



Interim Report

Consolidated financial statements at 30 June 2014

Letter from the Chairman and CEO

We're happy to report that BCV Group's H1 2014 results were in line with the trend over the last few quarters. Operating profit rose 1% in step with revenues (up 1% to CHF 503m), backed by continued firm cost control. New provisioning needs remained low, reflecting the quality of our loan book and the solidity of local businesses. Net profit was up 2% to CHF 154m compared with the year-earlier period.

The Vaud economy has stayed firmly upbeat, in contrast to the mixed situation elsewhere in Europe. GDP in Vaud is set to grow by 2.8% this year and 3% in 2015, according to the latest CREA Institute estimates. The overall trend thus remains positive, even though the Canton still has to deal with a number of issues; these include corporate tax reforms and implementation of the initiative «against mass immigration» that was adopted in a nationwide referendum on 9 February.

BCV's solid financial position makes us one of the world's best-rated banks. While ratings in the banking sector are generally trending lower, Moody's has just reaffirmed our long-term rating and raised the outlook on our standalone rating to positive. Meanwhile, Standard & Poor's has maintained the AA rating they have had on BCV since 2011.

The financial sector has continued to experience sweeping regulatory reforms in a number of areas. These include higher capital requirements, the move towards tax-compliant assets, automatic exchange of information, the Federal Investment Fund Act, and tougher liquidity requirements. BCV is tracking each of these projects closely and allocating the requisite human and financial resources to them.

We are pressing ahead with our efforts under *stratégie2018* to enhance service quality and establish even closer relationships with our customers; this involves using all the distribution channels at our disposal, from the traditional branch office to the 24/7 e-banking site.



Olivier Steimer
Chairman of the Board of Directors

Pascal Kiener
CEO

At the last Annual Meeting, the Bank's shareholders elected Ingrid Deltenre to the Board and in the first half of the year, we also had the pleasure of welcoming José François Sierdo as a member of the Executive Board. Mr. Sierdo now heads the Retail Banking Division, and his energy and wealth of experience in the banking industry are major assets for BCV.

In May, we distributed CHF 275m, or CHF 32 per share, to shareholders. This reflects our confidence in our strategic choices and our ability to deliver profitable growth, as well as the Bank's high capital ratio. Since 2007, BCV has paid its shareholders – starting with our majority shareholder, the Canton of Vaud – a total of over CHF 2bn, which represents almost 87% of cumulative net earnings. This gives BCV one of the highest payout ratios of any Swiss company.

In closing, we would like to extend our warmest thanks to you, our shareholders, for your loyalty and your support for our strategy. We also wish to express our gratitude to all our customers for choosing to bank with BCV, and to our employees for their efforts and commitment to making us the partner of choice for the people and businesses of Vaud Canton.

Olivier Steimer

Pascal Kiener

Business sector review

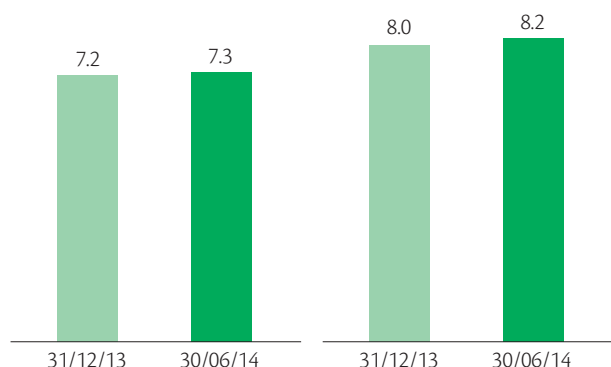
Retail Banking

Continued momentum

The Retail Banking Sector experienced firm growth in business volumes in H1 14, in line with the trend in recent quarters. The mortgage book grew 1.3% to CHF 7.3bn, as the real estate market began to decelerate. Savings accounts and other deposits were up 2.4% to CHF 8.2bn. Revenues rose 5.5% to CHF 97m. Backed by firm cost control, this led to a strong 14% increase in operating profit, to CHF 49m.

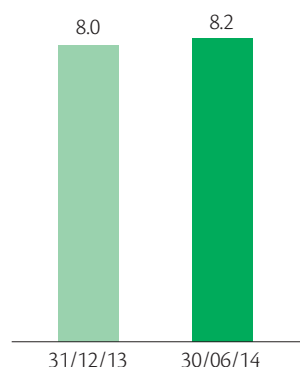
Mortgage loans

In CHF billions, rounded



Customer deposits

In CHF billions, rounded



	H1 2014	H1 2013
Total revenues (CHF millions)	96.7	91.7
Operating profit (CHF millions)	48.8	42.6

2013 figures were restated to facilitate like-for-like comparison

Corporate Banking

Stability in a mixed environment

The Corporate Banking Sector posted mixed results for the first half. Customer deposits continued to rise, expanding 2.3% to CHF 7.4bn, while the Sector's lending and off-balance-sheet commitments held steady (-0.5%) at CHF 15.1bn. The SME segment continued to experience solid growth, with loan volumes up 2.6% and deposits rising 8.6%. Large Corporates, in contrast, saw a 2.1% decrease in lending and off-balance-sheet commitments against a backdrop of plentiful market liquidity, as well as an 8.7% drop in short-term client deposits. In the Trade Finance segment, business volumes remained low – an ongoing effect of the global slowdown, particularly in steel. But despite the challenging environment, profitability remained solid. Overall, the Corporate Banking Sector's revenues edged up 0.8% to CHF 140m and operating profit increased by 1.3% to CHF 118m.

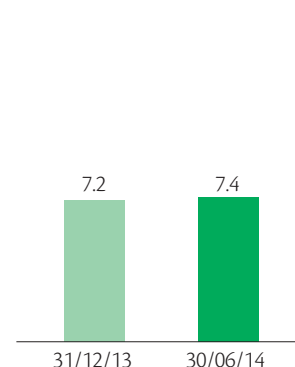
Loans/Off-balance-sheet commitments

In CHF billions, rounded



Deposits

In CHF billions, rounded



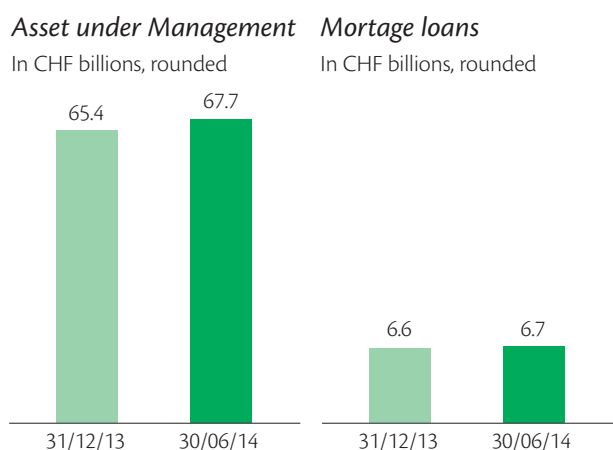
	H1 2014	H1 2013
Total revenues (CHF millions)	139.7	138.7
Operating profit (CHF millions)	118.0	116.5

2013 figures were restated to facilitate like-for-like comparison

Wealth Management

Strong trend in onshore business

Although buoyant trends in financial markets pushed up assets under management by 3.5% to CHF 67.7bn, transaction volumes were mostly down compared to H1 13. However, the volume of mortgage loans continued to grow in a slowing real estate market, reaching CHF 6.7bn (+1.5%). Net new money remained positive, with inflows of onshore funds outweighing outflows of offshore assets. Overall, revenues remained stable at CHF 188m (-0.2%), and operating profit edged up 0.5% to CHF 108m.



	H1 2014	H1 2013
Total revenues (CHF millions)	187.9	188.4
Operating profit (CHF millions)	107.6	107.1

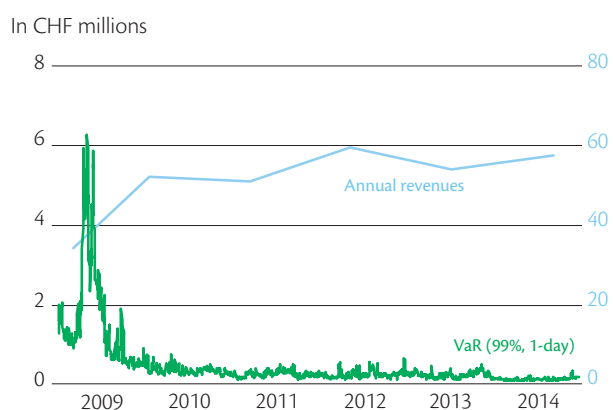
2013 figures were restated to facilitate like-for-like comparison

Trading

Normalization of revenues and operating profit

The Trading Sector saw its business volumes decrease in the first half. Structured product issuance slowed, and the forex business felt the effects of low volatility in the markets. Compared to the high levels of H1 13, the Sector's figures are returning to normal; revenues fell 20% to CHF 24m, and operating profit fell 31% to CHF 13m.

Value at Risk



	H1 2014	H1 2013
Total revenues (CHF millions)	23.5	29.3
Operating profit (CHF millions)	12.7	18.2

2013 figures were restated to facilitate like-for-like comparison

Consolidated financial statements at 30 June 2014

Operating and net profit up slightly in H1 2014

The business trend at BCV Group in H1 2014 was in line with that observed in the first quarter. Revenues increased 1% to CHF 503m, operating profit grew 1% to CHF 239m, and net profit rose 2% to CHF 154m.

Strong top line

Total revenues increased 1% year-on-year to CHF 503m. Interest income rose 2% to CHF 253m. Fee and commission income held steady at CHF 174m. Trading income was off CHF 7m to CHF 52m (-12%), due in particular to lower activity on the forex market. Other ordinary income amounted to CHF 23m.

Operating profit at CHF 239m

Operating expenses edged up 1% to CHF 263m. With the transfer of 80 IT specialists from IBM on 1 July 2013, personnel costs were up 3% to CHF 172m, while other operating expenses were down 3% to CHF 91m. Operating profit rose 1% to CHF 239m.

Net profit at CHF 154m

Depreciations and write-offs decreased 7% to CHF 41m, and value adjustments, provisions and losses fell 3% to CHF 7m. Extraordinary income came in at CHF 7m, mainly reflecting releases of credit-risk provisions. Net profit was up 2% to CHF 154m. The cost/income ratio improved from 61% to 60%.

Continued growth in customer-driven business volumes

Total assets expanded by 2% to CHF 41.2bn. Mortgage lending rose 1% or CHF 320m to CHF 23.7bn. Other loans remained stable at CHF 5.4bn.

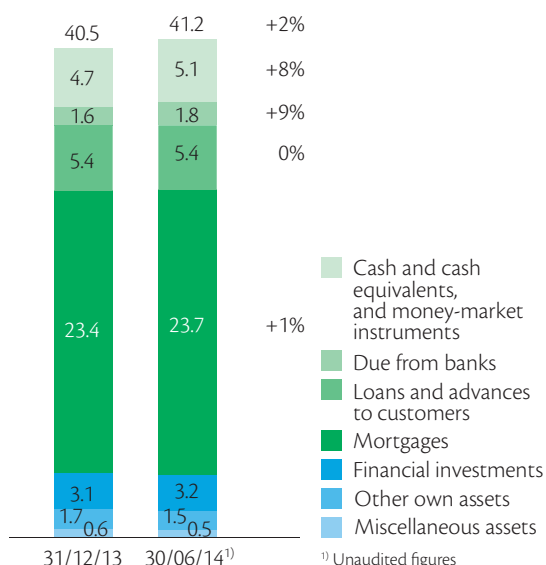
On the liabilities side, the expansion in customer savings and investment accounts continued, with a rise of 2% (+CHF 251m) to CHF 13.1bn. Other customer accounts grew by 1% (+CHF 178m) to CHF 15.6bn.

Rise in AuM of 3%

Group assets under management (AuM) were up 3% (+CHF 2.5bn) to CHF 86.3bn. Net new money for the period amounted to CHF 51m. This figure reflects onshore fund inflows of CHF 546m and offshore fund outflows, as anticipated (-CHF 495m).

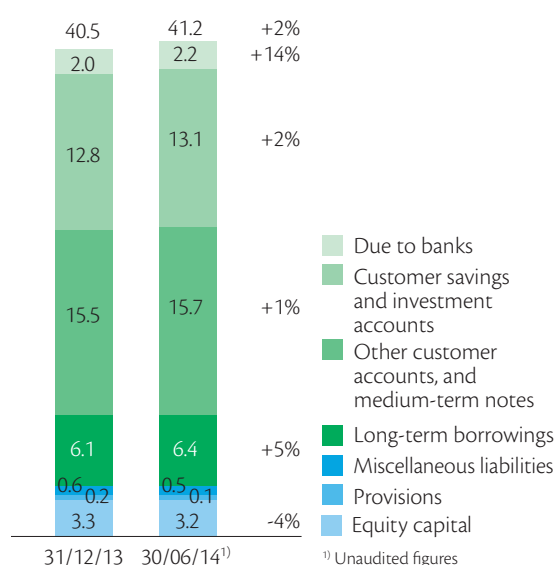
Assets

In CHF billions, rounded



Liabilities

In CHF billions, rounded



CHF 275m paid out to shareholders

In accordance with the distribution policy set out for the next 4 years, BCV returned a total of CHF 32 per share, or CHF 275m, to its shareholders in May.

Solid financial position

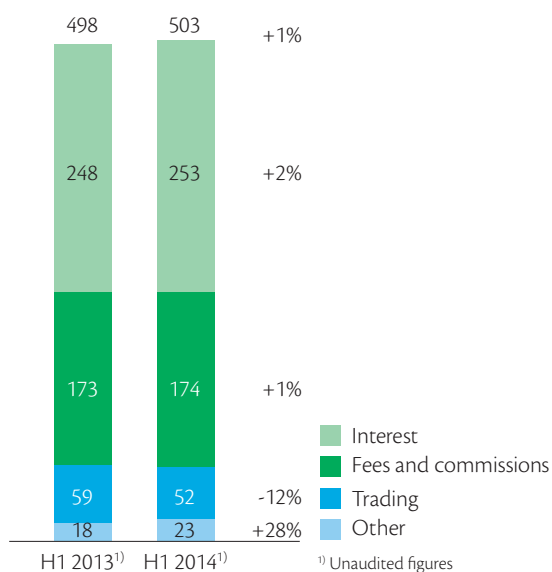
Equity capital remained at a comfortable CHF 3.2bn, equating to a capital ratio of 17.3%, which attests to the Bank's financial solidity.

Outlook

Barring a significant deterioration in the financial markets and the overall economic situation, business in H2 2014 is expected to trend along the same lines as in the first half.

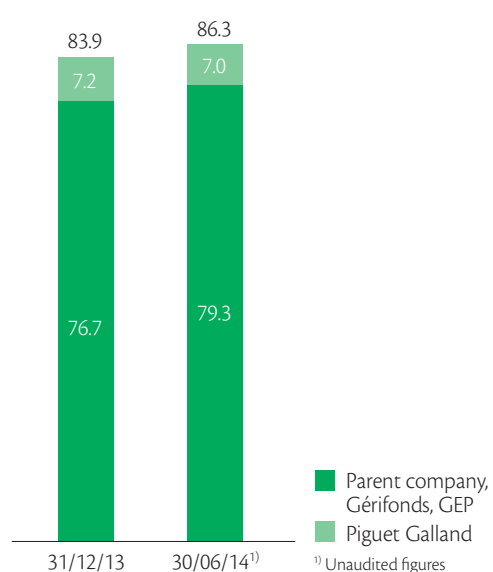
Revenues

In CHF millions, rounded



Assets under management

In CHF billions, rounded



BCV Group

Consolidated balance sheet (unaudited)

(in CHF millions)	2014 30 June	2013 31 December	Absolute change	Change as %
Cash and cash equivalents	5 051	4 669	382	8
Money-market instruments	32	39	-7	-18
Due from banks	1 760	1 609	151	9
Loans and advances to customers	5 438	5 434	4	0
Mortgage loans	23 695	23 375	320	1
Trading portfolio assets	880	932	-52	-6
Financial investments	3 223	3 146	77	2
Non-consolidated holdings	50	50	0	0
Tangible fixed assets	578	602	-24	-4
Intangible assets	29	32	-3	-9
Accrued income and prepaid expenses	175	196	-21	-11
Other assets	329	370	-41	-11
Assets	41 240	40 454	786	2
Total subordinated assets	0	0	0	0
Money-market paper issued	2	43	-41	-95
Due to banks	2 245	1 921	324	17
Customer savings and investment accounts	13 050	12 799	251	2
Other customer accounts	15 630	15 452	178	1
Medium-term notes	66	81	-15	-19
Bonds and mortgage-backed bonds	6 360	6 064	296	5
Accrued expenses and deferred income	222	224	-2	-1
Other liabilities	323	377	-54	-14
Value adjustments and provisions	142	171	-29	-17
Liabilities	38 040	37 132	908	2
Reserves for general banking risks	704	704	0	0
Equity capital	86	86	0	0
Capital reserve	106	192	-86	-45
Own equity securities	-11	-11	0	0
Retained earnings	2 161	2 071	90	4
Minority interests - equity	0	0	0	0
Net profit for reporting period	154		154	
Net profit for 2013		280	-280	
Minority interests	0	0		
Shareholders' equity	3 200	3 322	-122	-4
Total liabilities and shareholders' equity	41 240	40 454	786	2
Total subordinated liabilities	0	0	0	0

Consolidated off-balance-sheet transactions (unaudited)

(in CHF millions)	2014 30 June	2013 31 December	Absolute change	Change as %
Contingent liabilities	1 155	1 144	11	1
Irrevocable commitments	1 067	1 140	-73	-6
Commitments relating to calls on shares and other equity securities	91	93	-2	-2
Confirmed credits	24	23	1	4
Derivative financial instruments				
Gross positive replacement values	390	521	-131	-25
Gross negative replacement values	484	585	-101	-17
Values of underlyings	51 439	52 701	-1 262	-2
Fiduciary transactions	293	316	-23	-7

BCV Group

Consolidated income statement (unaudited)

(in CHF millions)	2014 1st half	2013 1st half	Absolute change	Change as %
Interest and discount income	328.2	339.2	- 11.0	- 3
Interest and dividend income from financial investments	27.7	29.5	- 1.8	- 6
Interest expense	- 102.9	- 120.8	- 17.9	- 15
Net interest income	253.0	247.9	5.1	2
Fees and commissions on lending operations	23.8	22.5	1.3	6
Fees and commissions on securities and investment transactions	142.3	145.0	- 2.7	- 2
Fees and commissions on other services	40.9	38.6	2.3	6
Fee and commission expense	- 32.6	- 33.2	- 0.6	- 2
Net fee and commission income	174.4	172.9	1.5	1
Net trading income	52.3	59.3	- 7.0	- 12
Profit on disposal of financial investments	2.0	1.0	1.0	100
Total income from holdings	3.4	8.5	- 5.1	- 60
Real-estate income	5.6	5.3	0.3	6
Miscellaneous ordinary income	11.9	4.4	7.5	170
Miscellaneous ordinary expenses	- 0.1	- 1.4	- 1.3	- 93
Other ordinary income	22.8	17.8	5.0	28
Total income from ordinary banking operations	502.5	497.9	4.6	1
Personnel costs	- 171.8	- 166.3	5.5	3
Other operating expenses	- 91.5	- 94.5	- 3.0	- 3
Operating expenses	- 263.3	- 260.8	2.5	1
Operating profit	239.2	237.1	2.1	1
Depreciation and write-offs on fixed assets	- 41.4	- 44.4	- 3.0	- 7
Value adjustments, provisions and losses	- 7.3	- 7.5	- 0.2	- 3
Profit on ordinary banking operations before extraordinary items and taxes	190.5	185.2	5.3	3
Extraordinary income	6.9	10.3	- 3.4	- 33
Extraordinary expenses	0.0	- 0.1	- 0.1	- 100
Taxes	- 43.8	- 44.6	- 0.8	- 2
Net profit before minority interests	153.6	150.8	2.8	2
Minority interests	0.0	- 0.1	- 0.1	- 100
Net profit	153.6	150.7	2.9	2

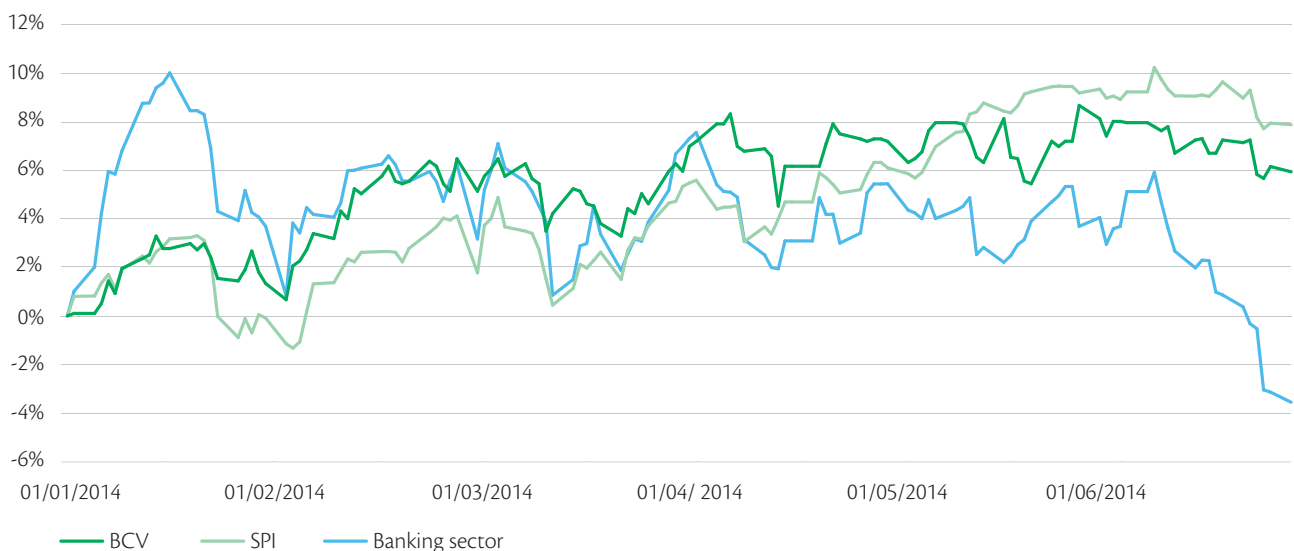
The BCV share

After a sluggish start to the year, most stockmarkets began to gain serious ground in mid-April, boosted by the upturn in the US economy, some reassuring news from China and the new monetary-policy measures brought in by the European Central Bank. The SMI rose 4.3%, the STOXX Europe 600, which tracks Europe's 600 largest stocks, was up 4.1%, and the S&P 500 climbed 6.5%.

The BCV share trended along the same lines as the rest of the market in the first half. Total shareholder return for the period – i.e., stockmarket performance plus dividend payments – stood at 5.9%, which shows that the share was not overly affected by its exit from the STOXX Europe 600 index in March. Although transaction volumes on the share have fallen approximately 39% since their peak in 2013, they are now back at habitual levels, and the BCV share remains the fourth most traded Swiss bank stock, with around CHF 3.4 million changing hands on a daily basis.

Moody's reaffirmed BCV's long-term rating and raised the outlook on our standalone rating to positive. This attests to the bank's solid financial position – reflected in our strong capital ratios – and to our profitability, which is above that of our peers. Standard & Poor's maintained the AA rating they have had on BCV since 2011.

Total shareholder return¹



¹ Stockmarket performance over the period plus dividends and capital distributions

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

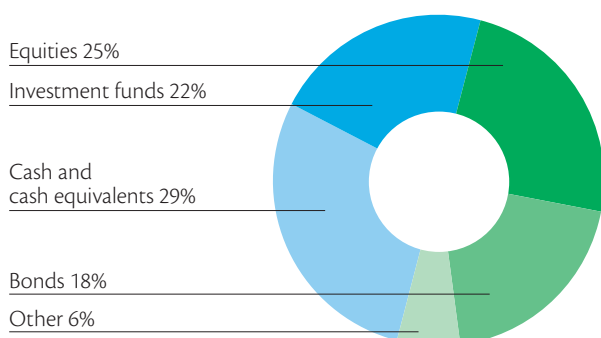
(in CHF millions)	2010	2011	2012	2013	2014
Balance sheet at 30 June					
Total assets	36 741	37 555	39 835	40 388	41 240
Advances to customers	24 782	26 517	28 043	28 392	29 133
Customer deposits and bonds	30 102	30 190	32 757	34 503	35 106
Shareholders' equity	3 191	3 156	3 183	3 193	3 200
Assets under management¹					
	74 691	76 528	77 542	81 167	86 323
H1 income statement					
Total income	503	503	508	498	503
Operating expenses	259	269	266	261	263
Operating profit	244	234	242	237	239
Depreciation and write-offs	40	42	45	44	41
Value adjustments, provisions and losses	5	2	1	8	7
Net profit	146	154	157	151	154
Headcount at 30 June					
Full-time equivalents	1 946	2 060	1 967	1 916	1 968
Ratios at 30 June					
Shareholders' equity / total assets	8.7%	8.4%	8.0%	7.9%	7.8%
FINMA Tier 1 capital ratio ²	14.2%	13.8%	13.3%	17.8%	17.1%
BIS Total capital ratio ²	18.0%	17.5%	16.8%	17.9%	17.3%
Interest margin on total assets	1.49%	1.47%	1.39%	1.20%	1.22%
Cost / income ratio ³	59%	62%	61%	61%	60%
ROE	9.0%	9.5%	9.5%	9.1%	9.3%

¹⁾ 2010-2013 figures for assets under management were adjusted to exclude custody-only assets

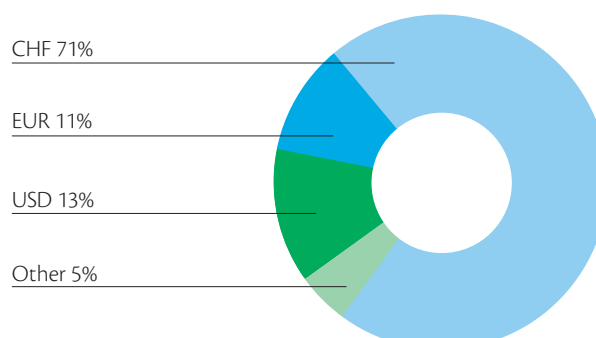
²⁾ Determined according to the Basel III approach from 1 January 2013

³⁾ Excluding goodwill amortization and write-downs

Breakdown in AuM by investment type



Breakdown in AuM by currency



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