

## Press release

### BCV Group FY 2018 operating profit and net profit up

**BCV Group delivered very solid FY 2018 results. Revenues were up 1% to CHF 977m despite the negative-interest-rate environment. Operating profit increased 4% to CHF 403m and net profit rose 9% to CHF 350m. At the next Annual Shareholders' Meeting, the Board of Directors will recommend an ordinary dividend of CHF 35 per share, which is in line with the Bank's dividend policy and represents a CHF 2 increase.**

#### Revenues higher despite negative-interest-rate environment

BCV Group's revenues rose 1% to CHF 977m. In an environment marked by continued negative interest rates, interest income before loan impairment charges was steady at CHF 496m. Net interest income grew 3% to CHF 490m owing to lower loan impairment charges. Net fee and commission income was flat at CHF 317m. Net trading income, which derives mainly from client forex trading activities, totaled CHF 128m (–4%). Other ordinary income rose 6% to CHF 41m.

#### Operating profit up 4% to CHF 403m on firm cost control

Operating expenses decreased 2% to CHF 500m. Personnel costs fell 1% to CHF 333m and other operating expenses were down 2% to CHF 167m. Depreciation and amortization declined 2% to CHF 69m. These factors drove operating profit up 4% to CHF 403m.

#### Net profit up 9% to CHF 350m

Extraordinary income came in at CHF 35m. That amount primarily reflected a real-estate disposal that had already positively impacted the Bank's 2017 results (see the 15 February 2018 earnings release). Net profit rose 9% to CHF 350m.

#### Balance sheet expands 5%

Total assets grew 5% to CHF 47.9bn. Cash and cash equivalents, which mainly comprise SNB deposits, amounted to CHF 8.2bn (+2%). Mortgage lending rose 3%, or CHF 672m, to CHF 26.1bn. Other loans were up by a strong 18% to CHF 5.7bn.

On the liabilities side, customer deposits grew further, rising 3%, or CHF 863m, to CHF 31.4bn.

#### Continued new fund inflows

The Group's assets under management expanded 1% to CHF 87.6bn. Net new money totaled CHF 4bn. This figure comprised CHF 1.2bn in fund inflows from personal banking customers and Vaud SMEs as well as CHF 2.8bn from large-corporate and institutional clients.

### **Solid financial position**

At end-2018, the Bank's CET1 capital ratio remained unchanged at 17.1% and shareholders' equity amounted to CHF 3.5bn, attesting to BCV's financial solidity. Standard & Poor's and Moody's reaffirmed their respective AA and Aa2 ratings for BCV, both with a stable outlook.

### **Proposed CHF 301m payout**

At the next Annual Shareholders' Meeting, the Board of Directors will recommend an ordinary dividend of CHF 35 per share, representing a CHF 2 increase over the distribution for 2017. This proposal is in keeping with the dividend policy announced by the Bank in 2018. If it is approved, BCV will return CHF 301m to its shareholders. The Canton of Vaud will receive CHF 202m in dividends together with CHF 60m in 2018 cantonal and municipal taxes, for a total of CHF 262m.

### **Changes to the Board of Directors**

In April 2018, the Vaud Cantonal Government appointed two new members to the BCV Board of Directors: Fabienne Freymond Cantone replaced Luc Recordon and took up her position on 26 April 2018; and Jean-François Schwarz succeeded Vice Chairman Paul-André Sanglard on 1 January 2019. Reto Donatsch, a Board member since 2011, became the new Vice Chairman on 1 January 2019.

### **Outlook**

Barring a significant deterioration in the financial markets and/or the overall economic situation, FY 2019 results are expected to trend along the same lines as in prior years.

**Lausanne, Switzerland, 21 February 2019**

### **2019 calendar**

2 April	Publication of the 2018 Annual Report (on <a href="http://www.bcv.ch">www.bcv.ch</a> )
2 May	Annual Shareholders' Meeting in Lausanne
6 May	Ex-dividend date
7 May	Dividend record date
8 May	Dividend payment
22 August	Half-year 2019 results

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## Note to editors:

This press release is being issued outside the trading hours of the SIX Swiss Exchange in order to comply with the principles of ad hoc disclosure pursuant to the SIX listing rules.

The above text is a translation of the original French document; only the French text is authoritative.

**Consolidated balance sheet**

(in CHF millions)

	31/12/2018	31/12/2017	Absolute change	Change as %
Cash and cash equivalents	8 235	8 044	191	2
Due from banks	1 921	1 013	908	90
Reverse repurchase agreements	314	499	-185	-37
Loans and advances to customers	5 677	4 826	851	18
Mortgage loans	26 079	25 407	672	3
Trading portfolio assets	334	186	148	80
Positive mark-to-market values of derivative financial instruments	268	282	-14	-5
Other financial assets at fair value	621	653	-32	-5
Financial investments	3 767	3 753	13	0
Accrued income and prepaid expenses	80	91	-12	-13
Non-consolidated holdings	70	70	-0	-0
Tangible fixed assets	445	519	-74	-14
Intangible assets	9	12	-3	-28
Other assets	42	57	-15	-26
<b>Assets</b>	<b>47 863</b>	<b>45 415</b>	<b>2 448</b>	<b>5</b>
Total subordinated assets	0	0	0	0
<i>of which subject to mandatory conversion and/or conditional write-off</i>	0	0	0	0
Due to banks	2 655	1 398	1 257	90
Repurchase agreements	1 809	1 350	460	34
Customer deposits	31 375	30 512	863	3
Trading portfolio liabilities	0	0	0	n/a
Negative mark-to-market values of derivative financial instruments	236	205	31	15
Other financial liabilities at fair value	766	812	-46	-6
Medium-term notes	7	15	-8	-53
Bonds and mortgage-backed bonds	7 244	7 392	-148	-2
Accrued expenses and deferred income	156	172	-16	-9
Other liabilities	77	87	-10	-11
Provisions	15	15	-0	-0
<b>Liabilities</b>	<b>44 341</b>	<b>41 958</b>	<b>2 383</b>	<b>6</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	-5
Own shares	-20	-19	-1	-4
Minority interests in equity	0	0	-0	-10
Net profit	350	320	29	9
<i>of which minority interests</i>	0	0	0	11
<b>Shareholders' equity</b>	<b>3 522</b>	<b>3 457</b>	<b>65</b>	<b>2</b>
<b>Total liabilities and shareholders' equity</b>	<b>47 863</b>	<b>45 415</b>	<b>2 448</b>	<b>5</b>
Total subordinated liabilities	0	0	0	0
<i>of which subject to mandatory conversion and/or conditional write-off</i>	0	0	0	0

**Consolidated off-balance-sheet transactions**

(in CHF millions)

	31/12/2018	31/12/2017	Absolute change	Change as %
Contingent liabilities	1 863	1 763	100	6
Irrevocable commitments	1 623	1 481	141	10
Commitments relating to calls on shares and other equity securities	177	177	0	0
Confirmed credits	49	18	31	175

**Consolidated income statement**

(in CHF millions)

	2018 1/1–31/12	2017 1/1–31/12	Absolute change	Change as %
Interest and discount income	573.1	576.4	-3.3	-1
Interest and dividend income from financial investments	31.0	34.7	-3.7	-11
Interest expense	-108.0	-113.3	-5.3	-5
<b>Net interest income before loan impairment charges/reversals</b>	<b>496.1</b>	<b>497.8</b>	<b>-1.7</b>	<b>0</b>
Loan impairment charges/reversals	-5.9	-20.2	-14.2	-71
<b>Net interest income after loan impairment charges/reversals (NII)</b>	<b>490.1</b>	<b>477.6</b>	<b>12.5</b>	<b>3</b>
Fees and commissions on securities and investment transactions	250.2	250.3	-0.1	-0
Fees and commissions on lending operations	46.1	44.6	1.5	3
Fees and commissions on other services	72.6	71.8	0.8	1
Fee and commission expense	-51.7	-50.3	1.4	3
<b>Net fee and commission income</b>	<b>317.2</b>	<b>316.4</b>	<b>0.8</b>	<b>0</b>
<b>Net trading income and fair-value adjustments</b>	<b>128.1</b>	<b>133.9</b>	<b>-5.8</b>	<b>-4</b>
Gains/losses on disposals of financial investments	2.1	2.5	-0.4	-16
Income from equity investments	11.9	6.2	5.6	91
Real-estate income	7.5	10.9	-3.4	-31
Miscellaneous ordinary income	20.0	20.0	-0.1	-0
Miscellaneous ordinary expenses	-0.3	-0.9	-0.6	-65
<b>Other ordinary income</b>	<b>41.1</b>	<b>38.7</b>	<b>2.4</b>	<b>6</b>
<b>Total income from ordinary banking operations</b>	<b>976.5</b>	<b>966.6</b>	<b>9.9</b>	<b>1</b>
Personnel costs	-332.7	-337.0	-4.3	-1
Other operating expenses	-167.5	-171.4	-3.9	-2
<b>Operating expenses</b>	<b>-500.2</b>	<b>-508.4</b>	<b>-8.3</b>	<b>-2</b>
Depreciation and amortization of fixed assets and impairment on equity investments	-68.8	-70.4	-1.6	-2
Other provisions and losses	-4.7	-1.2	3.4	279
<b>Operating profit</b>	<b>402.9</b>	<b>386.5</b>	<b>16.4</b>	<b>4</b>
Extraordinary income	34.9	16.8	18.1	108
Extraordinary expenses	-0.0	-0.0	-0.0	-35
Taxes	-88.1	-83.1	5.1	6
<b>Net profit</b>	<b>349.7</b>	<b>320.3</b>	<b>29.4</b>	<b>9</b>
Minority interests	-0.0	-0.0	0.0	11
<b>Net profit attributable to BCV shareholders</b>	<b>349.7</b>	<b>320.2</b>	<b>29.4</b>	<b>9</b>