

# 2019 Half-Year Results

Analysts' Presentation  
22 August 2019



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**Introduction**  
**Pascal Kiener, CEO**

HY 2019 financial results  
Thomas W. Paulsen, CFO

Outlook  
Pascal Kiener, CEO

Continuous growth in all key businesses; revenues up 2%

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Strict cost control with operating profit up 5% to CHF 209m

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Net profit of CHF 182m, down 3% from H1 2018 which included a non-recurring gain. Excluding the 2018 extraordinary income, net profit was up 13% year on year.

# HY 2019 key figures

CHF (rounded), unaudited figures



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Revenues  
502m  
+2%

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Operating profit  
209m  
+5%

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Net profit  
182m  
-3%

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Total assets  
47.1bn  
-2%

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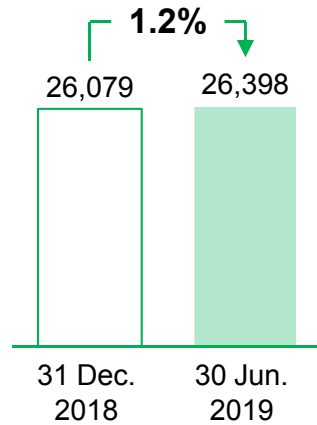
AuM  
92.8bn  
+6%

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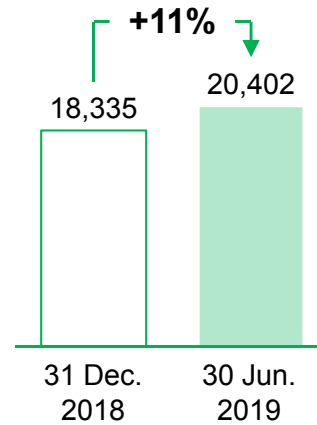
# Main business trends

CHF millions (rounded), unaudited figures

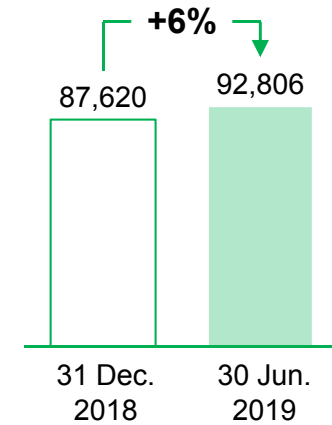
## Mortgage loans



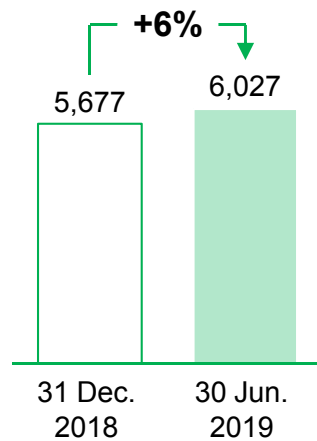
## Sight deposits<sup>1</sup>



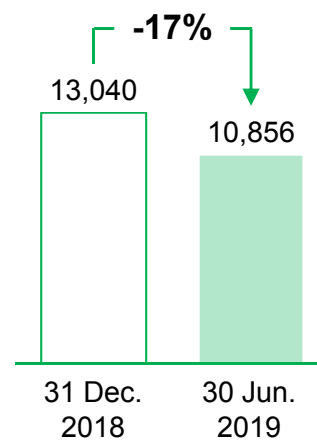
## AuM



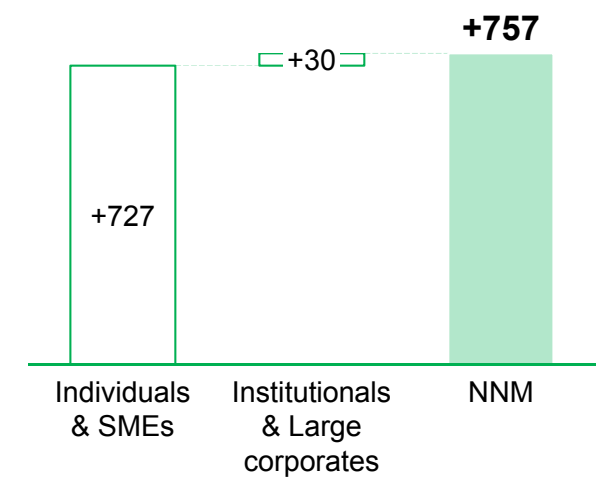
## Other loans



## Other client deposits



## Net new money



Note  
(1) Including savings deposits

# Other highlights

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%<sup>1</sup>

AA rating from S&P with a stable outlook

Aa2 rating from Moody's with a stable outlook

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



UNPRI signatory as of 1 July 2019



“Most recommended bank” in Vaud

According to a 2018 study carried out by LINK institute



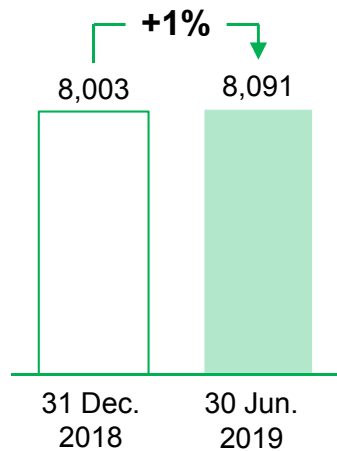
Note

(1) Based on closing price at 31 December 2018

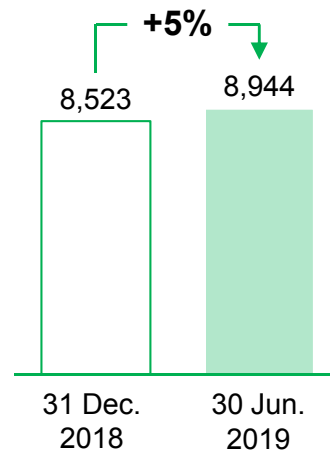
# Retail Banking

CHF millions (rounded)<sup>1</sup>

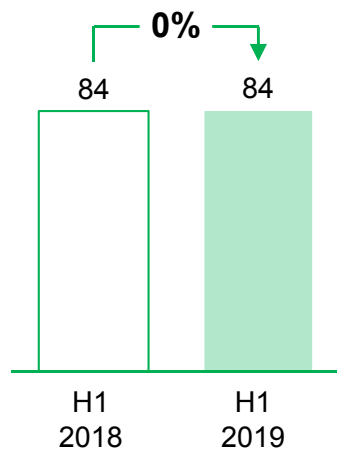
## Mortgage loans



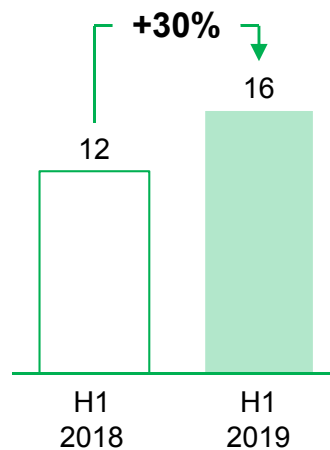
## Customer deposits



## Revenues



## Operating profit



- Customer deposits up – no negative interest rates charged to retail customers
- Continuing rise in mortgage loans in a highly competitive market
- Revenues stable and operating profit up 30%, due to lower operating costs and a change in indirect costing

Note

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

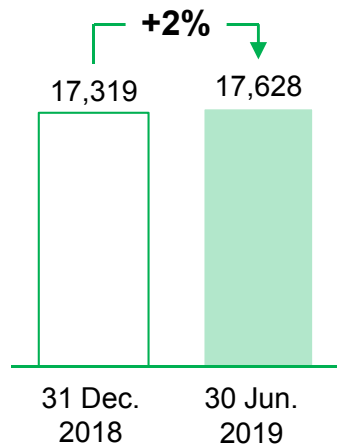


# Corporate Banking

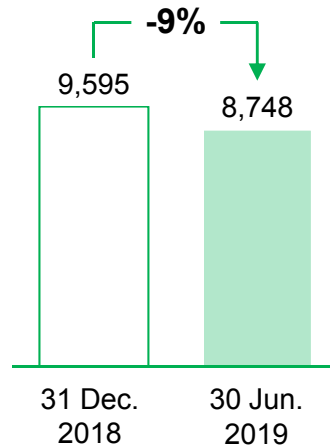
CHF millions (rounded)<sup>1</sup>



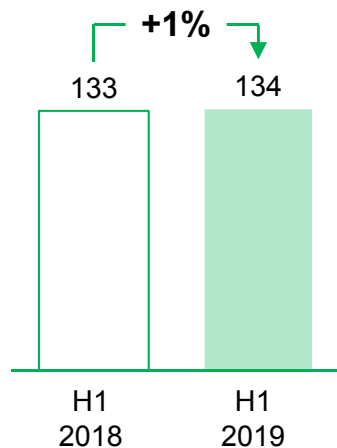
## Loans/off-BS commitments



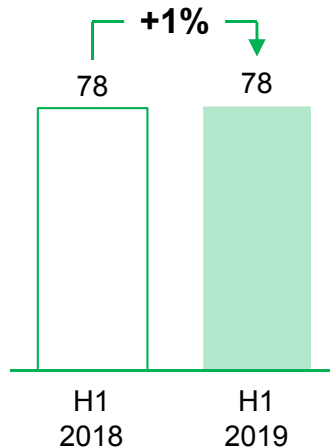
## Customer deposits



## Revenues



## Operating profit



Solid momentum in all Corporate Banking businesses

- SMEs
  - Loans and off-balance-sheet commitments up 3%
  - Customer deposits up 3%
- Large Corporates
  - Loans and off-balance-sheet commitments up 0.5%
  - Decrease in deposits (-22%)
- Trade Finance
  - High business activity: average volumes up 9% compared with H1 2018
- Revenues and operating profit stable
- Sound credit portfolio with very low new provisioning needs

Note

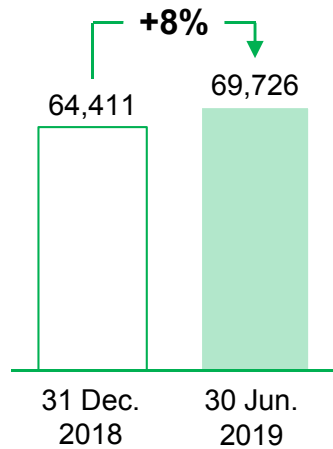
(1) 2018 figures were adjusted to facilitate like-for-like comparison

# Wealth Management

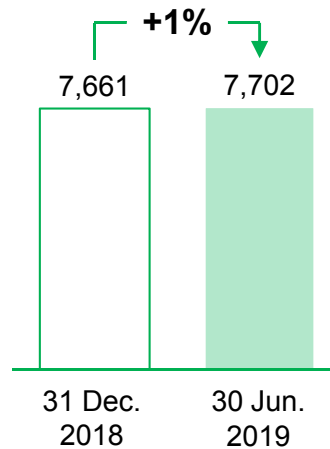
CHF millions (rounded)<sup>1</sup>



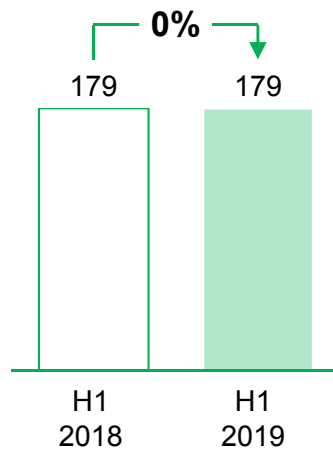
## AuM



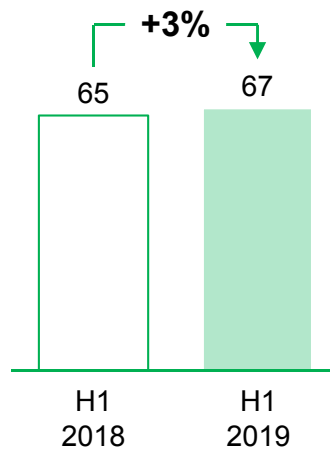
## Mortgage loans



## Revenues



## Operating profit



- Growth in AuM
  - NNM mainly from institutional and onshore private banking clients
  - Positive performance in financial markets
- Revenues unchanged and operating profit up 3%

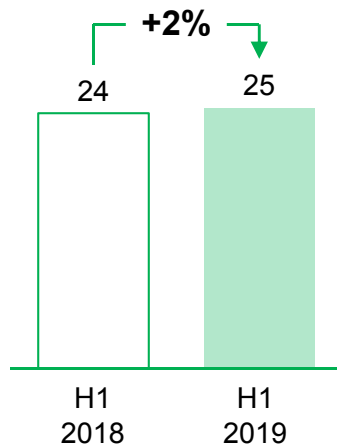
Note

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

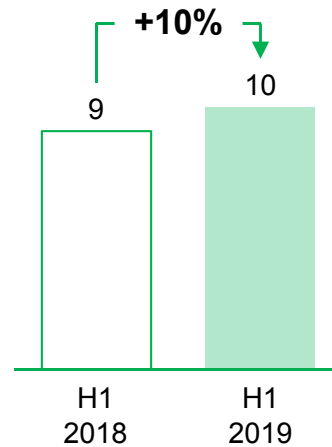
# Trading

CHF millions (rounded)<sup>1</sup>

## Revenues

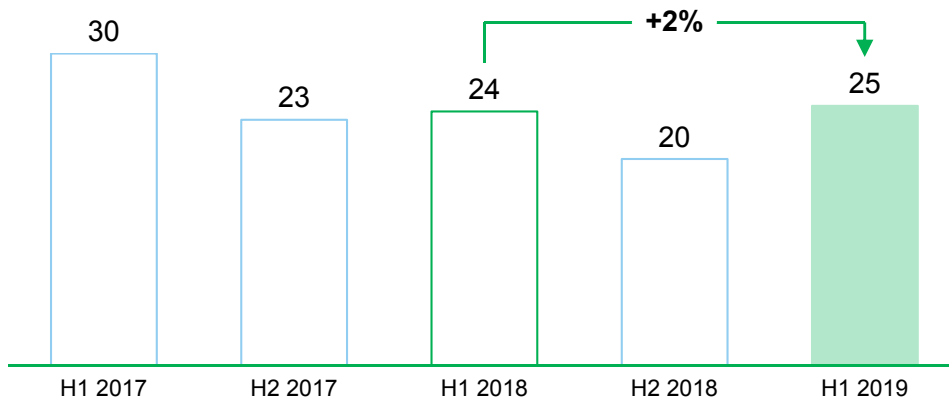


## Operating profit



- Higher business volumes in the equities, bonds, fixed income, and structured products segments offset lower volumes in the forex segment
- Forex trading still accounts for 60% of Trading revenues
- Revenues up 2% and operating profit up 10%

## Revenues time series<sup>2</sup>



### 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

Introduction  
Pascal Kiener, CEO

**HY 2019 financial results**  
**Thomas W. Paulsen, CFO**

Outlook  
Pascal Kiener, CEO

# Income statement

CHF millions (rounded), unaudited figures



	H1 2018	H1 2019	Change	
<b>Total income from ordinary banking operations</b>	<b>492.9</b>	<b>501.6</b>	<b>+8.7</b>	<b>+2%</b>
Operating expenses	-254.4	-255.0	+0.6	+0%
Depreciation & amortization of fixed assets and impairment on equity investments	-35.8	-35.7	-0.1	-0%
Other provisions and losses	-3.0	-1.9	-1.1	-36%
<b>Operating profit</b>	<b>199.8</b>	<b>209.0</b>	<b>+9.2</b>	<b>+5%</b>
Net extraordinary income	33.8	0.1	-33.7	-100%
Taxes	-45.9	-26.8	-19.1	-42%
<b>Net profit</b>	<b>187.6</b>	<b>182.4</b>	<b>-5.2</b>	<b>-3%</b>

# Total income from banking operations

CHF millions (rounded), unaudited figures

## Total income from ordinary banking operations

493		502			
243		253		+9	+2%
159		161		+2	+1%
65		60		-5	-9%
	25		28	+3	+9%
H1 2018		H1 2019			

- **NII** – Net interest income up
- **Commissions & fees** – Up thanks to higher commissions in Trade Finance and rising stock markets
- **Trading** – Activity down

## Net interest income

247		253		+6	+2%
	-3.5		0.7	-4	-118%
243		253		+10	+4%
H1 2018		H1 2019			

- **NII before loan impairment charges/reversals** – Up due to higher business volumes
- A marginal amount of **loan impairment reversals**

# Operating expenses, depreciation and amortization

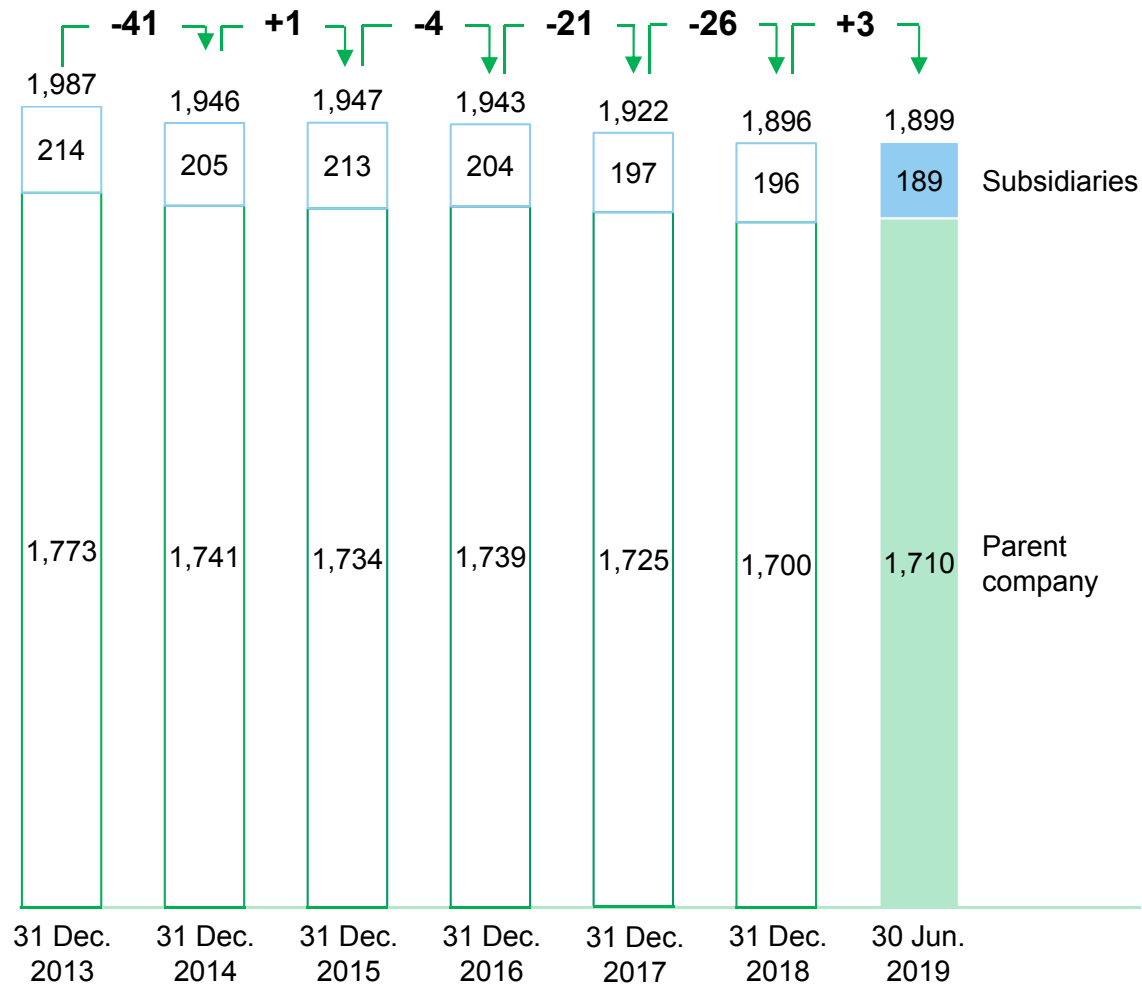
CHF millions (rounded), unaudited figures

	290	291		+1	+0%
	85	84	Other operating expenses	-1	-1%
	169	171	Personnel costs	+2	+1%
	36	36	Depreciation & amortization	-0	-0%
	H1 2018	H1 2019			

- Continued firm control of operating expenses
- Stable depreciation & amortization

# Headcount

Full-time equivalents at period-end



- Continued firm cost control
- Headcount has decreased by 88 full-time equivalents over the past six years, mainly thanks to ongoing productivity gains



# Assets

CHF billions (rounded), unaudited figures

	31 Dec. 2018	30 Jun. 2019		-0.8	-2%
	<b>47.9</b>	<b>47.1</b>			
	8.2	7.7	Cash and equivalents	-0.5	-6%
	2.2	1.2	Due from banks and reverse repo agreements	-1.0	-45%
	5.7	6.0	Loans and advances to customers	+0.3	+6%
	26.1	26.4	Mortgage loans	+0.3	+1.2%
	3.8	3.9	Financial investments	+0.1	+2%
	1.9	1.9	Other assets	0.0	0%

- **Cash and equivalents** – SNB sight deposits still high, despite a decrease in H1. Decline in interbank transactions.
- **Loans and advances to customers** – Up in all Corporate Banking segments
- **Mortgage loans** – Moderate growth in a competitive market

# Liabilities and equity

CHF billions (rounded), unaudited figures

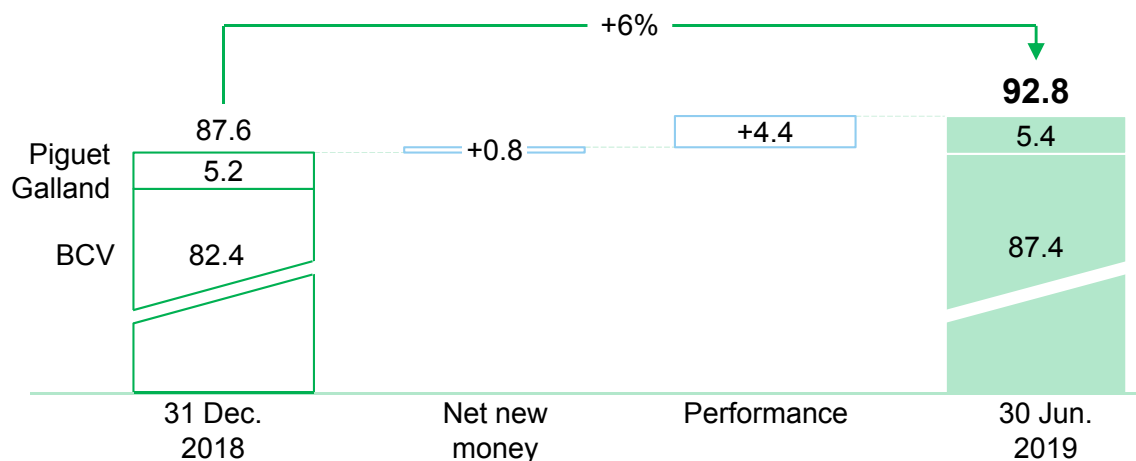
	31 Dec. 2018	30 Jun. 2019			
	<b>47.9</b>	<b>47.1</b>			<b>-0.8</b> <b>-2%</b>
	4.5	3.8	Due to banks		-0.7   -14%
	31.4	31.3	Customer deposits		-0.1   -0%
	7.2	7.3	Bonds and mortgage-backed bonds		+0.1   +1%
	1.3	1.3	Other liabilities		0.0   -4%
	3.5	3.4	Shareholders' equity		-0.1   -3%

- **Due to banks** – Decrease in interbank transactions
- **Customer deposits** – Stable overall
  - Ongoing increase in personal banking deposits
  - Decrease in deposits from corporates and institutionals
- **Shareholders' equity** – Flat relative to 31 Dec. 2018, up slightly from 30 Jun. 2018

# Assets under management

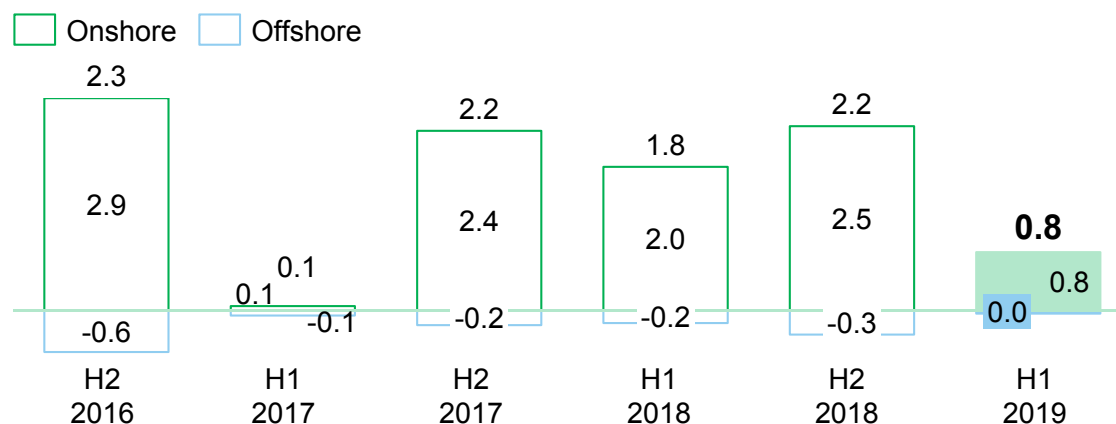
CHF billions (rounded)

## Assets under management



- AuM up 6% to CHF 92.8bn
- Net new money of CHF 757m
- Market performance of CHF 4.4bn

## Net new money

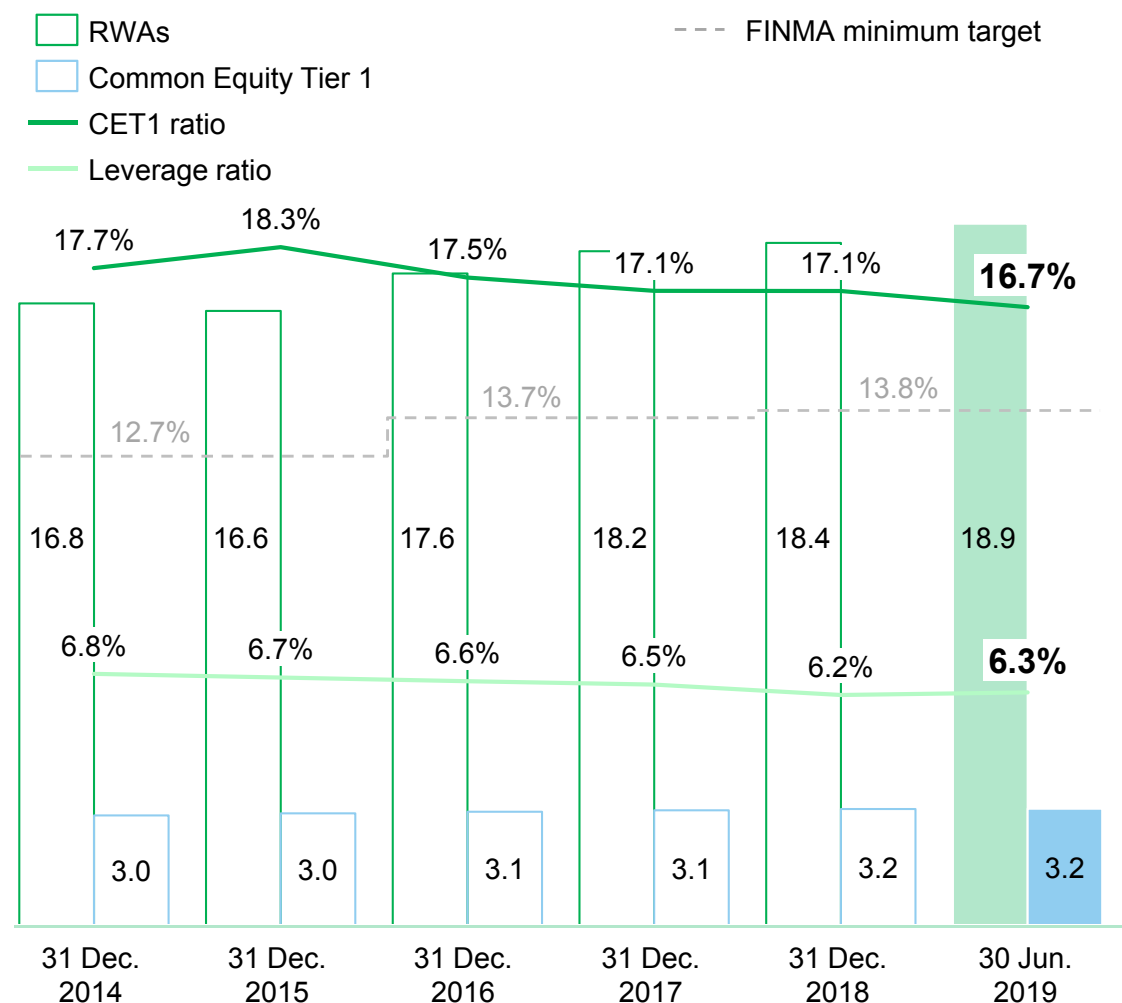


- Onshore net inflows of CHF 801m:
  - CHF 771m from personal banking customers and Vaud SMEs
  - CHF 30m from institutionals and large corporates
- Negligible offshore net outflows (CHF 44m)

# Capital ratios

CHF billions (rounded)

## Risk-weighted assets and CET1 ratio



### CET1 ratio

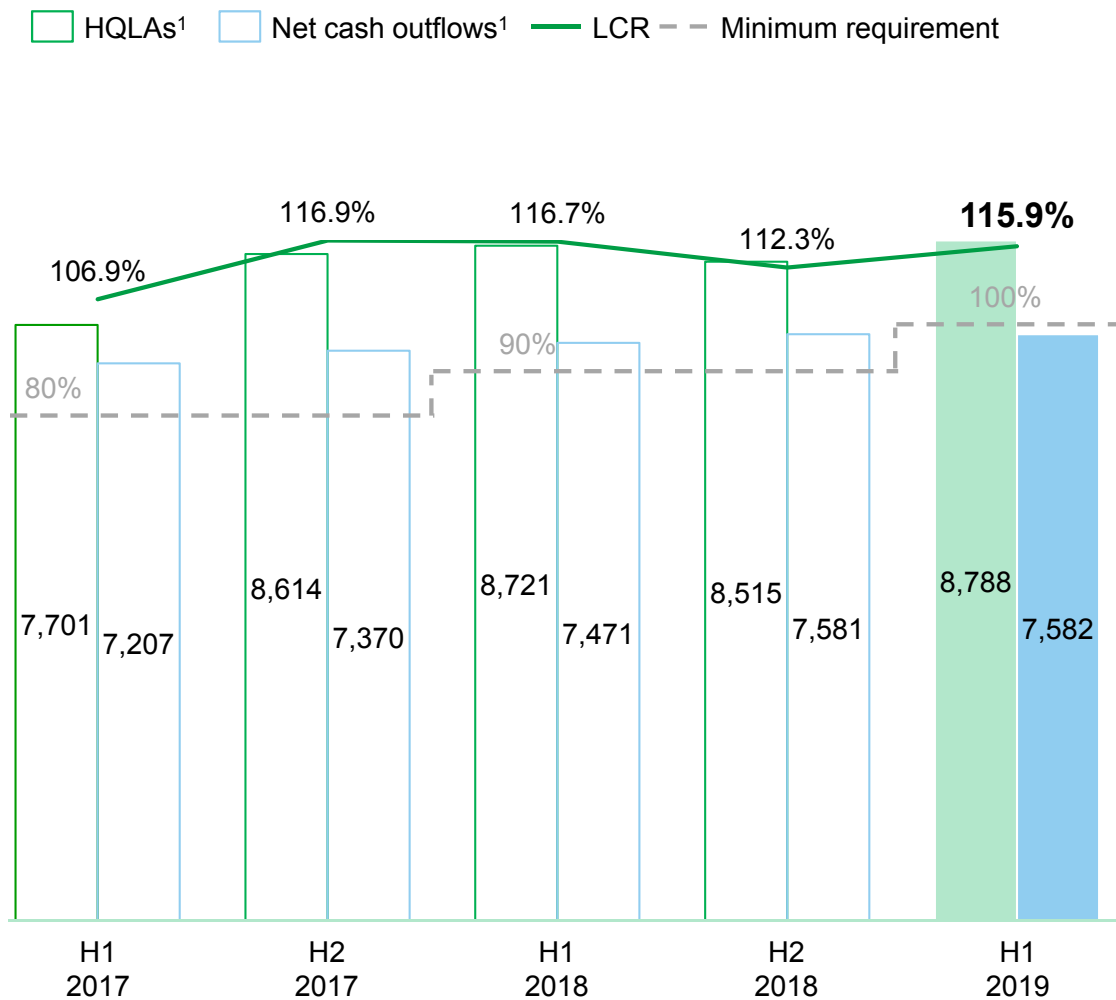
- CET1 ratio down to 16.7%
  - Reflects business growth, mainly in residential mortgages and Corporate Banking
  - Fully-loaded specific IRB multiplier

### Leverage ratio

- Slight increase in the leverage ratio to 6.3%, vs. requirement of 3.0%

# Liquidity ratio (LCR)

CHF millions (rounded)



- **LCR** has increased slightly since H2 2018
- The Bank's HQLAs are made up of:
  - 63%: Cash deposited with the SNB
  - 37%: Mainly Swiss-issued, AAA- and AA-rated securities eligible as SNB collateral
- Minimum requirement now fully loaded at 100%

Note

(1) Simple average of figures at month-end

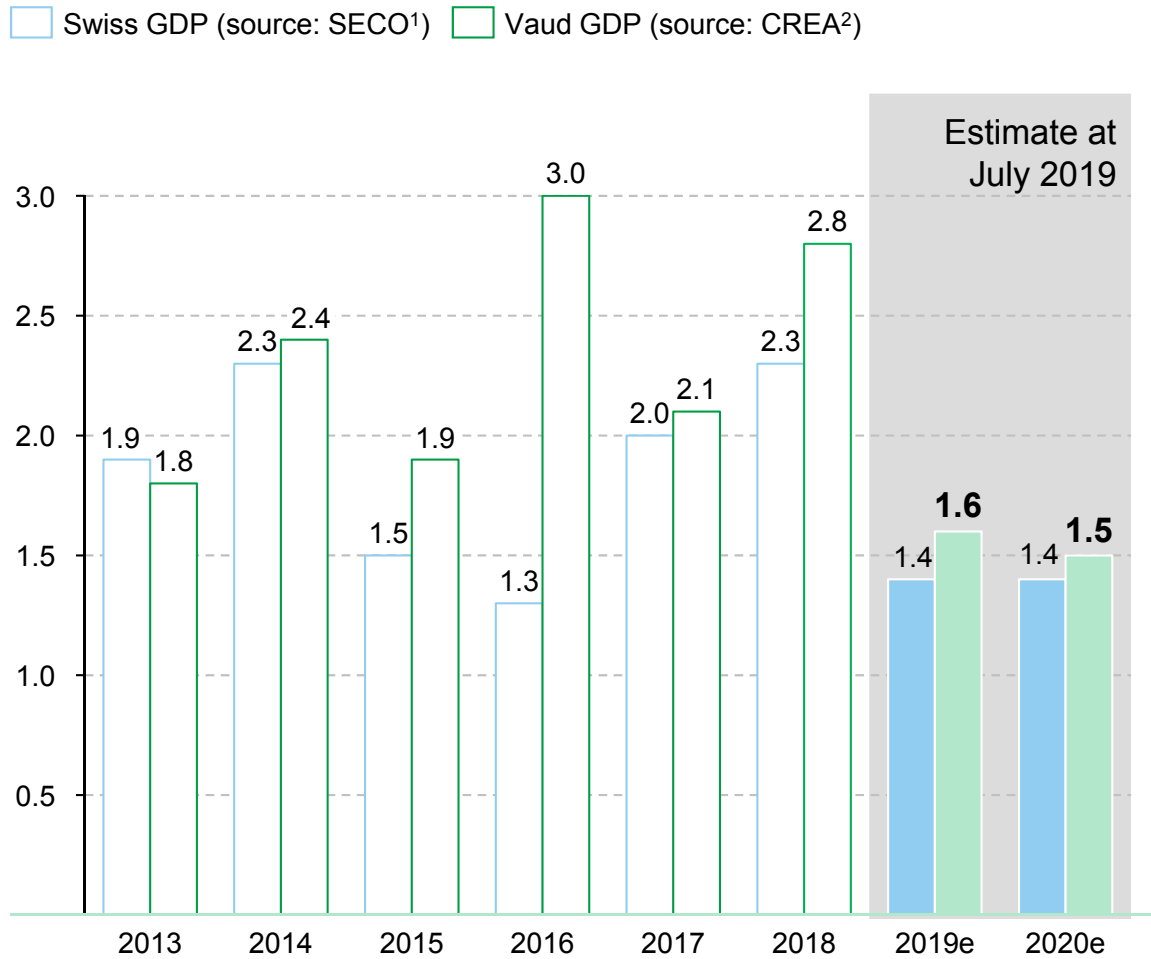
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**Outlook**  
**Pascal Kiener, CEO**

# Swiss and Vaud GDP growth

In %

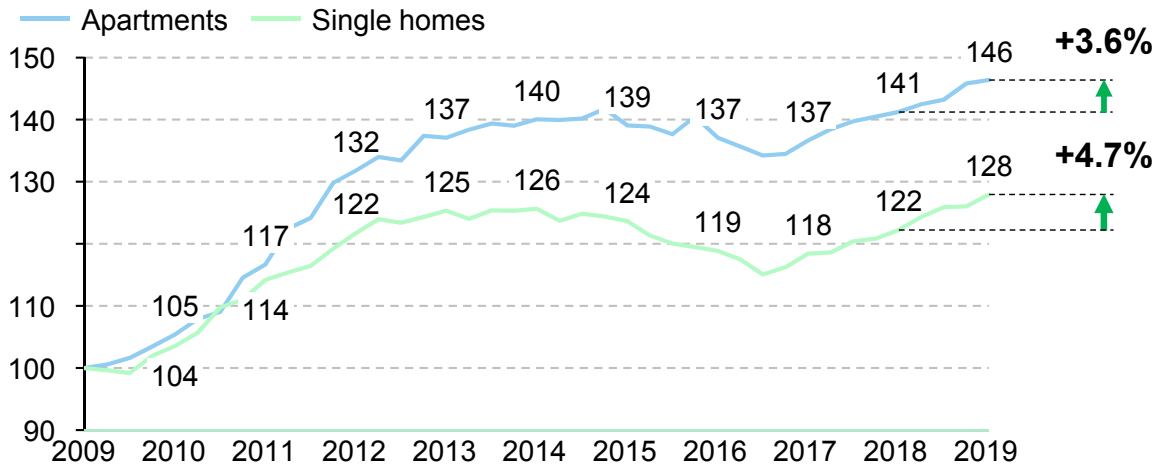


- Lower GDP growth in 2019–2020 (around 1.5%–1.6%) due to the global economic slowdown

Note

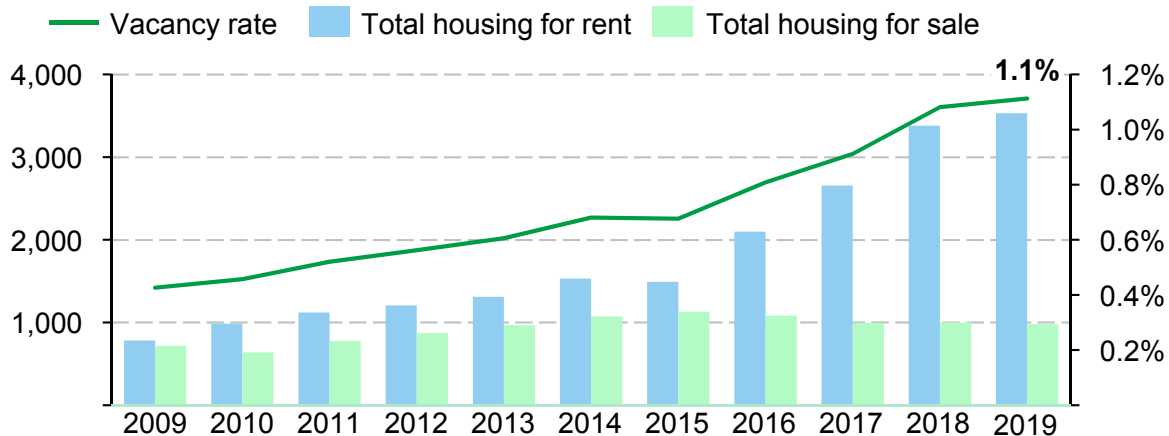
- (1) SECO = Switzerland's State Secretariat for Economic Affairs
- (2) CREA = Lausanne University's Créa Institute of Macro-economics

## Transaction prices in Vaud (Basis 100 in Jun. 2009)



- Prices on Vaud real-estate transactions have increased steadily over the past 52 weeks:
  - Up 3.6% on apartments
  - Up 4.7% on single-family homes
- Compared with the peak in 2013-2014, prices are:
  - Up 3.3% on apartments
  - Up 1.8% on single-family homes
- Heightened competition:
  - Driven by low (even negative) interest rate offers
  - Non-bank competitors starting to make aggressive mortgage offers
- A larger supply of rental housing is pushing up the vacancy rate
- BCV's mortgage policy remains focused on loan quality instead of volume growth

## Vacant housing in Vaud



Source: Wüest Partner, Statistique Vaud



Business trends in line with 2018

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Low revenue growth expected given the current interest-rate environment

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Continued firm control of operating expenses

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New corporate tax rate of 13.8% (down from 21%) applicable since the beginning of this year

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**21 February 2019**

Full-year 2018  
results

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**2 May 2019**

Annual  
Shareholders'  
Meeting in Lausanne

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**22 August 2019**

Half-year 2019  
results

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**27 February 2020**

Full-year 2019  
results

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**30 March 2020**

Publication of the  
2019 Annual Report

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**30 April 2020**

Annual  
Shareholders'  
Meeting in Lausanne

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**20 August 2020**

Half-year 2020  
results

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**Appendices**



# Income statement



CHF millions (rounded), unaudited figures

	H1 2019	H1 2018	Abs	%
Interest and discount income	289.2	282.8	6.4	2
Interest and dividend income from financial investments	15.7	16.7	-1.0	-6
Interest expense	-52.4	-52.9	-0.5	-1
<b>Net interest income before loan impairment charges/reversals</b>	<b>252.5</b>	<b>246.5</b>	<b>5.9</b>	<b>2</b>
Loan impairment charges/reversals	0.7	-3.5	-4.2	-118
<b>Net interest income after loan impairment charges/reversals (NII)</b>	<b>253.1</b>	<b>243.0</b>	<b>10.1</b>	<b>4</b>
Fees and commissions on securities and investment transactions	127.3	126.5	0.8	1
Fees and commissions on lending operations	24.6	22.9	1.7	7
Fees and commissions on other services	35.8	35.2	0.6	2
Fee and commission expense	-26.6	-25.2	1.4	5
<b>Net fee and commission income</b>	<b>161.2</b>	<b>159.4</b>	<b>1.7</b>	<b>1</b>
<b>Net trading income and fair-value adjustments</b>	<b>59.6</b>	<b>65.2</b>	<b>-5.6</b>	<b>-9</b>
Gains/losses on disposals of financial investments	0.3	0.8	-0.6	-70
Income from equity investments	12.4	10.8	1.6	15
Real-estate income	3.8	3.7	0.2	4
Miscellaneous ordinary income	11.3	10.2	1.1	11
Miscellaneous ordinary expenses	-0.1	-0.1	-0.1	-53
<b>Other ordinary income</b>	<b>27.7</b>	<b>25.3</b>	<b>2.4</b>	<b>9</b>
<b>Total income from ordinary banking operations</b>	<b>501.6</b>	<b>492.9</b>	<b>8.7</b>	<b>2</b>
Personnel costs	-170.8	-169.1	1.7	1
Other operating expenses	-84.1	-85.3	-1.1	-1
<b>Operating expenses</b>	<b>-255.0</b>	<b>-254.4</b>	<b>0.5</b>	<b>0</b>
Depreciation and amortization of fixed assets and impairment on equity investments	-35.7	-35.8	-0.1	-0
Other provisions and losses	-1.9	-3.0	-1.1	-36
<b>Operating profit</b>	<b>209.0</b>	<b>199.8</b>	<b>9.3</b>	<b>5</b>
Extraordinary income	0.2	33.8	-33.6	-99
Extraordinary expenses	-0.1	-0.0	0.0	178
Taxes	-26.8	-45.9	-19.1	-42
<b>Net profit</b>	<b>182.4</b>	<b>187.6</b>	<b>-5.3</b>	<b>-3</b>
Minority interests	-0.0	-0.0	0.0	256
<b>Net profit attributable to BCV Group shareholders</b>	<b>182.4</b>	<b>187.6</b>	<b>-5.3</b>	<b>-3</b>

# Balance sheet



CHF millions (rounded), unaudited figures

	30 Jun. 2019	31 Dec. 2018	Abs	%
Cash and cash equivalents	7,724	8,235	-511	-6
Due from banks	957	1,921	-964	-50
Reverse repurchase agreements	282	314	-32	-10
Loans and advances to customers	6,027	5,677	349	6
Mortgage loans	26,398	26,079	319	1
Trading portfolio assets	254	334	-80	-24
Positive mark-to-market values of derivative financial instruments	257	268	-11	-4
Other financial assets at fair value	687	621	66	11
Financial investments	3,851	3,767	84	2
Accrued income and prepaid expenses	70	80	-10	-13
Non-consolidated holdings	69	70	-1	-2
Tangible fixed assets	427	445	-19	-4
Intangible assets	7	9	-2	-19
Other assets	125	42	83	196
<b>Assets</b>	<b>47,135</b>	<b>47,863</b>	<b>-728</b>	<b>-2</b>
Due to banks	1,910	2,655	-745	-28
Repurchase agreements	1,932	1,809	122	7
Customer deposits	31,258	31,375	-117	-0
	2	0	2	N/A
Negative mark-to-market values of derivative financial instruments	253	236	17	7
Other financial liabilities at fair value	826	766	60	8
Medium-term notes	4	7	-2	-35
Bonds and mortgage-backed bonds	7,321	7,244	77	1
Accrued expenses and deferred income	133	156	-24	-15
Other liabilities	82	77	5	6
Provisions	12	15	-4	-23
<b>Liabilities</b>	<b>43,731</b>	<b>44,341</b>	<b>-609</b>	<b>-1</b>
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	-1	-1	-0	-3
Own shares	-19	-20	0	1
Minority interests in equity	0	0	-0	-11
Net profit	182	350	-168	N/A
<i>of which minority interests</i>	0	0	-0	-46
<b>Shareholders' equity</b>	<b>3,403</b>	<b>3,522</b>	<b>-118</b>	<b>-3</b>
<b>Total liabilities and shareholders' equity</b>	<b>47,135</b>	<b>47,863</b>	<b>-728</b>	<b>-2</b>

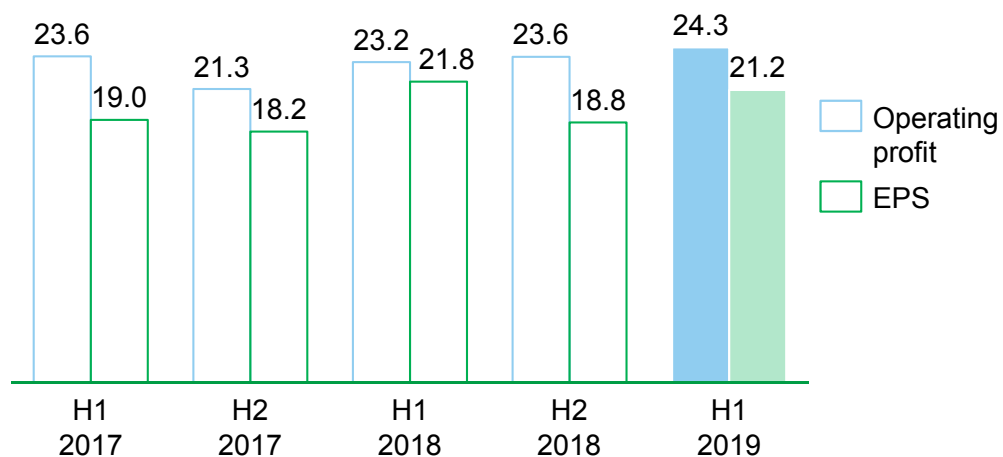
# Key performance indicators

		31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	30 Jun. 2019
<b>Asset quality and balance sheet structure</b>	Impaired loans/ credit exposure	0.7%	0.7%	0.7%	0.6%	<b>0.6%</b>
	Customer deposits/ loans to customers	98%	98%	101%	99%	<b>96%</b>
	Interest margin	1.14%	1.11%	1.12%	1.10%	<b>1.09%</b>
<b>Capital</b>	CET1 ratio <sup>1</sup>	18.3%	17.5%	17.1%	17.1%	<b>16.7%</b>
	Total capital ratio <sup>1</sup>	18.4%	17.6%	17.3%	17.2%	<b>16.8%</b>
	Leverage ratio	6.7%	6.6%	6.5%	6.2%	<b>6.3%</b>
<b>Productivity</b>	Cost/income ratio (excl. goodwill amortization)	57.2%	59.4%	58.3%	57.6%	<b>57.7%</b>
<b>Financial performance</b>	ROE (net profit/average equity)	10.1%	9.1%	9.4%	10.1%	<b>10.4%</b>

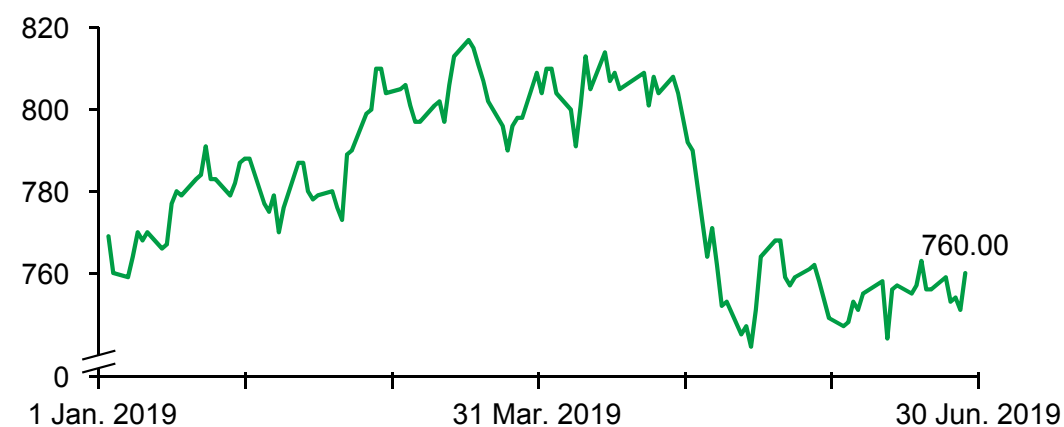
Note

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

## Per share (CHF)



## Share price



## Key figures

	31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	30 Jun. 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	6.54
High / low prices YTD	640.00 / 510.50	694.00 / 582.00	764.50 / 644.00	823.00 / 688.00	820.00 / 732.00

# BCV Investor Relations iPad App

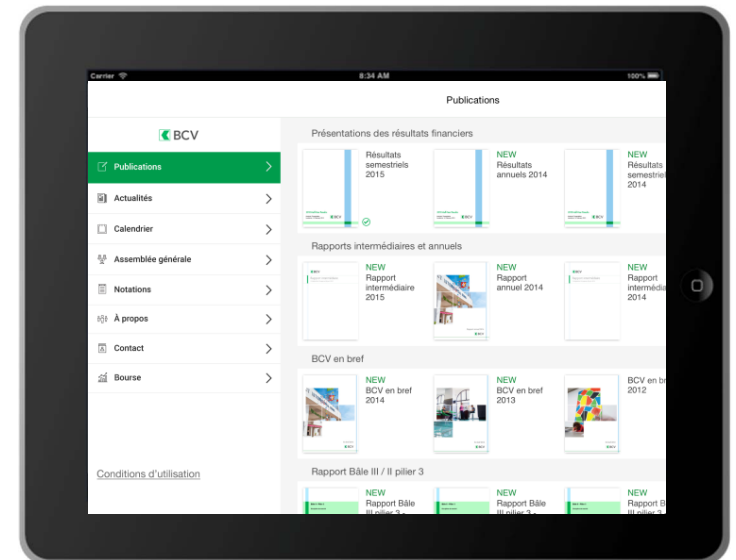


**Our BCV Investor Relations app keeps you in touch with the latest developments at BCV Group**

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.