



# Interim Report

Consolidated financial statements at 30 June 2013



## Letter from the Chairman and CEO

We're happy to report that we continued to grow our business volumes in H1 2013, thanks in part to the resilient Vaud economy. However, the continuing low-interest-rate environment and our voluntary curbs on mortgage lending weighed on our top line, which was down slightly. Firm cost control limited the effect of lower revenues on our earnings, and while both operating and net profit declined slightly they were in line with the strong numbers of recent years. This attests to the robustness of BCV's business model.

Compared with the weak macro climate elsewhere in Europe, the Swiss economy has held up remarkably well, with an unemployment rate of around 3% and GDP expected to grow by 1.4% in 2013. The local economy is keeping right up: GDP in Vaud is expected to rise 1.5% this year and 2.0% in 2014. Vaud Canton's economic and financial health was recently recognized by ratings agency Standard & Poor's, whose AAA rating on the canton puts it in an extremely select group. This is excellent news for our home region, and we have reaped the benefits – Standard & Poor's not only maintained the Bank's AA rating, it also raised our outlook from negative to stable.

The Vaud real-estate market is still expanding so we pursued our responsible growth strategy in this area in H1, holding growth in mortgage-lending volumes to 1%. Savings deposits increased by a strong 3% over the same period, reflecting the Bank's solid customer franchise. Assets under management totaled CHF 84.4bn, up 3% on the end-2012 figure, driven by net new inflows of CHF 537m and buoyant trends on the financial markets.

The continuing low-interest-rate environment and the decline in trade finance activities, combined with the Bank's voluntary curbs on mortgage lending and prudent stance on liquidity management, have all weighed on our top line, which came in at CHF 498m, down 2% year-on-year (–CHF 10m). Against this backdrop, we pursued our cost control strategy, bringing down operating expenses by 2% to CHF 261m. Operating profit was down 2% year-on-year to CHF 237m, while H1 net profit decreased by 4% to CHF 151m.



**Olivier Steimer**  
Chairman of the Board of Directors

**Pascal Kiener**  
CEO

80 IBM specialists were transferred to BCV on 1 July 2013, where they will oversee maintenance and development of the Osiris platform, giving us greater control over our IT and our IT-related costs going forward. We could not be happier with how smoothly the transition has gone. Other projects aimed at improving our services and optimizing our costs are currently underway. These initiatives are keeping us on a firm track toward the operational excellence that is at the heart of our business strategy.

Many of you expressed your satisfaction at our announcement during the presentation of last year's annual results that we would be pursuing an even more ambitious distribution policy over the coming years. Our goal is to pay our shareholders between CHF 32 and CHF 37 per share per year over a period of 5 years. We made this commitment to our shareholders in 2008 and we saw it through. Today, we are making the very same promise to you.

In closing, we would like to thank you, our shareholders, for your trust and loyalty. We would also like to express our heartfelt thanks to our customers for choosing to bank with BCV, and to our employees for their unwavering commitment and professionalism.

A handwritten signature in dark ink, appearing to read 'Steimer'.

Olivier Steimer

A handwritten signature in dark ink, appearing to read 'Kiener'.

Pascal Kiener

## Business sector review

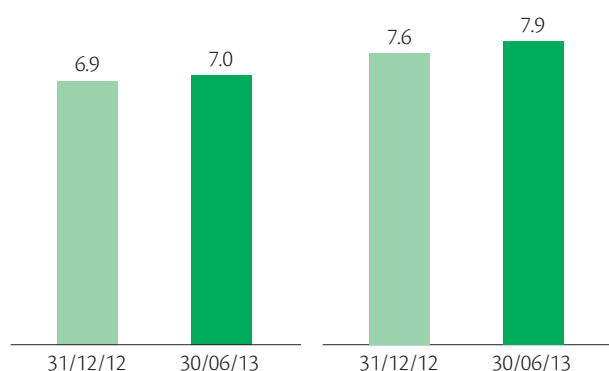
### Retail Banking

**Continued momentum with strong increase in operating profit**

Retail Banking experienced strong growth in business volumes in H1 13, in line with the trend in recent reporting periods. The mortgage book grew by 1.7% to CHF 7.0bn, which was in keeping with our strategy of voluntarily moderate growth in this activity. Savings accounts and other deposits increased by 3.7% to CHF 7.9bn, reflecting the Bank's strong customer franchise in Vaud Canton. Revenues rose by 3.2% year-on-year to CHF 97m and operating profit was up by a strong 11% to CHF 47m. Retail has had excellent traction on its line of products for young customers, with 3,800 new accounts since the 2011 launch and significant buzz around a communications campaign based heavily on social networks.

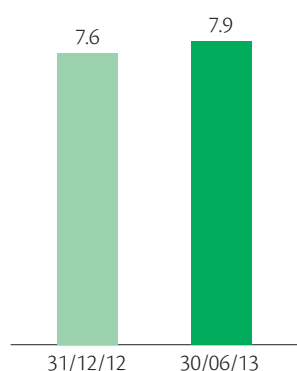
#### Mortgage loans

In CHF billions, rounded



#### Customer deposits

In CHF billions, rounded



	H1 2013	H1 2012
Total revenues (CHF millions)	97.1	94.0
Operating profit (CHF millions)	46.7	41.9

2012 figures were restated to facilitate like-for-like comparison

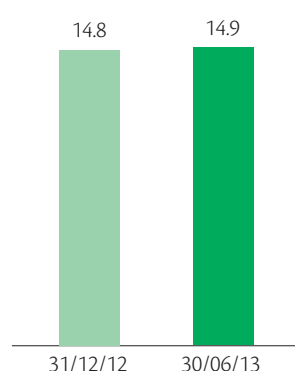
### Corporate Banking

**Mixed results by segment**

The Corporate Banking Sector posted mixed results in its three constituent segments. The SME segment, one of BCV's core businesses, continued to grow thanks to the resilient Vaud economy. SME loan volumes were up 1.8% and deposits rose 2.8%. The Large Corporates segment, traditionally prone to volatile cash flows, saw client deposits decline 19% compared with end-2012. Lending and off-balance-sheet commitments were down 3% in an environment that demanded greater selectivity. The Trade Finance segment experienced a reduction in business volumes due to the global economic climate and, especially, lower demand for steel. Overall, the Sector's lending and off-balance-sheet commitments remained stable (+0.1%) at CHF 14.9bn, with deposits down 7% to CHF 6.8bn. Cyclical declines in Trade Finance revenues weighed on Corporate Banking's top line, which was off 5.3% to CHF 139m, with operating profit down 5.7% to CHF 117m. New provisioning needs remained at low levels in H1 13.

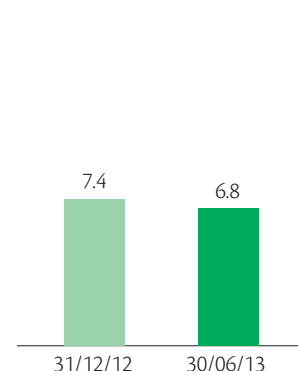
#### Loans/Off-balance-sheet commitments

In CHF billions, rounded



#### Deposits

In CHF billions, rounded



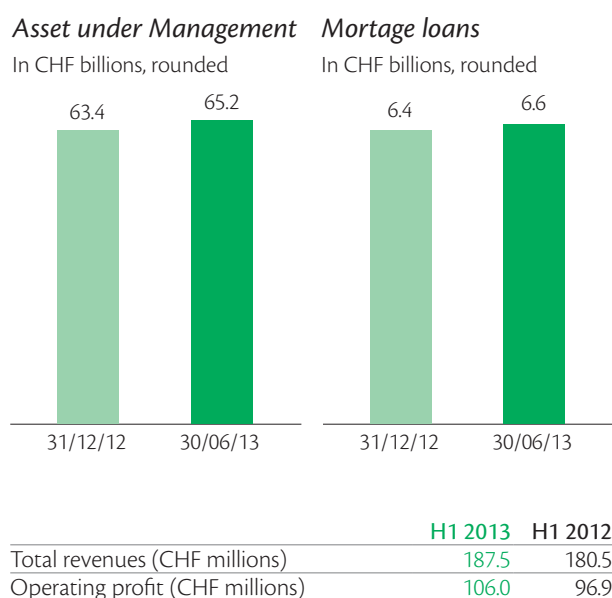
	H1 2013	H1 2012
Total revenues (CHF millions)	139.2	147.0
Operating profit (CHF millions)	117.0	124.1

2012 figures were restated to facilitate like-for-like comparison

## Wealth Management

### Strong onshore business growth

Assets under management expanded by 2.9% to CHF 65.2bn compared with end-2012 thanks to buoyant trends in the financial markets and inflows of onshore funds. The Group once again experienced outflows of offshore assets. In Wealth Management, mortgage lending continued to increase, reaching CHF 6.6 billion (+2.5%) in a real estate market that is still expanding but is losing some pace. Transaction volumes were up across almost all sectors, particularly in brokerage, subscription of fund units, and structured product issuance. Against this backdrop, revenues rose 3.9% to CHF 188m and operating profit was up sharply (+9.4%) to CHF 106m.



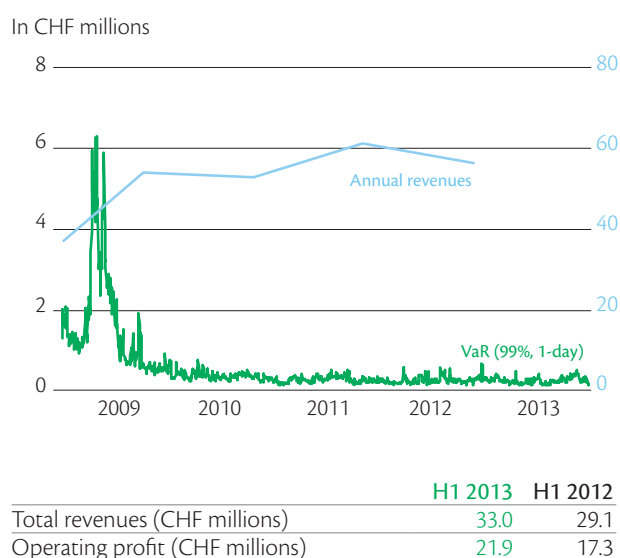
2012 figures were restated to facilitate like-for-like comparison

## Trading

### Sustained high level of business activity

The Trading Sector had a very good six months thanks to sustained growth in currency trading and good take-up on structured products. Revenues were up 13% to CHF 33m, with operating profit also rising sharply (+27%) to CHF 22m. The steady increase in trading revenues since 2008 has been accompanied by a massive reduction in risk levels as the Bank has refocused on client-driven business. The Sector also launched a new mobile Finance and Markets app in June for iPhone and Android.

## Value at Risk



2012 figures were restated to facilitate like-for-like comparison

## Consolidated financial statements at 30 June 2013

### Continuing business volume growth and stable profit trend at BCV Group in a challenging environment

BCV Group's business volumes remained on an upward trend in H1 2013. The low-interest-rate environment and the Bank's voluntary cap on growth in mortgage lending continued to weigh on revenues, but earnings remained in line with previous years thanks to firm cost control. Operating profit was down slightly to CHF 237m (–2%) and net profit declined 4% to CHF 151m.

### Revenues down slightly in a challenging environment

Total revenues edged down 2% year-on-year to CHF 498m. Interest income fell 6% to CHF 248m, reflecting the Bank's prudent liquidity management, its voluntary cap on growth in mortgage lending, the continuing low-interest-rate environment, and the cyclical downtrend in trade finance activities. Fee and commission income held steady at CHF 173m, with strong traction in wealth management driven by rising financial markets and client transaction volumes offsetting the decline in trade finance activities. Trading income climbed by 6% to CHF 59m, mainly thanks to increased structured product issuance.

### Operating profit at CHF 237m

To limit the impact of the decline in revenues, the Group held down operating expenses, resulting in a decrease

of 2% to CHF 261m. Personnel costs dropped 2% to CHF 166m (–CHF 4m) and other operating expenses were down 1% to CHF 95m. Operating profit fell 2% to CHF 237m; this slight decrease reflected both the Group's stringent cost control and the downward pressure on revenues.

### Net profit at CHF 151m

Depreciation and write-offs were stable at CHF 44m. Value adjustments, provisions and losses amounted to CHF 8m, including CHF 6m for BCV's share of the payment set out in the tax agreement between Switzerland and the UK. Extraordinary income came in at CHF 10m, reflecting a real-estate disposal in connection with the relocation of Group subsidiary Piguet Galland & Cie SA's activities to a single site in Geneva. Net profit declined 4% to CHF 151m. The cost/income ratio held steady at 61%.

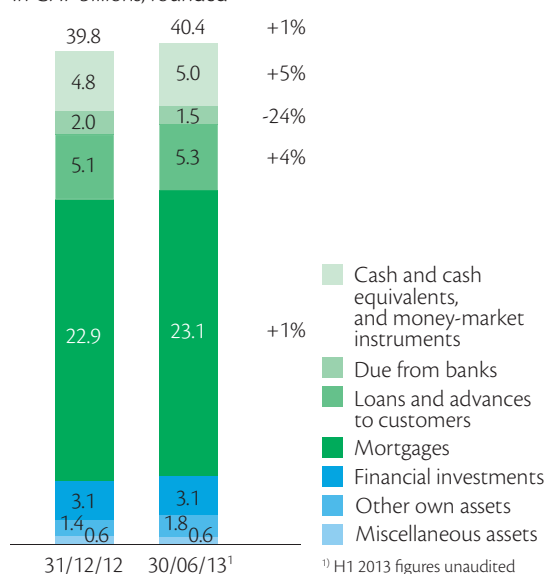
### Continued growth in customer-driven business volumes

Total assets expanded 1% to CHF 40.4bn. Mortgage lending rose 1% (+CHF 246m) to CHF 23.1bn, in line with the Bank's controlled growth target in this area. Other loans increased by 4% to CHF 5.3bn.

On the liabilities side, the expansion in customer savings and investment accounts continued, with a strong 3% rise (+CHF 386m) to CHF 12.7bn. Other customer accounts grew by 5% (+CHF 808m) to CHF 15.7bn.

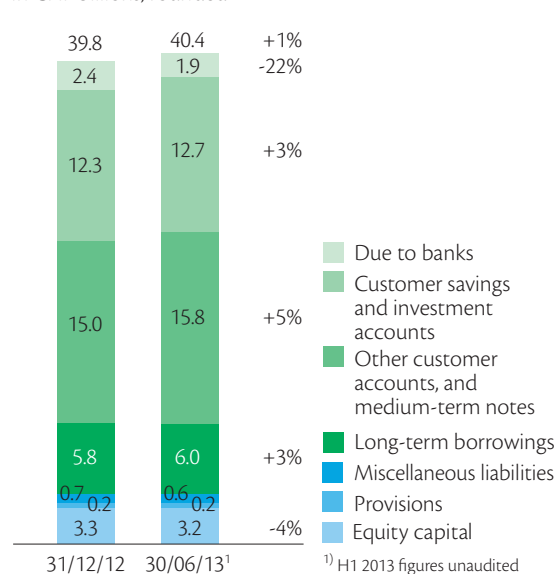
### Assets

In CHF billions, rounded



### Liabilities

In CHF billions, rounded



### Rise in AuM and inflows of CHF 1.1bn in onshore funds

Group assets under management (AuM) were up 3% (+CHF 2.7bn) to CHF 84.4bn. Net new funds amounted to CHF 0.54bn for the period. This figure reflects onshore fund inflows of CHF 1.1bn and offshore fund outflows, as anticipated (–CHF 0.56bn).

### CHF 275m paid out to shareholders

In accordance with the capital-management strategy set for the next 5 years, BCV returned a total of CHF 32 per share, or CHF 275m, to its shareholders in May.

### Solid financial position

Equity capital remained at a comfortable CHF 3.2bn, equating to a CET1 ratio of 17.8%, which attests to the Bank's financial solidity.

Following its decision to upgrade Vaud Canton's rating to AAA, Standard & Poor's announced in its 14 June press release that it was upgrading the Bank's outlook from negative to stable and kept BCV's long-term credit rating at AA. This cemented BCV's position as one of the world's best-rated financial institutions.

### Successful transfer of IBM employees

As announced in December 2012, 80 IBM specialists were transferred to BCV on 1 July 2013 to continue working on maintenance and development of the Osiris platform.

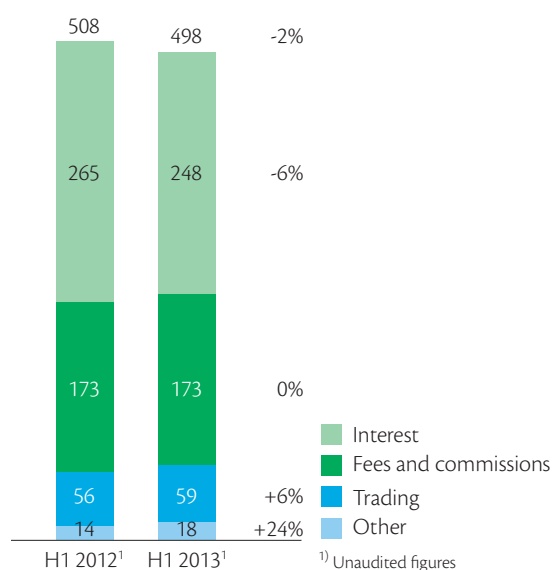
This will help to slightly reduce IT costs and give the Bank more control over platform development. IBM will remain BCV's provider of IT hosting services as well as certain other projects and consulting.

### Outlook

Barring a significant deterioration in the financial markets and the overall economic situation, business development in H2 2013 is expected to trend along the same lines as in the first half.

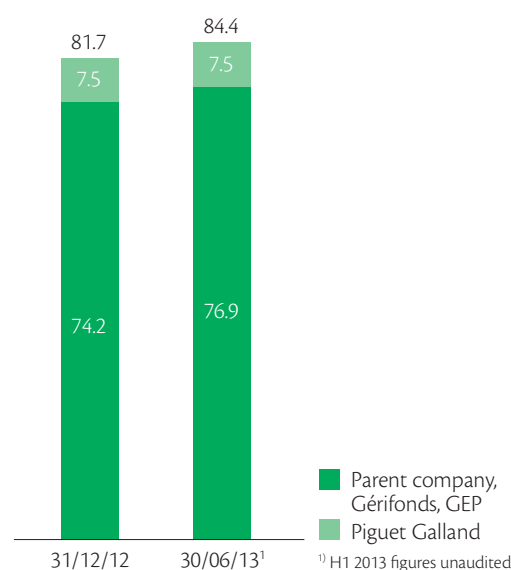
### Revenues

In CHF millions, rounded



### Assets under management

In CHF billions, rounded



## BCV Group

### Consolidated balance sheet (unaudited)

(in CHF millions)	2013 30 June	2012 31 December	Absolute change	Change as %
Cash and cash equivalents	4 955	4 735	220	5
Money-market instruments	40	26	14	54
Due from banks	1 526	2 007	- 481	- 24
Loans and advances to customers	5 282	5 094	188	4
Mortgage loans	23 110	22 864	246	1
Trading portfolio assets	1 111	667	444	67
Financial investments	3 079	3 101	- 22	- 1
Non-consolidated holdings	53	52	1	2
Tangible fixed assets	604	621	- 17	- 3
Intangible assets	34	37	- 3	- 8
Accrued income and prepaid expenses	197	198	- 1	- 1
Other assets	397	398	- 1	0
<b>Assets</b>	<b>40 388</b>	<b>39 800</b>	<b>588</b>	<b>1</b>
Total subordinated assets	0	0	0	0
Money-market paper issued	3	3	0	0
Due to banks	1 909	2 444	- 535	- 22
Customer savings and investment accounts	12 681	12 295	386	3
Other customer accounts	15 716	14 908	808	5
Medium-term notes	105	131	- 26	- 20
Bonds and mortgage-backed bonds	6 001	5 837	164	3
Accrued expenses and deferred income	253	231	22	10
Other liabilities	349	461	- 112	- 24
Value adjustments and provisions	178	175	3	2
<b>Liabilities</b>	<b>37 195</b>	<b>36 485</b>	<b>710</b>	<b>2</b>
Reserves for general banking risks	704	704	0	0
Equity capital	86	86	0	0
Capital reserve	192	275	- 83	- 30
Own equity securities	- 12	- 11	- 1	- 9
Retained earnings	2 071	1 949	122	6
Minority interests - equity	1	1	0	0
Net profit for reporting period	151		151	
Net profit for 2012		311	- 311	
Minority interests	0	0		
<b>Shareholders' equity</b>	<b>3 193</b>	<b>3 315</b>	<b>- 122</b>	<b>- 4</b>
<b>Total liabilities and shareholders' equity</b>	<b>40 388</b>	<b>39 800</b>	<b>588</b>	<b>1</b>
Total subordinated liabilities	0	0	0	0

### Consolidated off-balance-sheet transactions (unaudited)

(in CHF millions)	2013 30 June	2012 31 December	Absolute change	Change as %
Contingent liabilities	1 238	1 238	0	0
Irrevocable commitments	1 237	1 105	132	12
Commitments relating to calls on shares and other equity securities	93	94	- 1	- 1
Confirmed credits	33	31	2	6
<b>Derivative financial instruments</b>				
Gross positive replacement values	581	509	72	14
Gross negative replacement values	608	641	- 33	- 5
Values of underlyings	54 116	45 821	8 295	18
Fiduciary transactions	302	359	- 57	- 16



# BCV Group

## Consolidated income statement (unaudited)

(in CHF millions)	2013 1st half	2012 1st half	Absolute change	Change as %
Interest and discount income	339.2	360.4	- 21.2	- 6
Interest and dividend income from financial investments	29.5	30.1	- 0.6	- 2
Interest expense	- 120.8	- 125.6	- 4.8	- 4
<b>Net interest income</b>	<b>247.9</b>	<b>264.9</b>	<b>- 17.0</b>	<b>- 6</b>
Fees and commissions on lending operations	22.5	27.9	- 5.4	- 19
Fees and commissions on securities and investment transactions	145.0	141.5	3.5	2
Fees and commissions on other services	38.6	37.4	1.2	3
Fee and commission expense	- 33.2	- 33.6	- 0.4	- 1
<b>Net fee and commission income</b>	<b>172.9</b>	<b>173.2</b>	<b>- 0.3</b>	<b>0</b>
<b>Net trading income</b>	<b>59.3</b>	<b>55.8</b>	<b>3.5</b>	<b>6</b>
Profit on disposal of financial investments	1.0	1.4	- 0.4	- 29
Total income from holdings	8.5	3.4	5.1	150
Real-estate income	5.3	5.2	0.1	2
Miscellaneous ordinary income	4.4	4.7	- 0.3	- 6
Miscellaneous ordinary expenses	- 1.4	- 0.4	1.0	250
<b>Other ordinary income</b>	<b>17.8</b>	<b>14.3</b>	<b>3.5</b>	<b>24</b>
<b>Total income from ordinary banking operations</b>	<b>497.9</b>	<b>508.2</b>	<b>- 10.3</b>	<b>- 2</b>
Personnel costs	- 166.3	- 170.1	- 3.8	- 2
Other operating expenses	- 94.5	- 95.9	- 1.4	- 1
<b>Operating expenses</b>	<b>- 260.8</b>	<b>- 266.0</b>	<b>- 5.2</b>	<b>- 2</b>
<b>Operating profit</b>	<b>237.1</b>	<b>242.2</b>	<b>- 5.1</b>	<b>- 2</b>
Depreciation and write-offs on fixed assets	- 44.4	- 44.5	- 0.1	0
Value adjustments, provisions and losses	- 7.5	- 0.8	6.7	838
<b>Profit on ordinary banking operations before extraordinary items and taxes</b>	<b>185.2</b>	<b>196.9</b>	<b>- 11.7</b>	<b>- 6</b>
Extraordinary income	10.3	5.7	4.6	81
Extraordinary expenses	- 0.1	0.0	0.1	n/a
Taxes	- 44.6	- 45.4	- 0.8	- 2
<b>Net profit before minority interests</b>	<b>150.8</b>	<b>157.2</b>	<b>- 6.4</b>	<b>- 4</b>
Minority interests	- 0.1	- 0.7	- 0.6	- 86
<b>Net profit</b>	<b>150.7</b>	<b>156.5</b>	<b>- 5.8</b>	<b>- 4</b>

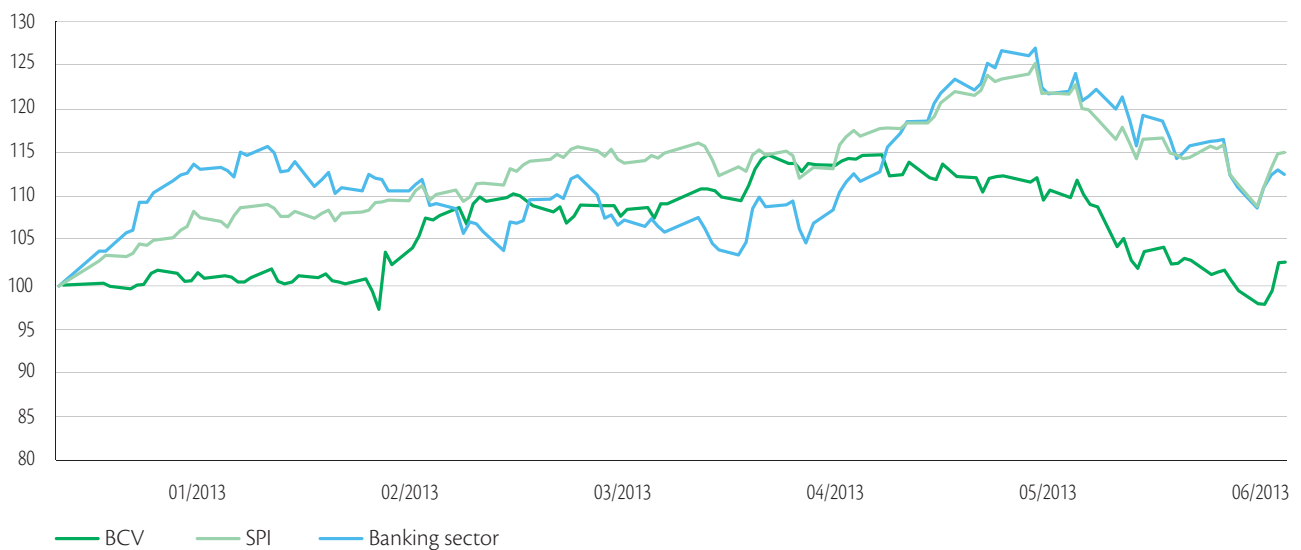
## The BCV share

Most stock markets around the globe advanced in H1 2013, continuing the trend observed at end-2012. The SMI rose 12.6% with higher transaction volumes, while the STOXX Europe 600, which measures the performance of the top 600 European stocks (including the BCV share), edged up by a modest 1.9%. Among major indexes outside Europe, the S&P 500 welcomed the U.S. economy's renewed pace with an increase of 12.6%, and the Nikkei gained a remarkable 31.6%.

Following a period of stagnation in the share price during the first two months of the year, the markets rewarded BCV's robust 2012 annual results and the renewal of the Bank's distribution policy by pushing the share price to a high of CHF 560. Since then, the share has once again come under pressure following the dividend payment and as a result of unsubstantiated negative newsflow relating to the tax agreement between Switzerland and the USA (the Lex USA). The share price was also impacted by the broad market correction set off in late May by uncertainties about whether central banks would cut back on monetary easing.

Although the share lost ground in H1 2013, total return to shareholders has remained in positive territory, increasing 2.6% since the start of the year as the dividend distribution of CHF 32 per share more than offset the decline in the share price.

### Total shareholder return<sup>1</sup>



<sup>1)</sup> Stockmarket performance over the period plus dividends and capital distributions

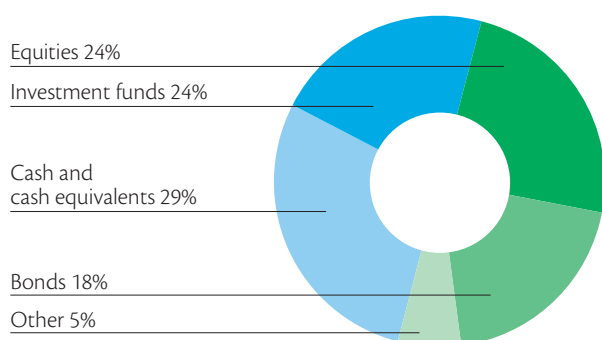
## Key figures at 30 June – 5-year overview (unaudited)

(in CHF millions)	2009	2010	2011	2012	2013
<b>Balance sheet at 30 June</b>					
Total assets	36 109	36 741	37 555	39 835	40 388
Advances to customers	23 357	24 782	26 517	28 043	28 392
Customer deposits and bonds	29 685	30 102	30 190	32 757	34 503
Shareholders' equity	3 145	3 191	3 156	3 183	3 193
<b>Assets under management</b>					
	71 386	75 967	78 229	80 015	84 449
<b>H1 income statement</b>					
Total income	479	503	503	508	498
Operating expenses	251	259	269	266	261
Operating profit	228	244	234	242	237
Depreciation and write-offs	39	40	42	45	44
Value adjustments, provisions and losses	17	5	2	1	8
Net profit	136	146	154	157	151
<b>Headcount at 30 June</b>					
Full-time equivalents	1 923	1 946	2 060	1 967	1 916
<b>Ratios at 30 June</b>					
Shareholders' equity / total assets	8.7%	8.7%	8.4%	8.0%	7.9%
FINMA capital ratio <sup>1</sup>	14.4%	14.2%	13.8%	13.3%	17.9%
BIS total capital ratio <sup>1</sup>	18.3%	18.0%	17.5%	16.8%	17.9%
BIS Tier 1 capital ratio <sup>1</sup>	18.3%	18.0%	17.5%	16.8%	17.8%
Interest margin on total assets	1.45%	1.49%	1.47%	1.39%	1.20%
Cost / income ratio <sup>2</sup>	61%	59%	62%	61%	61%
ROE	8.6%	9.0%	9.5%	9.5%	9.1%

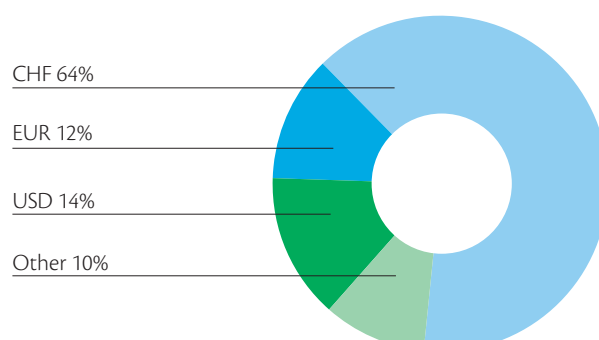
<sup>1)</sup> Determined using Basel III approach from 1 January 2013

<sup>2)</sup> Excluding goodwill amortization and write-downs

### Breakdown in AuM by investment type



### Breakdown in AuM by currency



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