

## Press release

### **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.

### **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.

**Lausanne, Switzerland, 22 August 2013**

\* Unaudited figures.

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Note to editors:

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## Consolidated balance sheet

(unaudited – in CHF millions)

	30/6/2013	31/12/2012	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	-
<b>Assets</b>	<b>40 388</b>	<b>39 800</b>	<b>588</b>	<b>+ 1</b>
Total subordinated assets	-	-	-	-
Money-market paper issued	3	3	-	-
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	-	-
Equity capital	86	86	-	-
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	-	-
Net profit for reporting period	151		151	
Net profit for 2012		311	-311	
Minority interests	-	-	-	-
<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	-	-	-	-

## Consolidated off-balance-sheet transactions

(unaudited – in CHF millions)

	30/6/2013	31/12/2012	Absolute change	Change as %
Contingent liabilities	1 238	1 238	-	-
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>				
Positive replacement values	581	509	72	+ 14
Negative replacement values	608	641	-33	- 5
Values of underlyings	54 116	45 821	8 295	+ 18
Fiduciary transactions	302	359	-57	- 16

## Consolidated income statement

(unaudited – in CHF millions)

	2013 1/1 - 30/06	2012 1/1 - 30/06	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>-</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	-
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	-	+ 0.1	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>