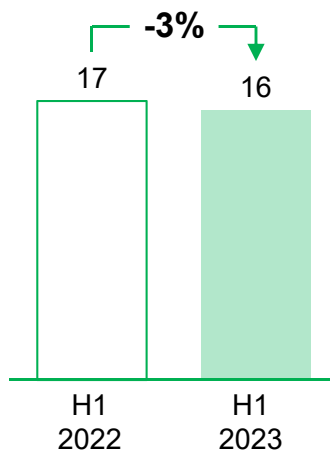
CHF millions (rounded)¹



Revenues

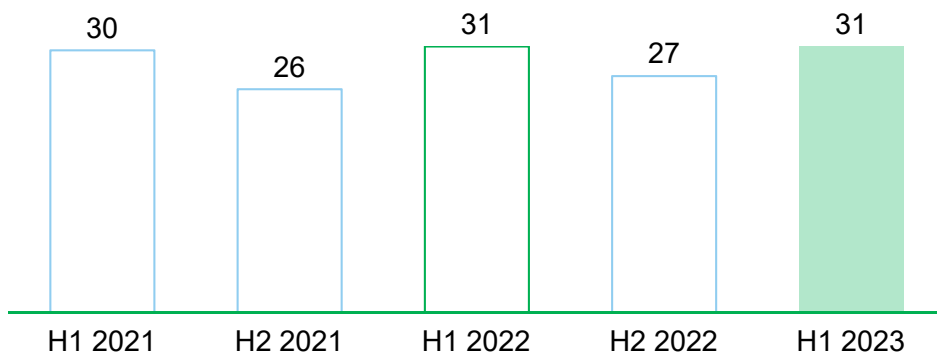


Operating profit



- Forex trading down – forex accounted for close to 60% of overall Trading revenues
- Activity in structured products segment higher compared to H1 2022
- Revenues stable and operating profit slightly down

Revenues time series²



Notes

(1) 2022 figures were adjusted to facilitate like-for-like comparison

(2) No adjustment except for 2022 to facilitate like-for-like comparison with 2023

Introduction

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Outlook

Pascal Kiener, CEO

Income statement

CHF millions (rounded), unaudited figures



	H1 2022	H1 2023	Change	
Total income from ordinary banking operations	524	582	+58	+11%
Operating expenses	-261	-269	+8	+3%
Depreciation & amortization of fixed assets and impairment on equity investments	-36	-36	+0	+1%
Other provisions and losses	-1	-1	-0	-47%
Operating profit	227	276	+49	+22%
Net extraordinary income	0	+1	+1	N/A
Taxes	-30	-37	+7	+24%
Net profit	197	240	+43	+22%

Total income from banking operations – focus on BSM



CHF millions (rounded), unaudited figures

Total income from ordinary banking operations

	H1 2022	H1 2023			
	524	582		+58	+11%
	235	290	Net interest income (NII)	+55	+23%
	179	169	Commissions & fees	-10	-6%
	83	105	Trading income	+22	+26%
	27	19	Other	-8	-30%
	H1 2022	H1 2023			

- **Net interest income** – Up on higher interest rates
- **Commissions & fees** – Down as markets fell and Trade Finance volumes continued lower
- **Trading** – Up sharply on active balance-sheet management
- **Other income** – Down, reflecting a real-estate disposal in the prior-year period

Impact of balance-sheet management (BSM) on NII and trading

	235	290		+55	+23%
	238	324	NII before BSM	+86	+36%
	-3	-34	Charges induced by BSM	-31	-1069%
	83	105		+22	+26%
	55	51	Trading income before BSM	-4	-7%
	28	53	Income from BSM	+25	+92%
	H1 2022	H1 2023			
	+25	+19	Net income from BSM	-6	-23%

- **“Economic” net interest income** (i.e., NII before BSM + Net income from BSM) up CHF 80m
 - NII before BSM up CHF 86m
 - Net income from BSM down CHF 6m
- Client-driven **trading income** before BSM down 7% to CHF 51m

Total income from banking operations – focus on NII



CHF millions (rounded), unaudited figures

Total income from ordinary banking operations

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Net interest income (NII)

	H1 2022	H1 2023			
	236	288	NII before loan impairment charges/reversals	+52	+22%
	-1	2	Loan impairment charges/reversals	-3	-432%
	235	290	Net interest income	+55	+23%
	H1 2022	H1 2023			

- **NII before loan impairment charges/reversals** – Up sharply on higher interest rates
- **Loan impairment charges/reversals** – Net reversals

Operating expenses, depreciation and amortization

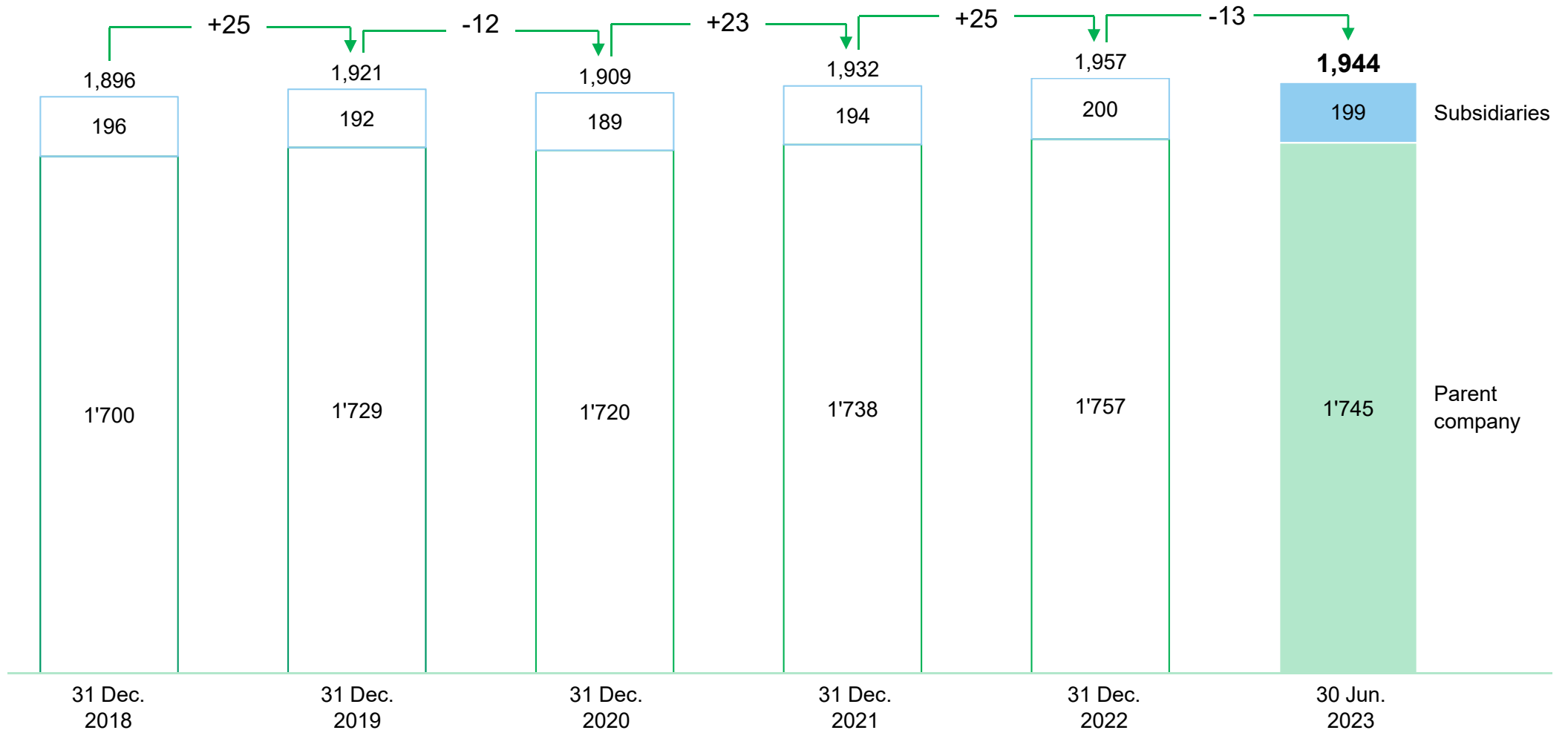
CHF millions (rounded), unaudited figures

	H1 2022	H1 2023		+9	+3%
	297	306			
	178	181	Personnel costs	+3	+2%
	83	88	Other operating expenses	+5	+6%
	36	36	Depreciation & amortization	+0	+1%
	H1 2022	H1 2023			

- **Personnel costs** slightly up, mainly due to nominal salary raises
- **Other operating expenses** up in an inflationary environment
 - Higher energy costs
 - IT costs up
 - Price increases from financial data vendors
- **Depreciation & amortization** stable

Headcount

Full-time equivalents at period-end



Assets

CHF billions (rounded), unaudited figures



59.4	58.9		-0.5	-1%
12.9	12.8	Cash and equivalents	-0.1	-1%
1.3	1.1	Due from banks and reverse repo agreements	-0.2	-13%
6.2	6.1	Loans and advances to customers	-0.1	-2%
30.4	31.2	Mortgage loans	+0.8	+2%
5.8	5.1	Financial investments	-0.7	-11%
2.8	2.6	Other assets	-0.2	-8%
31 Dec. 2022	30 Jun. 2023			

- **Cash and equivalents** – Stable SNB sight deposits
- **Loans and advances to customers** – Slightly down, as Covid-19 bridge loans were reimbursed and Trade Finance volumes continued at lower levels
- **Mortgage loans** – Continuing growth in a softening real-estate market
- **Financial investments** – Short-term investments at SNB ("SNB bills") have reached maturity

Liabilities and equity

CHF billions (rounded), unaudited figures



31 Dec. 2022	30 Jun. 2023			
59.4	58.9		-0.5	-1%
7.0	7.4	Due to banks	+0.4	+6%
38.4	37.5	Customer deposits	-0.9	-2%
7.9	8.1	Bonds and mortgage-backed bonds	+0.2	+2%
2.4	2.3	Other liabilities	-0.1	-2%
3.71	3.63	Shareholders' equity	-0.08	-2%

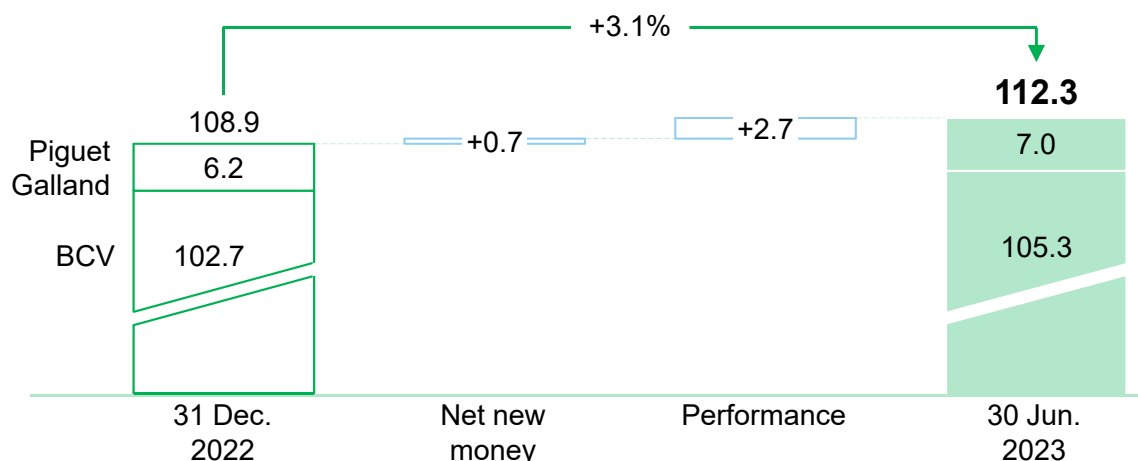
- **Customer deposits** – Down
 - Deposits from individuals and SMEs up 1%
 - Deposits from large corporates and institutionals down 5%
- **Shareholders' equity** – Seasonal decrease: dividend payment higher than net profit accrued over the first 6 months

Assets under management

CHF billions (rounded)

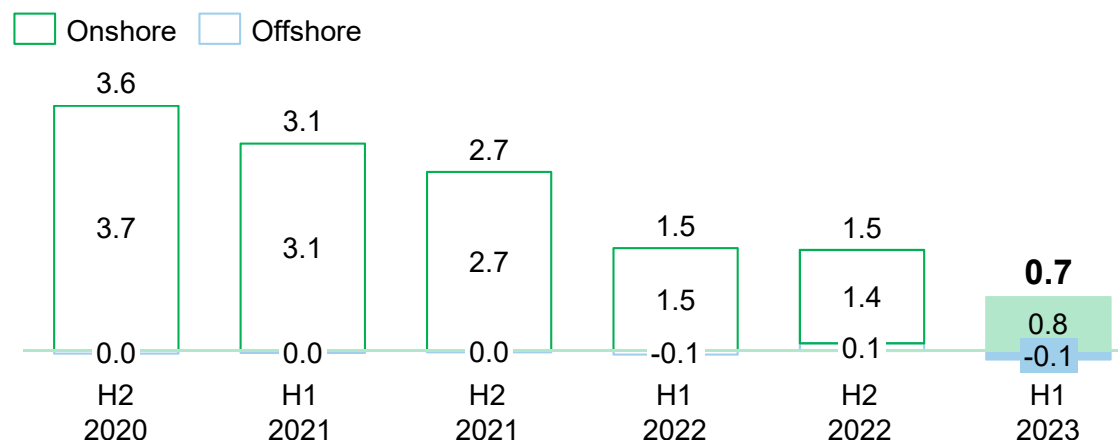


Assets under management



- AuM up 3.1% to CHF 112.3bn
 - Market performance of +CHF 2.7bn (+2.5%)
 - Net new money of CHF 0.7bn (+0.6%)

Net new money



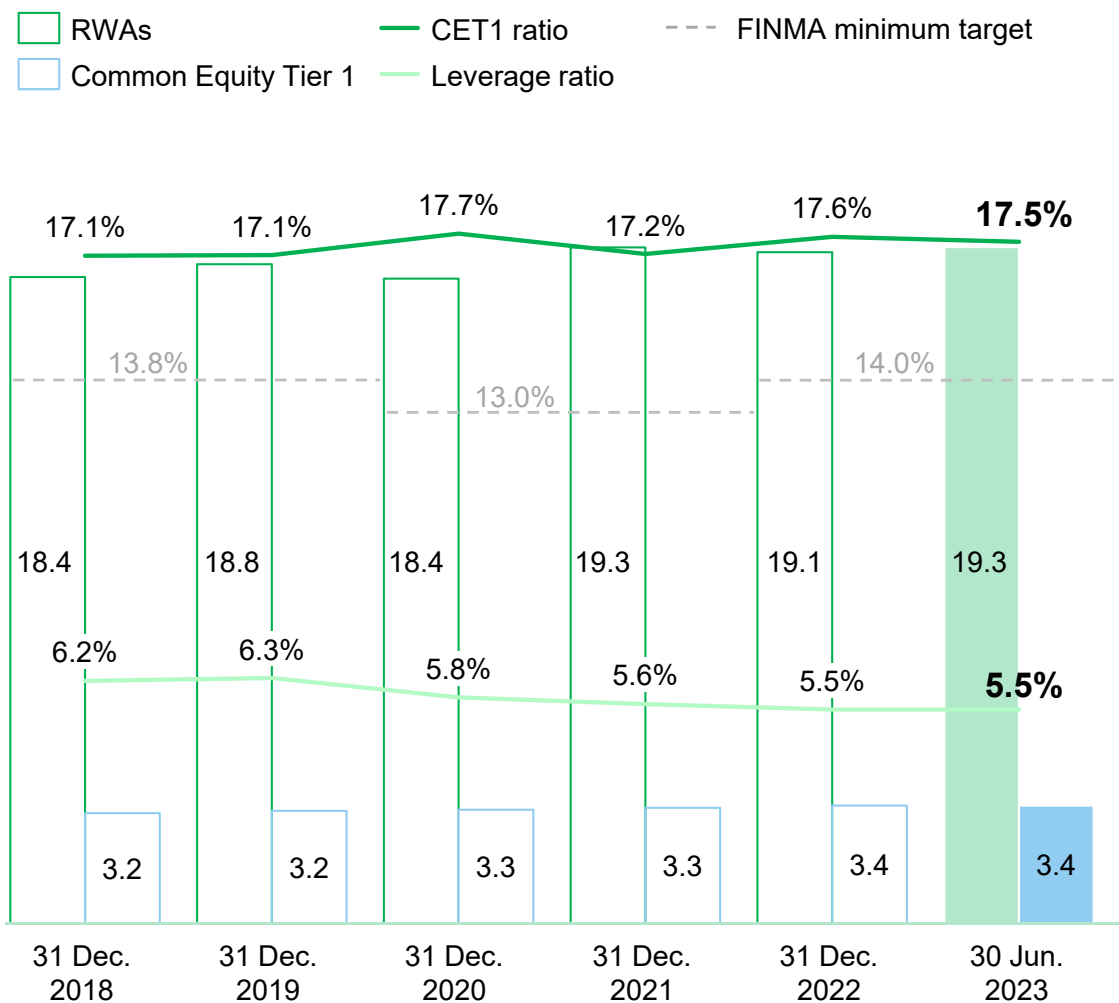
- Onshore net inflows of CHF 0.8bn:
 - CHF +2.5bn from personal banking customers, Vaud SMEs and institutionals
 - CHF -1.7bn from large corporates
- Negligible offshore net outflows (CHF 0.1bn)

Capital ratios

CHF billions (rounded)



Risk-weighted assets and CET1 ratio



CET1 ratio

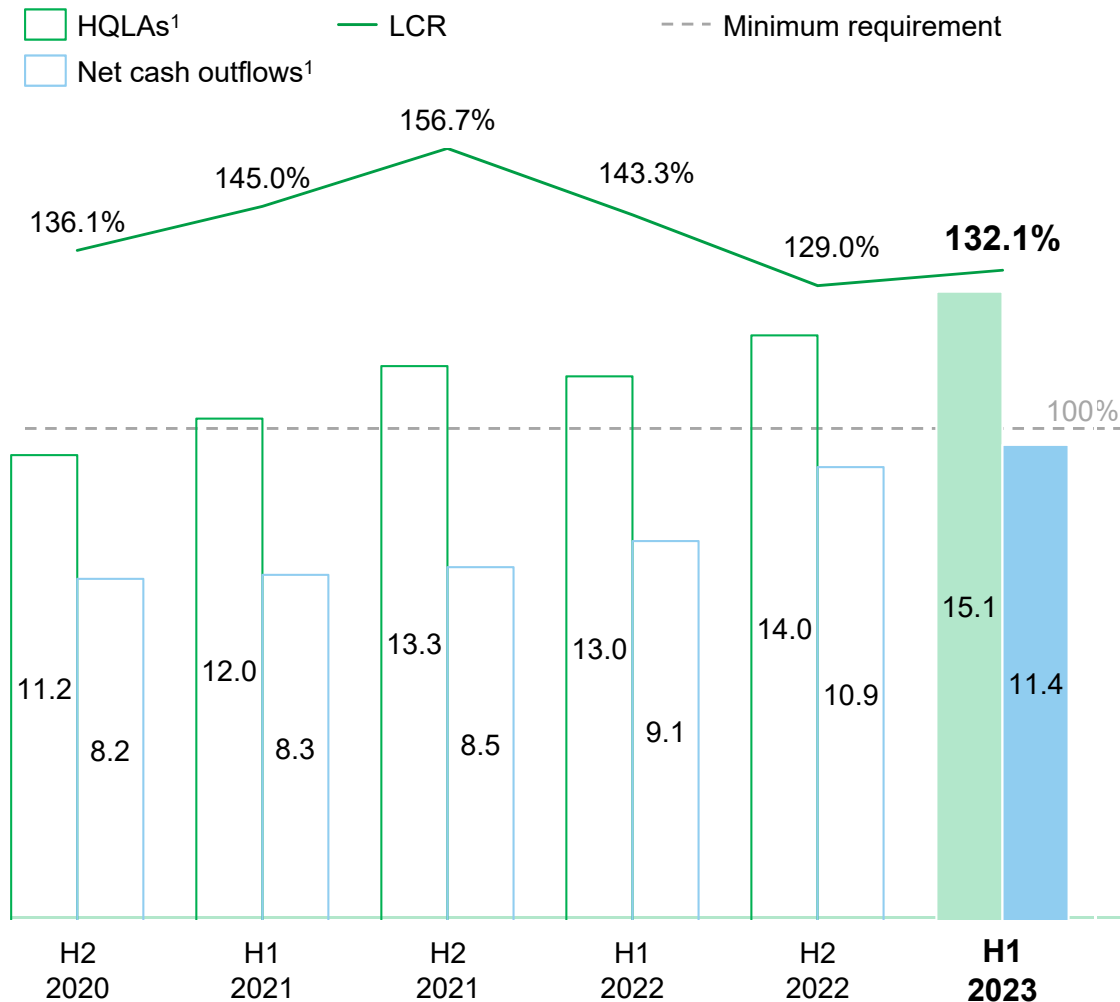
- CET1 ratio slightly down, to 17.5%, vs. requirement of 14.0%
- Higher volumes on IPRE credit exposures

Leverage ratio

- Leverage ratio stable at 5.5%, vs. requirement of 3.0%

Liquidity ratio (LCR)

CHF billions (rounded)



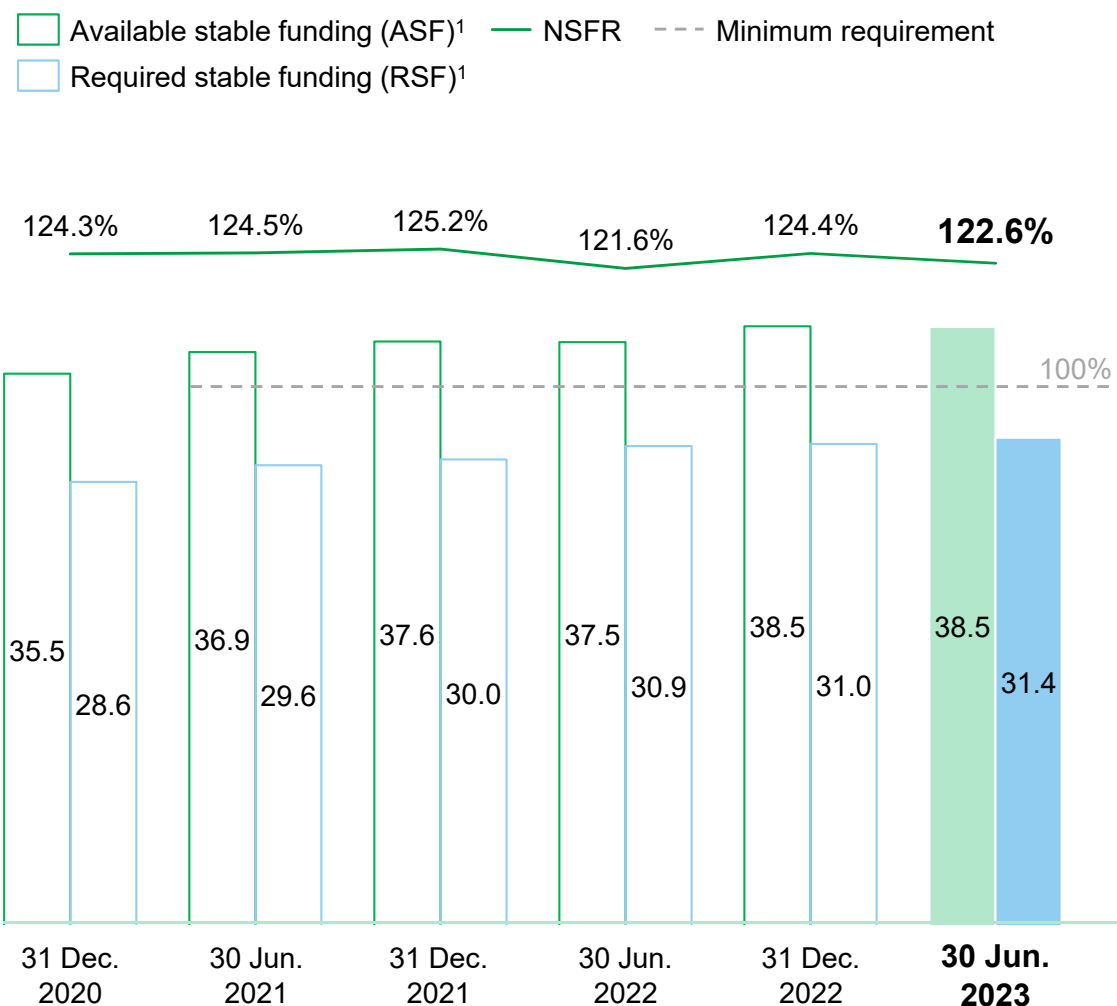
- LCR increased by around 3 points vs. H2 2022, mainly due to HQLAs growth (+7%) slightly outpacing growth of net cash outflows (+5%)
- Composition of the Bank's HQLAs :
 - 76%: cash deposited with the SNB
 - 24%: mainly Swiss-issued, AAA- to AA-rated securities eligible as SNB collateral

Note

(1) Average of figures at month-end

Net Stable Funding Ratio (NSFR)

CHF billions (rounded)



- Minimum requirement of 100% came into force on 1 July 2021
- NSFR dropped by almost 2 points vs. 31 Dec. 2022, with higher required stable funding (RSF) due mainly to increasing loans and mortgages

Note

(1) Figures at month-end

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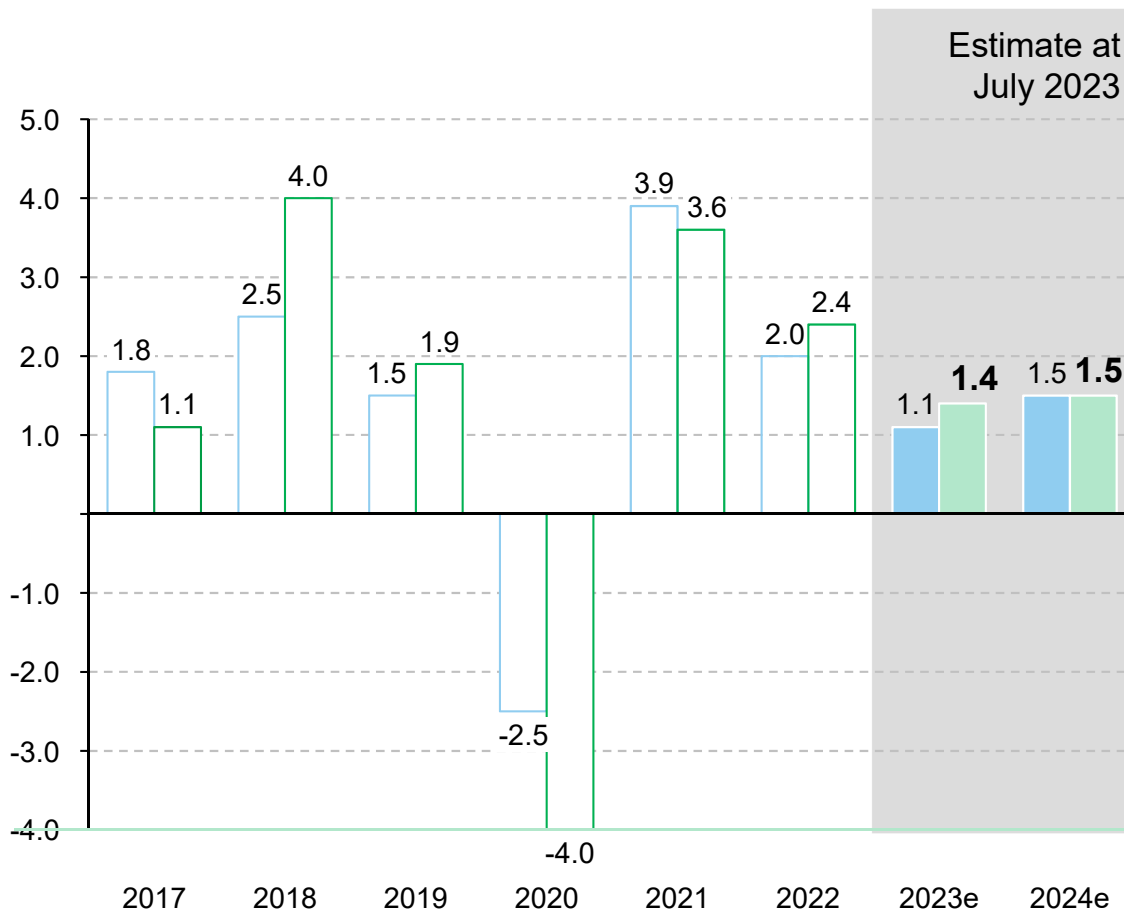
Outlook

Pascal Kiener, CEO

Swiss and Vaud GDP growth

In %

Swiss GDP (source: SECO¹) Vaud GDP (source: CREA²)



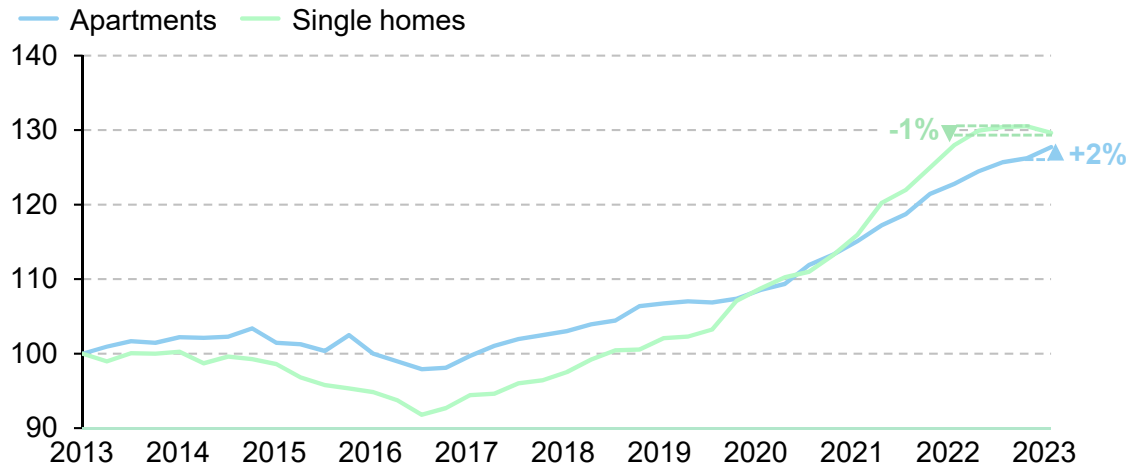
Note

(1) SECO = Switzerland's State Secretariat for Economic Affairs

(2) CREA = Lausanne University's Cr a Institute of Macroeconomics

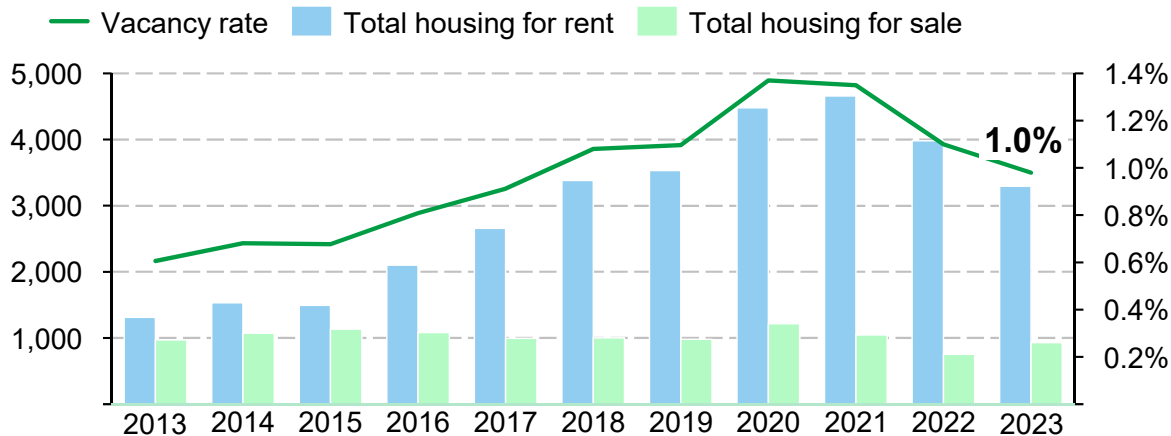
- Sluggish macro trends among Switzerland's main trade partners. Switzerland's economy expected to be more resilient
- Swiss GDP growth should reach ca.1%. No sign of recession so far:
 - Very low unemployment rate
 - Inflation rate back within SNB objective

Transaction prices in Vaud (Basis 100 in Jun. 2012)



- Signs of softening in Vaud real-estate transaction prices
- Real-estate market in H1
 - Up 2% YTD on apartments
 - Down 1% YTD on single-family homes

Vacant housing in Vaud



- For the second consecutive year, the vacancy rate has ticked lower
- BCV's mortgage policy remains unchanged:
 - Focused on loan quality instead of volume growth
 - Targets areas with low vacancy rates
- Reduced volume growth going forward on higher interest rates

Note
Source: Wüest Partner, Statistique Vaud

Barring a significant change in the financial markets or the overall economic situation, FY 2023 business development is expected to trend along the same lines as in previous reporting periods

Appendices



Income statement

CHF millions (rounded), unaudited figures



	H1 2023	H1 2022	Abs	%
Interest and discount income	438.4	240.1	+198.3	+83
Interest and dividend income from financial investments	18.1	8.7	+9.5	+109
Interest expense	-168.5	-12.9	+155.6	N/A
Net interest income before loan impairment charges/reversals	288.0	235.8	+52.2	+22
Loan impairment charges/reversals	2.0	-0.6	-2.6	-432
Net interest income after loan impairment charges/reversals (NII)	290.0	235.2	+54.8	+23
Fees and commissions on securities and investment transactions	144.0	152.2	-8.2	-5
Fees and commissions on lending operations	16.0	22.7	-6.6	-29
Fees and commissions on other services	37.8	35.2	+2.6	+7
Fee and commission expense	-29.3	-30.7	-1.4	-4
Net fee and commission income	168.6	179.4	-10.8	-6
Trading income on fixed-income instruments and equity securities	16.9	16.4	+0.5	+3
Trading income on foreign currencies, banknotes, and precious metals	91.3	70.7	+20.6	+29
Trading fee and commission expense	-3.6	-4.0	-0.4	-10
Net trading income and fair-value adjustments	104.6	83.0	+21.6	+26
Gains/losses on disposals of financial investments	0.4	10.0	-9.6	-96
Income from equity investments	4.4	3.8	+0.6	+16
Real-estate income	2.6	3.2	-0.6	-18
Miscellaneous ordinary income	11.6	11.0	+0.5	+5
Miscellaneous ordinary expenses	-0.3	-1.4	-1.1	-80
Other ordinary income	18.8	26.7	-7.9	-30
Total income from ordinary banking operations	581.9	524.3	+57.6	+11
Personnel costs	-181.2	-177.7	+3.5	+2
Other operating expenses	-88.0	-83.1	+4.9	+6
Operating expenses	-269.2	-260.9	+8.4	+3
Depreciation and amortization of fixed assets and impairment on equity investments	-36.4	-36.0	+0.5	+1
Other provisions and losses	-0.5	-0.9	-0.4	-47
Operating profit	275.8	226.6	+49.2	+22
Extraordinary income	1.4	0.1	+1.3	N/A
Extraordinary expenses	-0.0	-0.0	0.0	N/A
Taxes	-37.1	-29.9	+7.2	+24
Net profit	240.0	196.8	+43.3	+22
Minority interests	-0.0	-0.0	0.0	+118
Net profit attributable to BCV shareholders	240.0	196.8	+43.3	+22

Balance sheet



CHF millions (rounded), unaudited figures

	30 Jun. 2023	31 Dec. 2022	Abs	%
Cash and cash equivalents	12,823	12,916	-92	-1
Due from banks	1,096	1,187	-90	-8
Reverse repurchase agreements	1	79	-78	-99
Loans and advances to customers	6,079	6,201	-122	-2
Mortgage loans	31,179	30,425	+754	+2
Trading portfolio assets	165	206	-41	-20
Positive mark-to-market values of derivative financial instruments	909	1,160	-251	-22
Other financial assets at fair value	955	897	+57	+6
Financial investments	5,140	5,757	-617	-11
Accrued income and prepaid expenses	93	70	+23	+33
Non-consolidated holdings	87	87	0	0
Tangible fixed assets	365	376	-11	-3
Intangible assets	0	0	0	N/A
Other assets	45	37	+8	+21
Assets	58,936	59,397	-461	-1
Due to banks	5,996	5,975	+21	0
Repurchase agreements	1,423	1,008	+415	+41
Customer deposits	37,500	38,395	-895	-2
Trading portfolio liabilities	2	3	-1	-35
Negative mark-to-market values of derivative financial instruments	278	450	-172	-38
Other financial liabilities at fair value	1,108	1,006	+102	+10
Medium-term notes	0	0	0	N/A
Bonds and mortgage-backed bonds	8,078	7,942	+136	+2
Accrued expenses and deferred income	168	154	+15	+10
Other liabilities	728	725	+3	0
Provisions	26	27	-1	-3
Liabilities	55,307	55,683	-377	-1
Reserves for general banking risks	666	666	0	0
Share capital	86	86	0	0
Capital reserve	35	35	0	+1
Retained earnings	2,615	2,554	+61	+2
Currency translation reserve	-2	-2	-0	-2
Own shares	-11	-14	+3	+19
Minority interests in equity	0	0	0	+6
Net profit of the reporting period	240		+240	
Net profit for 2022		388	-388	
<i>of which minority interests</i>	0	0	0	+17
Shareholders' equity	3,629	3,713	-84	-2
Total liabilities and shareholders' equity	58,936	59,397	-461	-1

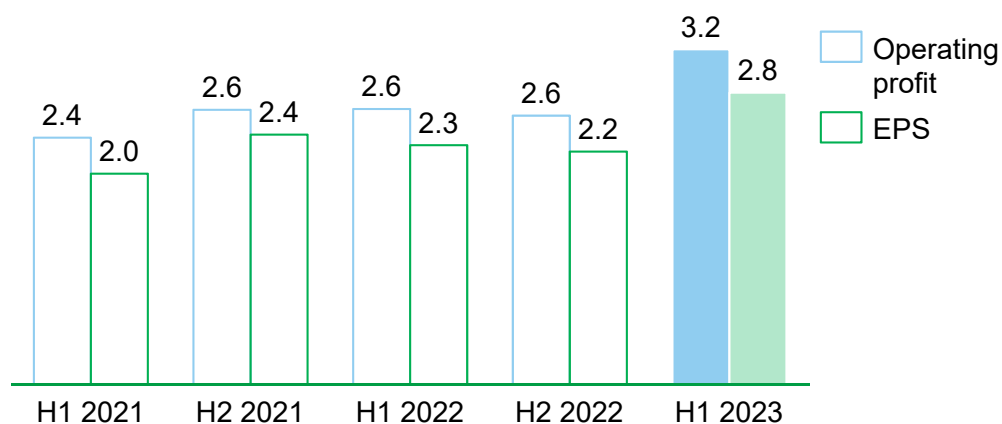
Key performance indicators

		31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	30 Jun. 2023
Asset quality and balance sheet structure	Impaired loans/ credit exposure	0.5%	0.5%	0.4%	0.4%	0.4%
	Customer deposits/ loans to customers	101%	105%	107%	105%	101%
	Liquidity Coverage Ratio (LCR)	129%	136%	157%	129%	132%
	Interest margin	1.07%	0.94%	0.86%	0.79%	0.95%
Capital	CET1 ratio ¹ <i>as of 30 Jun.</i>	17.1% 16.7%	17.7% 17.7%	17.2% 17.0%	17.6% 17.0%	17.5%
	Leverage ratio	6.3%	5.8%	5.6%	5.5%	5.5%
Productivity	Cost/income ratio (excl. goodwill amortization)	57.7%	58.7%	56.7%	56.6%	52.7%
Financial performance	ROE (net profit/average equity)	10.4%	9.3%	10.7%	10.7%	12.9%

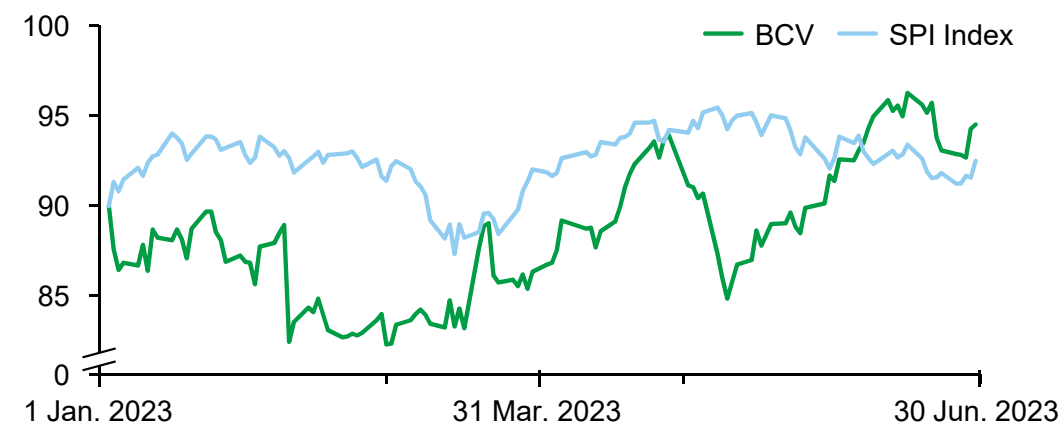
Note

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

Per share (CHF)



Stock price (CHF)



Key figures

	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	30 Jun. 2023
Number of issued shares	8,606,190	86,061,900	86,061,900	86,061,900	86,061,900
Market capitalization (CHF billions)	6.80	8.29	6.09	7.64	8.13
High / low prices YTD	820.00 / 708.00	101.40 / 67.50	101.60 / 67.30	98.80 / 70.70	96.45 / 81.20

9 February 2023

Full-year 2022
results

4 May 2023

Annual
Shareholders'
Meeting in Lausanne

17 August 2023

Half-year 2023
results

8 February 2024

Full-year 2023
results

25 March 2024

Publication of the 2023
Annual Report and
Sustainability Report

25 April 2024

Annual
Shareholders'
Meeting in Lausanne

22 August 2024

Half-year 2024
results