

Press release

BCV Group posts solid FY 2020 net profit of CHF 331m in a business environment impacted by Covid-19

BCV Group delivered solid FY 2020 financial results, with a net profit of CHF 331m, down 9% compared with 2019's record bottom line. Revenues decreased 6% or CHF 57m to CHF 945m, mainly due to the Covid-19 pandemic and the continued negative-interest-rate environment. The decline in revenues was partially offset by firm cost control, with total operating expenses down 2% or CHF 9m. Operating profit stood at CHF 373m down 11% or CHF 46m.

BCV fulfilled its role in serving the local economy in 2020, granting more than 6,000 Covid-19 bridge loans for a total of over CHF 700m. BCV also suspended two principal repayments on loans to SMEs, leaving those firms with over CHF 40m of additional cash, and has done the same again in 2021.

Revenues at CHF 945m

BCV Group's revenues were down 6% or CHF 57m year on year to CHF 945m, mainly due to the Covid-19 pandemic and the continued negative-interest-rate environment.

In the continued negative-interest-rate environment and with the Bank's voluntary reduction in Trade Finance exposure, net interest income before loan impairment charges was down 5% to CHF 474m. Net interest income fell 9% to CHF 459m, due to loan impairment charges recognized during the period. Although commission and fee income was up in Private Banking and Asset Management, fee and commission income decreased 4% overall to CHF 310m, due mainly to the decrease in personal banking transactions (i.e., credit card, ATM, and forex) during the pandemic and the voluntary reduction in Trade Finance exposure. Net trading income was bolstered by the heightened forex-market volatility, rising 9% to CHF 139m. Other ordinary income fell 18% to CHF 36m, largely reflecting a non-recurring payout received on a holding in 2019.

Operating profit at CHF 373m

Operating expenses fell 2% or CHF 9m to CHF 495m. Personnel costs held steady at CHF 339m, and other operating expenses were down 5% to CHF 156m thanks most notably to the Bank's firm control of IT-related costs. Depreciation and amortization remained practically unchanged at CHF 72m (+1%). Operating profit came in at CHF 373m, down 11% or CHF 46m.

Net profit at CHF 331m

The Bank recorded extraordinary income of CHF 5m in 2020 and a tax expense of CHF 47m. Net profit for the period came in at CHF 331m, down 9% but nevertheless solid, as illustrated by an ROE of 9.3% – one of the highest in BCV's peer group.

Significant expansion in the balance sheet

Total assets increased 10% or CHF 4.8bn to CHF 53.2bn, driven by large cash inflows. Cash and cash equivalents, which are mainly held as SNB sight deposits, rose 38% to CHF 11.6bn. Mortgage lending expanded 4% or CHF 1.0bn to CHF 28.0bn. Other loans increased 1% to CHF 5.8bn. Loans to SMEs were up 7%, primarily as a result of Covid-19 bridge loans, while loans to large corporates remained stable. In the Trade Finance business, advances to customers declined 21%, reflecting a voluntary reduction in exposure.

On the liabilities side, customer deposits grew 7% or CHF 2.4bn to CHF 35.4bn.

AuM passes the CHF 100bn mark

The Group's assets under management rose 5% to CHF 103.2bn, passing the CHF 100bn mark for the first time. Net new money totaled CHF 4.5bn and came from all client segments. Financial-market performance drove AuM up by CHF 2.1bn, while CHF 1.3bn in Swisscanto custodial funds were transferred to ZKB, closing out the transfers relating to ZKB's acquisition of Swisscanto.

Solid financial position

The Bank's total capital ratio stood at 17.8% at 31 December 2020 and shareholders' equity amounted to CHF 3.6bn, attesting to BCV's financial solidity. In 2020, Standard & Poor's once again reaffirmed its AA rating for BCV with a stable outlook, and Moody's maintained its Aa2 rating, also with a stable outlook.

A rising share price and 10-for-1 stock split

The BCV share gained 22% in 2020, resulting in a total shareholder return of 26%. This makes it last year's second-best-performing banking stock on the SIX Swiss Exchange. The BCV share was added to the MSCI World Index and the STOXX Europe 600 Index in 2020, reflecting its high trading activity and strong gains over the past few years. BCV carried out a 10-for-1 stock split on 28 May 2020, making its share more attractive to private investors.

Proposed CHF 310m payout

At the next Annual Shareholders' Meeting on 29 April 2021, the Board of Directors will recommend an unchanged ordinary dividend of CHF 3.60 per post-split share. This proposal is in line with the dividend policy announced by the Bank in 2018. If it is approved, BCV will return CHF 310m to its shareholders. The Canton of Vaud will receive CHF 207m in dividends together with CHF 22m in 2020 cantonal and municipal taxes, for a total of CHF 229m.

In light of the public health situation, the Board of Directors has decided to forgo in-person shareholder attendance at the upcoming Annual Shareholders' Meeting.

Fulfilling BCV's mission as Vaud's cantonal bank throughout the pandemic

The Bank adopted special measures in 2020 to protect its customers and employees, while continuing to provide a full range of banking services to the people and businesses of Vaud. For instance, customers were able to use BCV's various remote banking channels to carry out their day-to-day transactions and speak with their advisors, demonstrating the effectiveness of BCV's multichannel approach.

To help support local SMEs, the Bank suspended the 31 March and 30 June principal repayments on loans (i.e., mortgage loans, overdraft facilities, and capital goods loans) leaving those firms with over CHF 40m of additional cash. That measure has been implemented once again in 2021 (see the press releases from 19 March 2020 and 3 February 2021). BCV also worked intensely with four other Swiss banks and the Swiss federal authorities to develop the federal Covid-19 bridge-loan program that is supplying businesses with essential working capital during the pandemic. In 2020, BCV granted over 6,000 bridge loans for a total of over CHF 700m. Likewise, collaborating with cantonal authorities, the Bank participated in Vaud's Covid-19 loan program for startups.

Changes to the Board of Directors and Executive Board

The Vaud Cantonal Government appointed Eftychia Fischer as the new Chair of BCV's Board of Directors. Ms. Fischer, who was first elected to the Board at the 2020 Shareholders' Meeting, will replace Jacques de Watteville on 1 January 2022. Mr. de Watteville, who reaches the age limit stipulated by the cantonal act governing BCV (LBCV) this year and whose term will expire on 31 December 2021, has been Chairman since 2018.

At the next Shareholders' Meeting, BCV's Board of Directors will recommend that Pierre-Alain Urech, former CEO of Romande Energie and current Vice Chairman of the Swiss Federal Railways (SBB) Board of Directors, be elected to the Board as from 1 January 2022.

BCV's Board of Directors appointed Fabrice Welsch to the Bank's Executive Board as head of the Asset Management & Trading Division. Mr. Welsch, previously head of the Bank's occupational pension and financial planning department, took up his new position on 1 January 2021. He replaced Stefan Bichsel, who reached retirement age and left BCV on 31 December 2020.

Lausanne, Switzerland, 18 February 2021

2021 calendar

29 March	Publication of the 2020 Annual Report (on www.bcv.ch)
29 April	Annual Shareholders' Meeting in Lausanne
3 May	Ex-dividend date
4 May	Dividend record date
5 May	Dividend payment
19 August	Half-year 2021 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)

	31/12/2020	31/12/2019	Absolute change	Change as %
Cash and cash equivalents	11,550	8,384	3,166	38
Due from banks	1,347	1,186	161	14
Reverse repurchase agreements	236	239	-3	-1
Loans and advances to customers	5,812	5,752	60	1
Mortgage loans	28,037	27,016	1,021	4
Trading portfolio assets	312	277	35	13
Positive mark-to-market values of derivative financial instruments	321	273	48	18
Other financial assets at fair value	886	784	102	13
Financial investments	4,084	3,811	273	7
Accrued income and prepaid expenses	87	85	1	2
Non-consolidated holdings	69	69	0	0
Tangible fixed assets	412	433	-21	-5
Intangible assets	2	5	-3	-63
Other assets	31	36	-5	-13
Assets	53,186	48,352	4,834	10
Total subordinated assets	0	0	0	0
<i>of which subject to mandatory conversion and/or conditional write-off</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Due to banks	2,948	1,703	1,244	73
Repurchase agreements	2,781	1,502	1,279	85
Customer deposits	35,424	33,048	2,377	7
Trading portfolio liabilities	1	2	-0	-27
Negative mark-to-market values of derivative financial instruments	329	213	116	54
Other financial liabilities at fair value	969	918	52	6
Medium-term notes	2	3	-1	-43
Bonds and mortgage-backed bonds	6,911	7,094	-183	-3
Accrued expenses and deferred income	145	154	-9	-6
Other liabilities	75	114	-38	-34
Provisions	27	16	12	73
Liabilities	49,612	44,766	4,846	11
Reserves for general banking risks	666	701	-35	-5
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	-1
Own shares	-15	-18	2	14
Minority interests in equity	0	0	-0	-0
Net profit	331	363	-32	-9
<i>of which minority interests</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>9</i>
Shareholders' equity	3,574	3,586	-11	-0
Total liabilities and shareholders' equity	53,186	48,352	4,834	10
Total subordinated liabilities	0	0	0	0
<i>of which subject to mandatory conversion and/or conditional write-off</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

Consolidated off-balance-sheet transactions

(in CHF millions)

	31/12/2020	31/12/2019	Absolute change	Change as %
Contingent liabilities	1,754	1,789	-34	-2
Irrevocable commitments	1,440	1,301	139	11
Commitments relating to calls on shares and other equity securities	178	177	0	0
Confirmed credits	46	46	-0	-1

Consolidated income statement

(in CHF millions)

	2020 FY	2019 FY	Absolute change	Change as %
Interest and discount income	511.2	570.3	-59.1	-10
Interest and dividend income from financial investments	22.6	27.9	-5.3	-19
Interest expense	-59.4	-101.4	-42.0	-41
Net interest income before loan impairment charges/reversals	474.4	496.9	-22.4	-5
Loan impairment charges/reversals	-15.1	9.8	24.9	253
Net interest income after loan impairment charges/reversals (NII)	459.4	506.7	-47.3	-9
Fees and commissions on securities and investment transactions	266.6	259.4	7.2	3
Fees and commissions on lending operations	36.2	44.5	-8.3	-19
Fees and commissions on other services	63.0	73.6	-10.6	-14
Fee and commission expense	-55.5	-54.6	0.9	2
Net fee and commission income	310.2	322.9	-12.7	-4
Net trading income and fair-value adjustments	139.2	128.1	11.0	9
Gains/losses on disposals of financial investments	2.0	0.5	1.5	294
Income from equity investments	6.5	13.7	-7.2	-52
<i>of which other non-consolidated holdings</i>	6.5	13.7	-7.2	-52
Real-estate income	7.1	7.5	-0.4	-6
Miscellaneous ordinary income	21.2	22.9	-1.7	-7
Miscellaneous ordinary expenses	-0.4	-0.3	0.1	27
Other ordinary income	36.4	44.3	-7.9	-18
Total income from ordinary banking operations	945.2	1,002.0	-56.8	-6
Personnel costs	-339.2	-339.3	-0.1	-0
Other operating expenses	-156.2	-165.2	-9.0	-5
Operating expenses	-495.4	-504.5	-9.1	-2
Depreciation and amortization of fixed assets and impairment on equity investments	-72.1	-71.3	0.7	1
Other provisions and losses	-5.0	-7.2	-2.2	-31
Operating profit	372.7	418.9	-46.2	-11
Extraordinary income	4.8	0.7	4.1	n/a
Extraordinary expenses	-0.1	-0.2	-0.2	-68
Taxes	-46.7	-56.6	-9.9	-17
Net profit	330.8	362.9	-32.1	-9
Minority interests	-0.0	-0.0	0.0	9
Net profit attributable to BCV shareholders	330.8	362.9	-32.1	-9