

# 2013 Half-Year Results

Analysts' Presentation  
Lausanne, 22 August 2013



## Agenda

- **Introduction** **Pascal Kiener**
- HY 2013 financial results **Thomas Paulsen**
- Outlook **Pascal Kiener**

## Highlights

**Continued rise in savings and deposits and controlled increase in mortgage loans**

**Operating and net profit slightly down in a challenging environment for revenues**

**Very strong financial position**

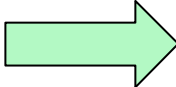
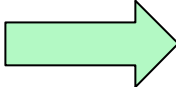

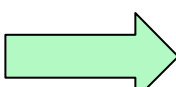
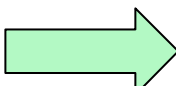
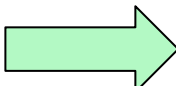
# H1 2013 key figures

*CHF millions (rounded), unaudited figures*

		Change vs. 2012
<b>Revenues</b>	<b>498</b>	<b>-2%</b>
<b>Operating profit</b>	<b>237</b>	<b>-2%</b>
<b>Net profit</b>	<b>151</b>	<b>-4%</b>
<b>Total assets</b>	<b>40,388</b>	<b>+1%</b>
<b>AuM</b>	<b>84,449</b>	<b>+3%</b>

# Main business trends in H1 2013

CHF millions (rounded), unaudited figures

<b>Controlled increase in mortgage loans</b>		<b>+246</b>	<b>+1%</b>
<b>Increase in other loans<sup>1</sup></b>		<b>+188</b>	<b>+4%</b>
<b>Continued increase in savings deposits</b>		<b>+386</b>	<b>+3%</b>
<b>Increase in other client deposits</b>		<b>+782</b>	<b>+5%</b>
<b>Increase in AuM</b>		<b>+2,711</b>	<b>+3%</b>
<b>Net new money</b>		<b>+537</b>	

<sup>1</sup> Balance-sheet items only

## Other events in H1 2013

- Distribution of CHF 275m to shareholders
- S&P upgraded BCV's outlook from negative to stable, while confirming the Bank's AA rating
- Successful integration of 80 IBM specialists and new IT organization as from 1 July 2013
- Markus Gygax, Head of Retail Banking and Member of the Executive Board, to leave BCV
- Grouping of Piguet Galland & Cie headquarters staff on one site in Geneva



AA



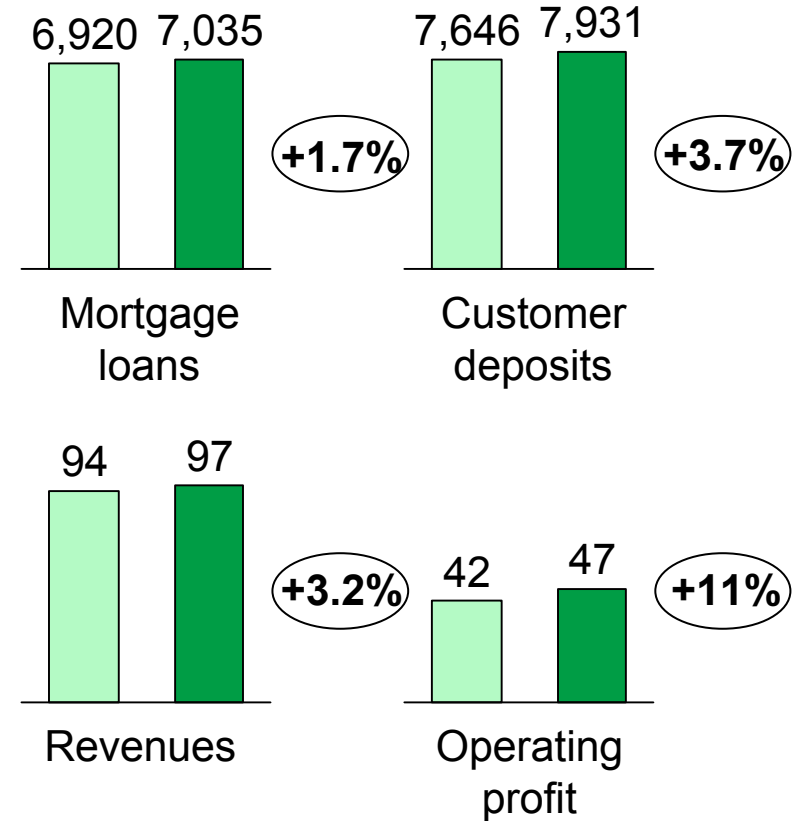
PIGUET GALLAND & CIE SA  
BANQUIERS DEPUIS 1856

# Retail Banking

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

2012 2013

- Ongoing expansion in business volumes
- Controlled increase in mortgage lending in line with our target growth rate
- Increase in revenues and operating profit

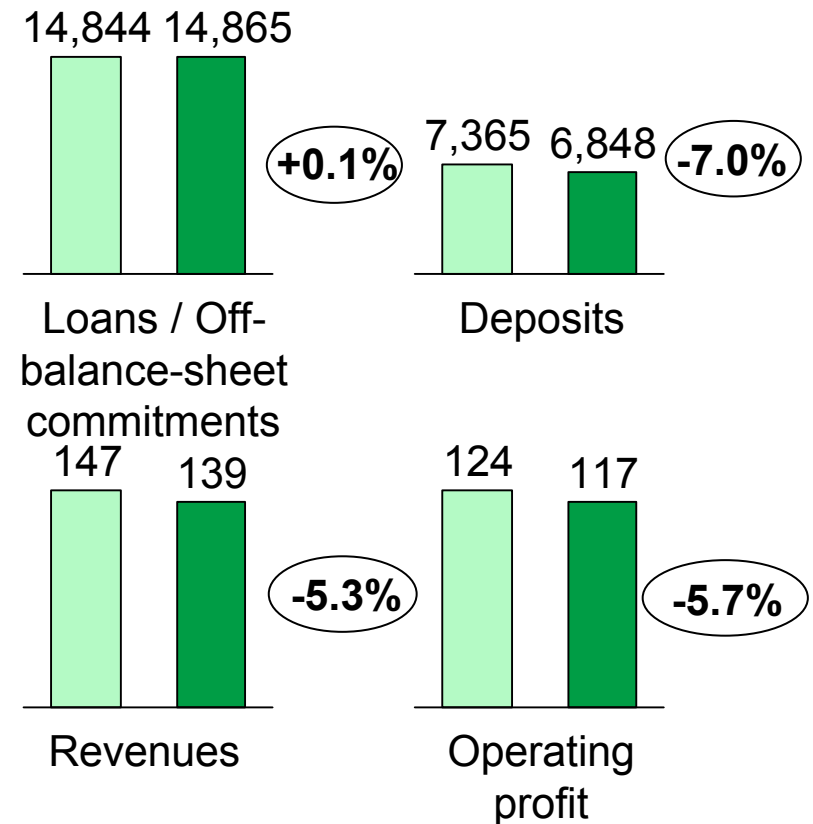


<sup>1</sup> 2012 figures were restated to facilitate like-for-like comparison

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

2012 2013

- SMEs
  - Rise in lending (+1.8%) and customer deposits (+2.8%)
- Large Corporates
  - Volatility in treasury flows (lending: -3%, deposits: -19%)
  - Profitability consistently high
- Trade Finance
  - Lower business volumes due to market contraction (price levels and number of transactions)
- Limited new provisioning needs



<sup>1</sup> 2012 figures were restated to facilitate like-for-like comparison

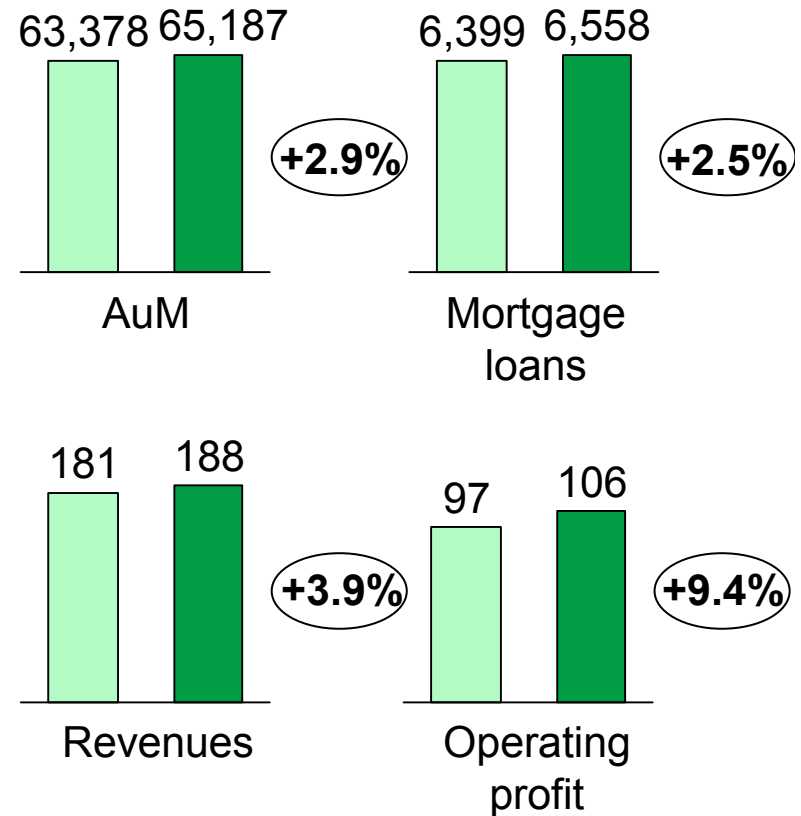


# Wealth Management

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

2012 2013

- Continuing growth in onshore activities
- Contraction in offshore volumes
- Rise in transaction volumes, especially:
  - brokerage
  - fund subscription
  - issuance of structured products
- Increase in revenues and operating profit



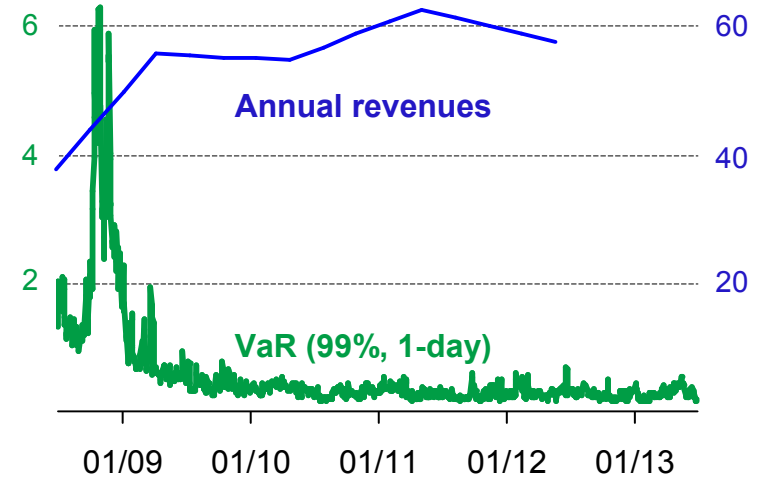
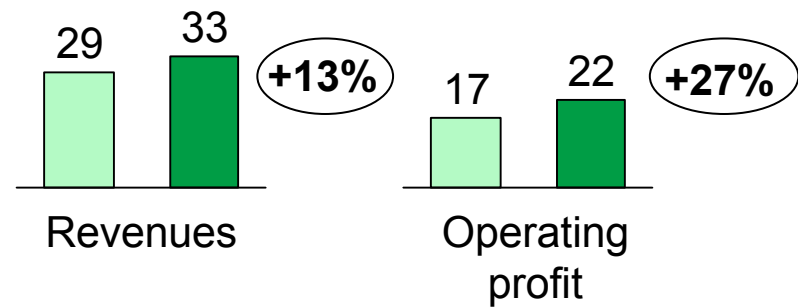
<sup>1</sup> 2012 figures were restated to facilitate like-for-like comparison

# Trading

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

- Sustained strong forex business
- Strong traction in structured products (no proprietary trading, “back-to-back” issuance model)
- Robust increases in revenues and operating profit
- Trading activity is mostly customer-driven, with continued rise in revenues and very low risk levels compared to 2008

2012 2013



<sup>1</sup> 2012 figures were restated to facilitate like-for-like comparison

## Agenda

- Introduction **Pascal Kiener**
- **HY 2013 financial results** **Thomas Paulsen**
- Outlook **Pascal Kiener**

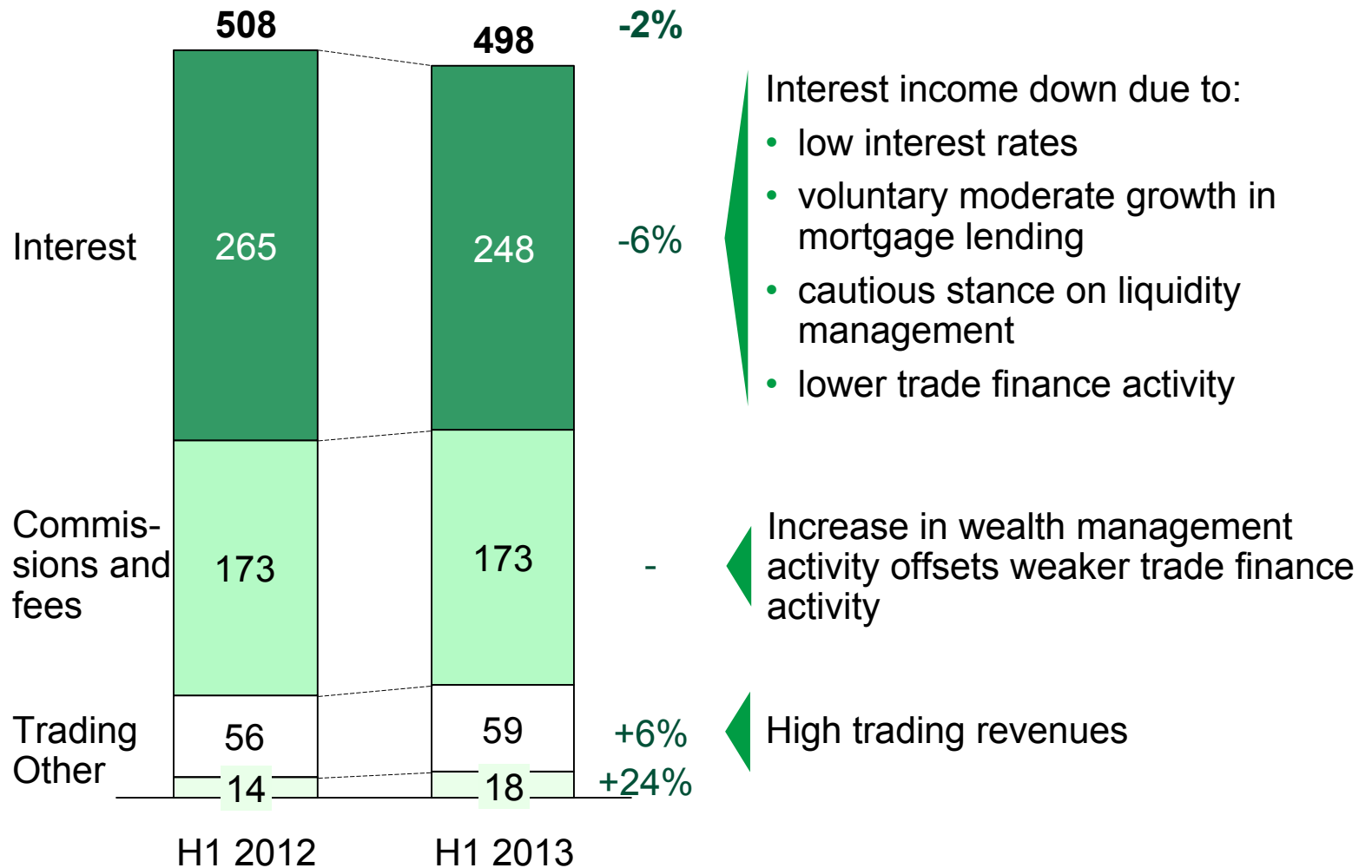
# Income statement

CHF millions (rounded), unaudited figures

	H1 2013	H1 2012	Change	
<b>Total revenues</b>	<b>498</b>	<b>508</b>	-10.3	-2%
<b>Operating expenses</b>	<b>-261</b>	<b>-266</b>	-5.2	-2%
<b>Operating profit</b>	<b>237</b>	<b>242</b>	-5.1	-2%
<b>Depreciation and write-offs</b>	<b>-44</b>	<b>-44</b>	-0.1	-
<b>Value adjustments, provisions &amp; losses</b>	<b>-8</b>	<b>-1</b>	+6.7	n.s.
<b>Extraordinary income</b>	<b>10</b>	<b>6</b>	+4.6	+81%
<b>Extraordinary expenses</b>	<b>-</b>	<b>-</b>	+0.1	n/a
<b>Taxes</b>	<b>-45</b>	<b>-45</b>	-0.8	-2%
<b>Net profit</b> (before minority interests)	<b>151</b>	<b>157</b>	-6.4	-4%

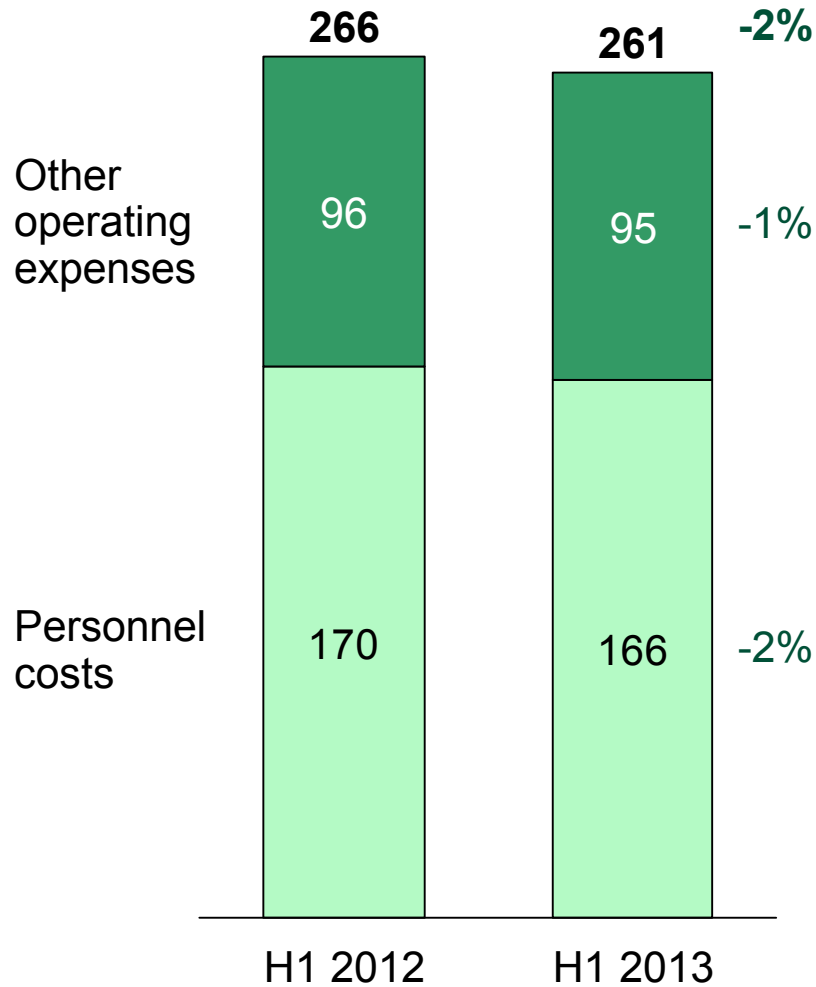
# Revenues

CHF millions (rounded), unaudited figures



# Operating expenses

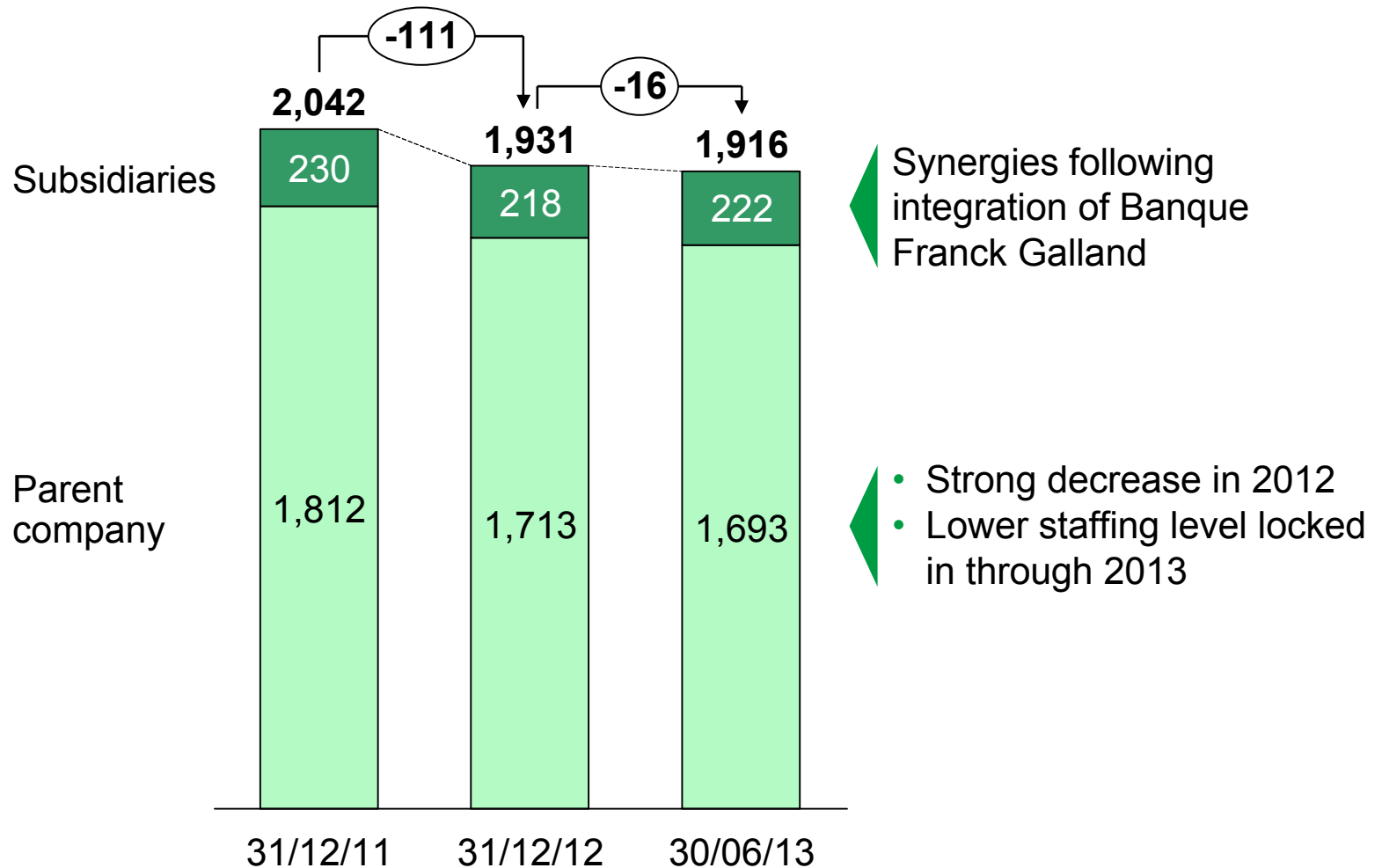
CHF millions (rounded), unaudited figures



Focus on keeping operating expenses under control while revenues under pressure

# Headcount

Full-time equivalents at period-end



# Transfer of 80 IT specialists from IBM

## Operational improvement and rationale

---

- Integration of 80 IT analysts and developers from IBM as of 1 July 2013
  
- ▶ Improved control over core IT system
- ▶ Pre-tax cash-out reduced by ~CHF 9m<sup>1</sup> per annum

## Accounting treatment

---

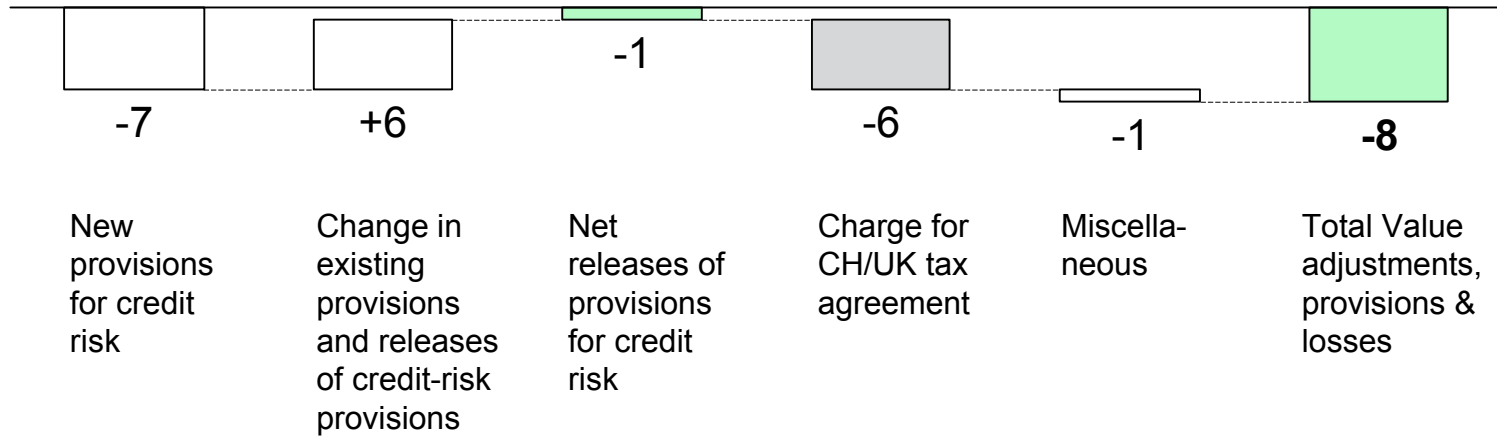
- Increase in operating expenses of ~CHF 15m on an annual basis (~CHF 7m in H2 2013)
- Increase in other ordinary income of ~CHF 15m on an annual basis resulting from capitalizing costs as an IT investment (~CHF 7m in H2 2013)
- Ongoing amortization over 3 years
  
- ▶ Gradually increasing positive impact on net profit of ~CHF 7m p.a. as of 2016 (almost no impact in H2 2013)

<sup>1</sup> All other things being equal



# Value adjustments, provisions & losses

CHF millions (rounded), unaudited figures

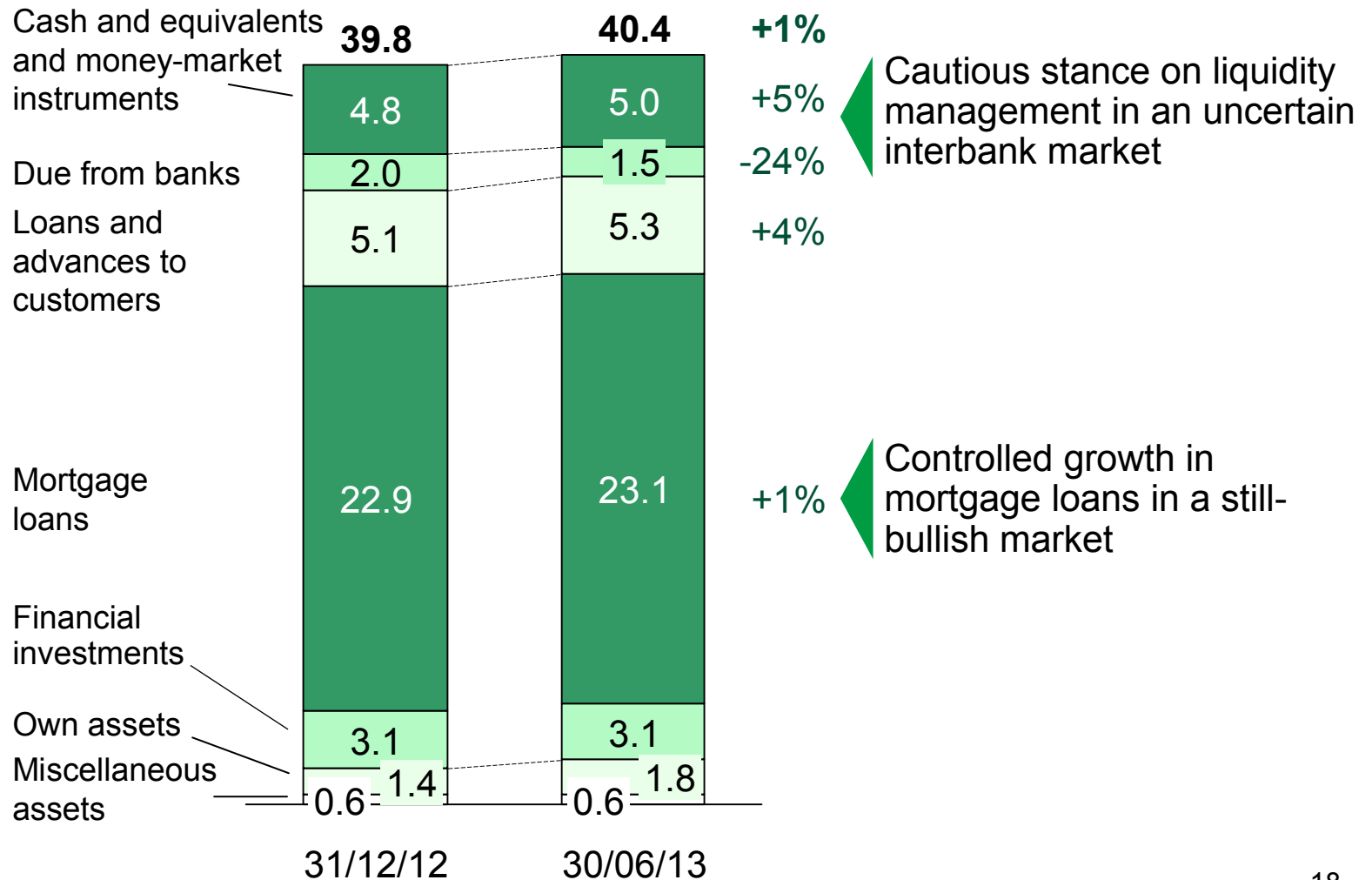


- New provisions stable at low level
- Releases slightly lower than provisions

BCV's share of aggregate CHF 500m paid to UK by the entire Swiss banking sector

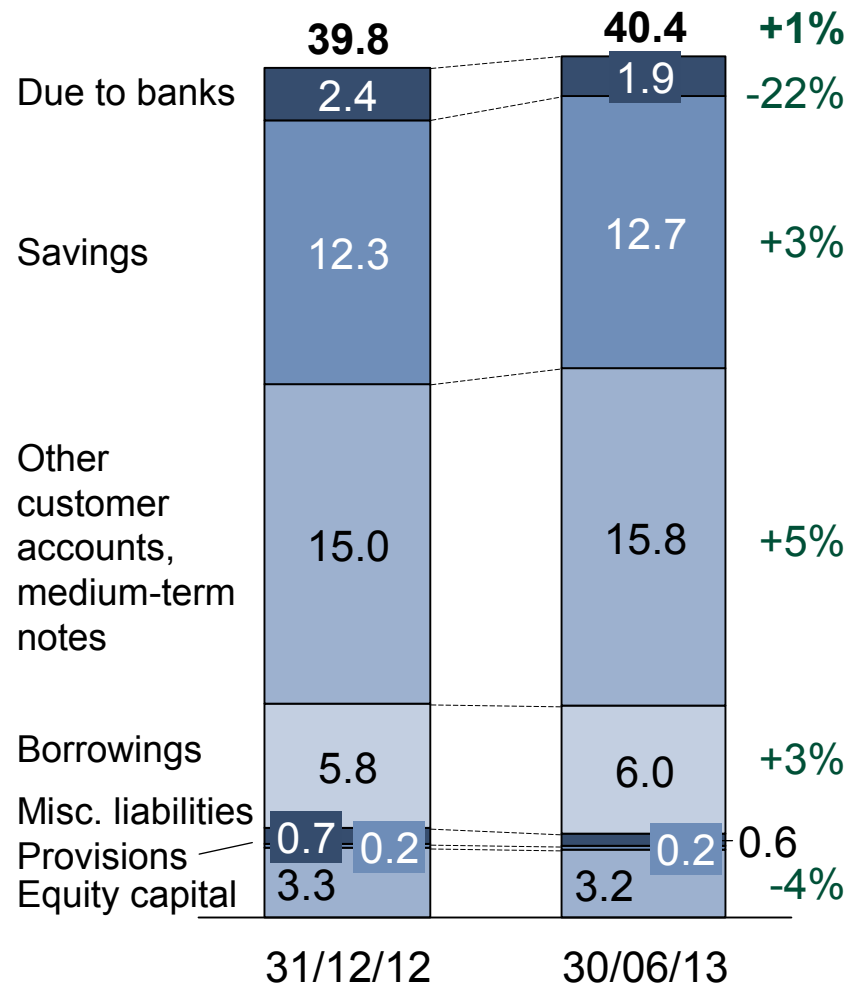
# Assets

CHF billions (rounded), unaudited figures



# Liabilities

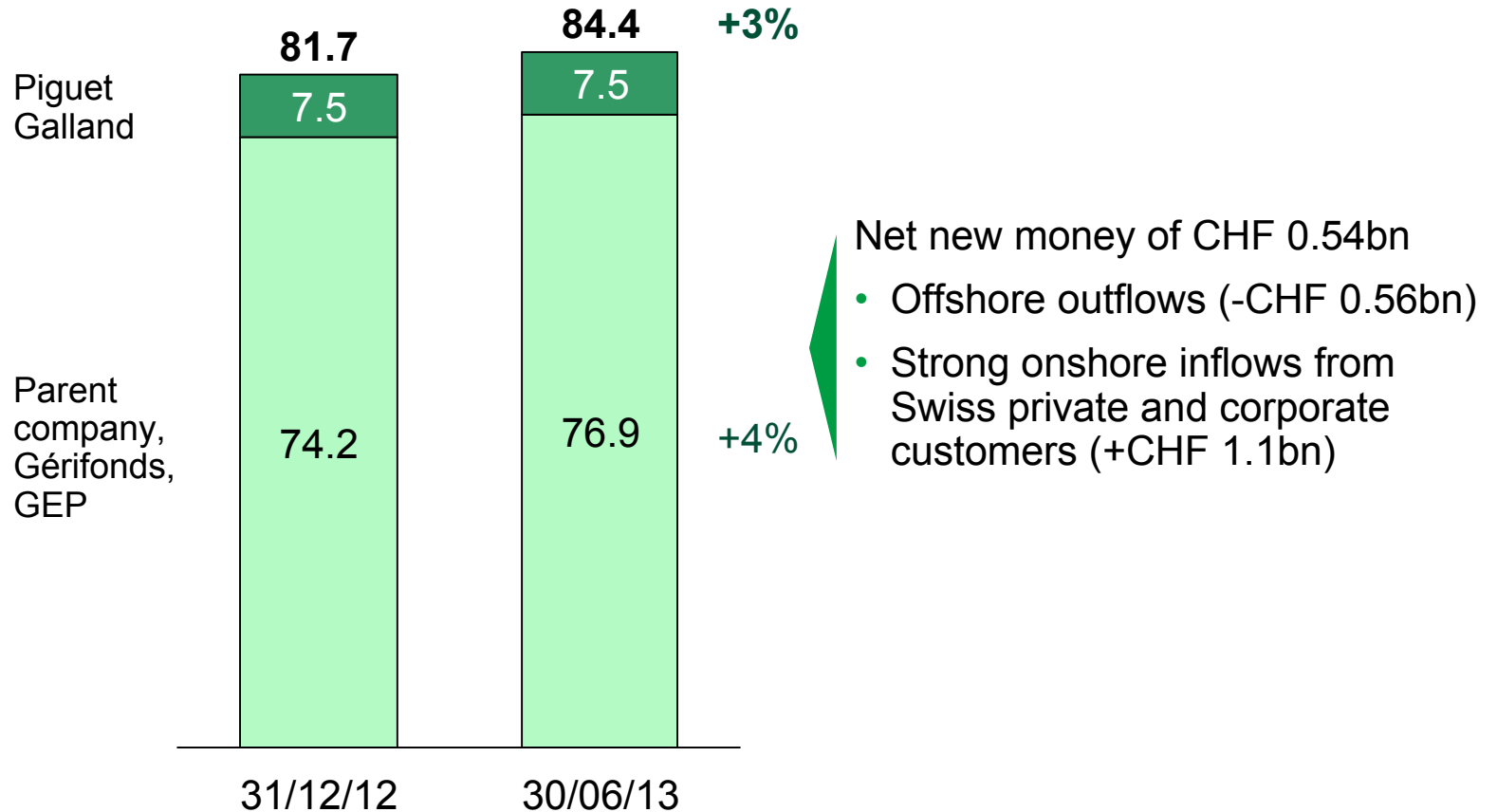
CHF billions (rounded), unaudited figures



Continued fund inflows, in particular from private customers and corporates

# Assets under management (AuM)

CHF billions (rounded), unaudited figures



## Key ratios

Unaudited figures

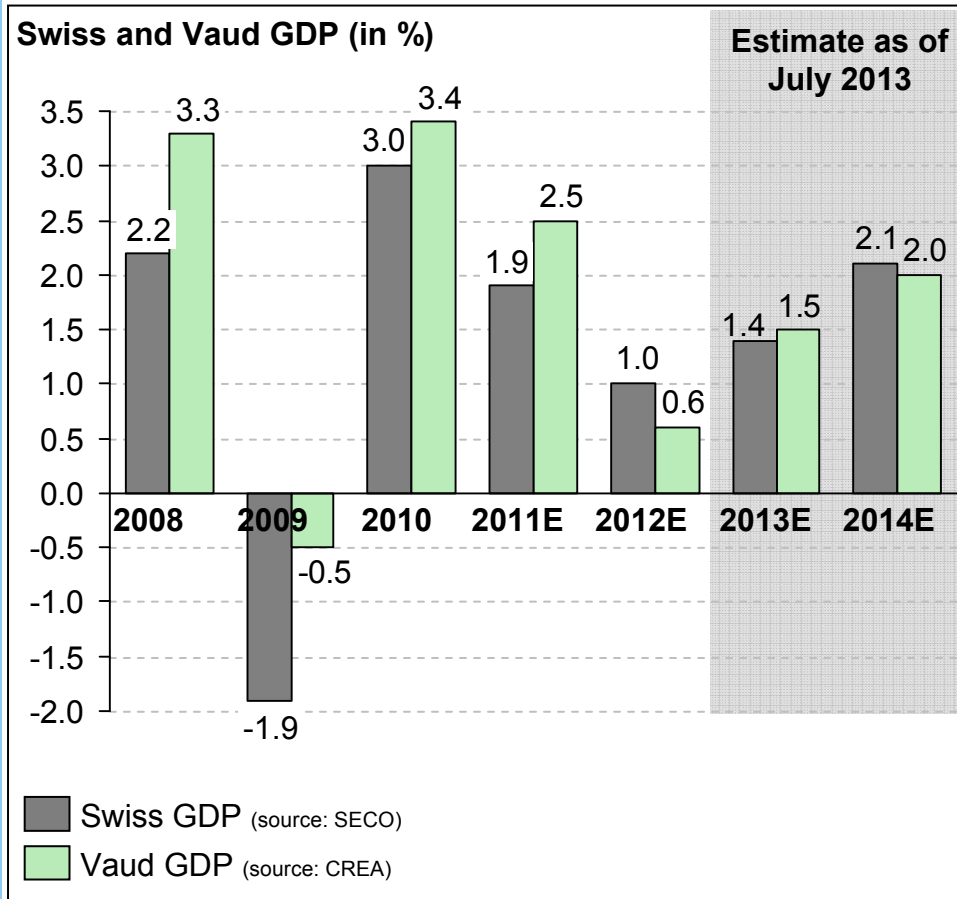
		2009	2010	2011	2012	30/06/13
<b>Asset quality and balance sheet structure</b>	Impaired loans/ credit exposure	1.9%	1.6%	1.3%	1.2%	1.1%
	Customer deposits/ loans to customers	98%	94%	93%	98%	100%
	Interest margin	1.47%	1.48%	1.48%	1.33%	1.20%
<b>Equity capital<sup>1</sup></b>	BIS Tier 1 capital ratio	17.8%	17.6%	16.8%	18.4%	17.8%
	FINMA capital ratio	14.1%	14.0%	13.2%	14.4%	17.9%
	FINMA capital adequacy ratio	176%	175%	165%	180%	224%
<b>Productivity</b>	Cost/income (excluding goodwill amortization)	60%	59%	60%	60%	61%
<b>Financial performance</b>	ROE (net profit / avg. equity)	9.5%	9.8%	9.3%	9.5%	9.1%

<sup>1</sup> Since 1 January 2009, BCV's capital requirements have been determined in accordance with the Basel II Foundation IRB approach; since 1 Jan. 2013, BCV's capital requirements have been determined in accordance with Basel III principles

## Agenda

- Introduction **Pascal Kiener**
- HY 2013 financial results **Thomas Paulsen**
- **Outlook** **Pascal Kiener**

# Swiss and Vaud GDP



## 2013 growth estimate

- Switzerland +1.4%<sup>1</sup>
- Vaud +1.5%<sup>2</sup>

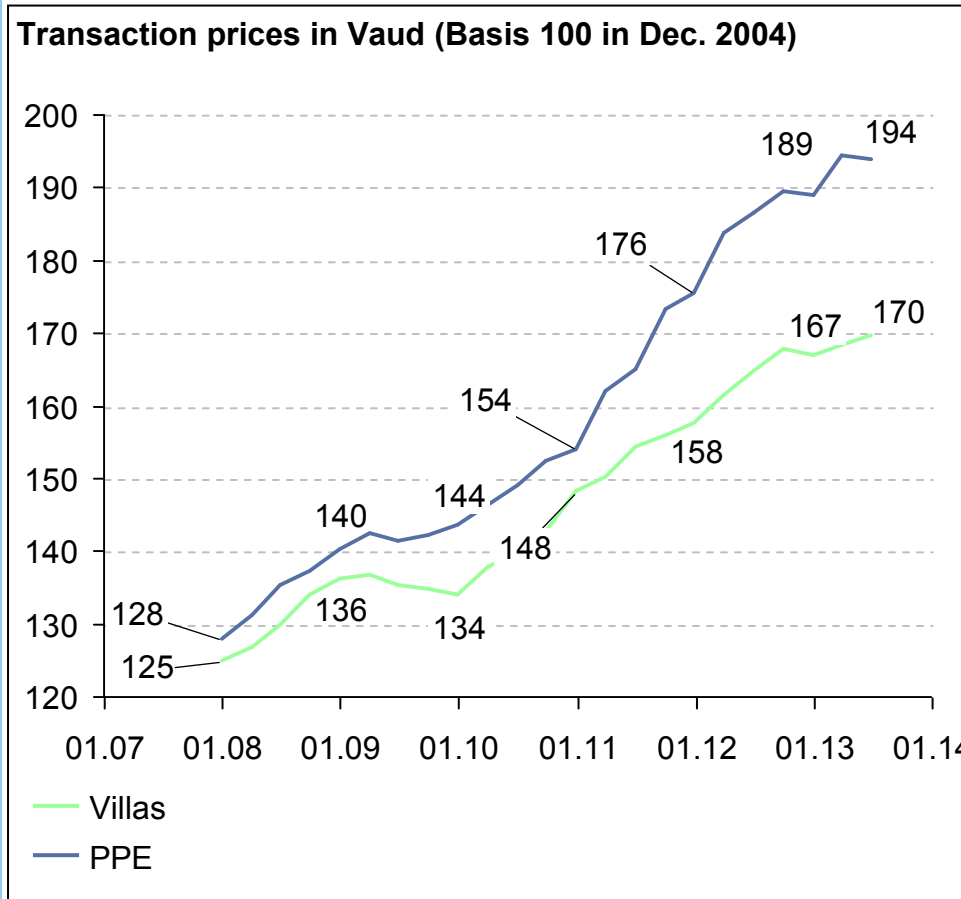
## Forecast for 2014

- Switzerland +2.1%<sup>1</sup>
- Vaud +2.0%<sup>2</sup>

<sup>1</sup> SECO (Switzerland's State Secretariat for Economic Affairs)

<sup>2</sup> Créa (Lausanne University's Créa Institute of Macro-economics)

# Real estate in the Vaud region



- In H1 2013, selling prices on real-estate transactions in Vaud increased more slowly than in the rest of Switzerland, across all segments
- Average asking prices on houses and apartments in Vaud remained stable in H1 2013
- Beginning of a soft landing period?
- BCV's moderate growth strategy unchanged



- **Still-challenging economic and financial environment despite slightly lower instability**
- **Steady revenue**
- **Continued rigorous control of operating expenses**



**Business trend in H2 2013 expected to be in line with H1 2013<sup>1</sup>**

<sup>1</sup> Provided that the macro-economic situation and the financial markets do not deteriorate significantly



## 2013-2014 calendar

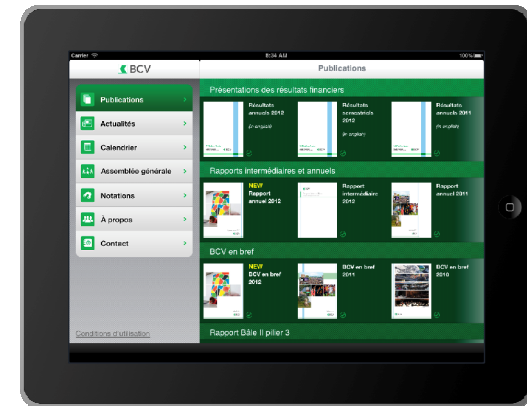
- **14 November 2013** Third-quarter 2013 operating profit press release
- **20 February 2014** Full-year 2013 results
- **1 May 2014** First-quarter 2014 operating profit press release
- **1 May 2014** Annual Shareholders' Meeting in Lausanne

# BCV Investor Relations iPad App

**The 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
- 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, as well as 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.



**Waiver of liability.** While we make every reasonable effort to use reliable information, we make no representation or warranty of any kind that all information contained in this document is accurate or complete. We disclaim all liability or responsibility for any loss, damage or injury that may result directly or indirectly from this information. The information and opinions contained in this document are representative of the situation on the date this document was prepared and may change at any time, particularly as a result of changes in the general market trend, interest rates and exchange rates, and legislative and/or regulatory changes. We have no obligation to update or modify this document.

**No offer or recommendation.** This document was prepared for information purposes only and does not constitute a request for an offer, or an offer to buy or sell, or a personalized investment recommendation. Before you conduct any transaction, we recommend that you contact your advisors to carry out a specific examination of your risk profile and that you seek information about the risks involved. One such source of information is the SwissBanking brochure "Special Risks in Securities Trading" (available at BCV offices and on the BCV website: [www.bcv.ch/static/pdf/en/risques\\_particuliers.pdf](http://www.bcv.ch/static/pdf/en/risques_particuliers.pdf)). In particular, we draw your attention to the fact that prior performance must not be taken as a guarantee of current or future performance.

**Interests in certain securities and relations with third parties.** BCV, its affiliate companies and/or their directors, managers and employees may hold or have held interests or positions in certain securities, which they may buy or sell at any time, or acted or traded as market maker. They may have or have had business relationships with the issuers of certain securities, or provide or have provided them with corporate finance services, capital market services or any other financial services.

**Distribution restrictions.** Certain transactions and/or the distribution of this document may be prohibited or subject to restrictions for persons in jurisdictions other than Switzerland (particularly Germany, the UK, the USA and US persons). The distribution of this document is only authorized to the extent allowed by the applicable law.

**Trademarks and copyright.** The BCV logo and trademark are protected by law. This document is subject to copyright and may not be reproduced unless the reproduction mentions its author, copyright and all the legal information it contains. Prior written authorization from BCV is required to use this document for public or commercial purposes.