

2017 Half-Year Results

Analysts' Presentation
17 August 2017



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Introduction

Pascal Kiener, CEO

H1 2017 financial results

Thomas W. Paulsen, CFO

Outlook

Pascal Kiener, CEO

Revenues up 1%, despite the persisting negative-interest-rate environment

Continuing growth in core businesses offset revenue losses due to the end of the partnership with PostFinance, the transfer of Swisscanto assets and the realignment of the Bank's cross-border wealth management business on a select group of countries

Operating profit robust: up 3% thanks in part to firm cost control

Net profit up 5% year-on-year to CHF 164m

H1 2017 key figures

CHF (rounded), unaudited figures



Revenues

497m

+1%

Operating profit

203m

+3%

Net profit

164m

+5%

Total assets

45.1bn

+2%

AuM

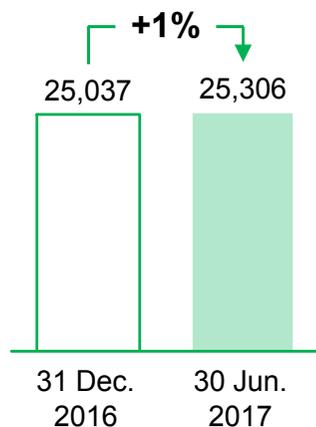
82.0bn

-4%

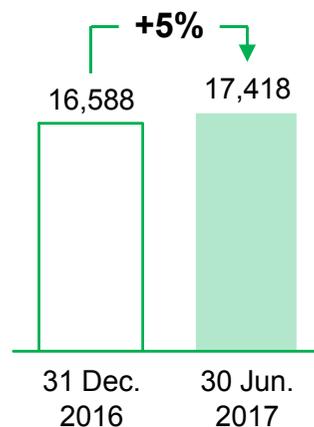
Main business trends

CHF millions (rounded), unaudited figures

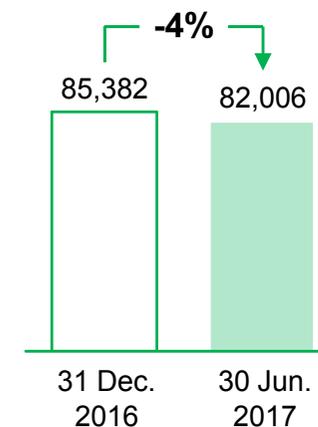
Mortgage loans



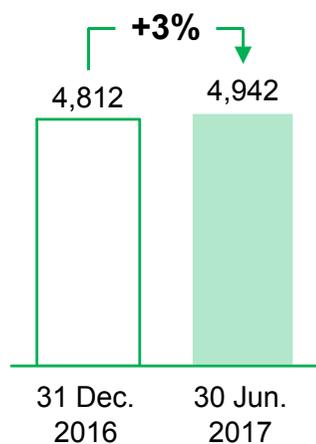
Savings deposits



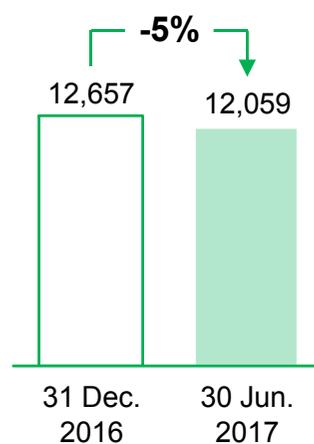
AuM



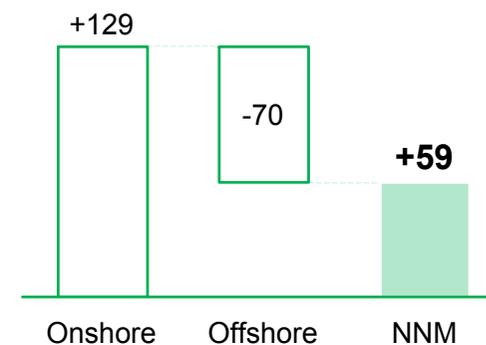
Other loans



Other client deposits



Net new money



Jacques de Watteville appointed Chairman of the Board of Directors by the Vaud Cantonal Government, replacing Olivier Steimer as of 1 January 2018

Andreas Diemant appointed to the Bank's Executive Board as head of the Corporate Banking Division as of 1 September 2017

CHF 284m distributed to shareholders in May; i.e., CHF 33 per share or a dividend yield of over 5%¹

AA rating from S&P since 2011

Moody's reaffirmed BCV's long-term deposit rating of Aa2 with a stable outlook

Note

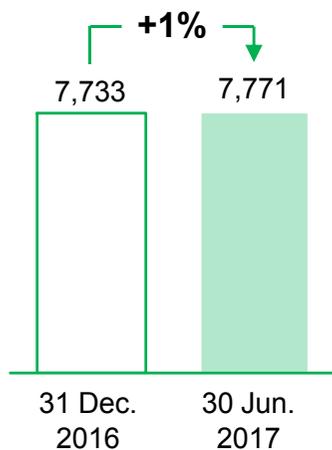
(1) Based on closing price at 30 December 2016

Retail Banking

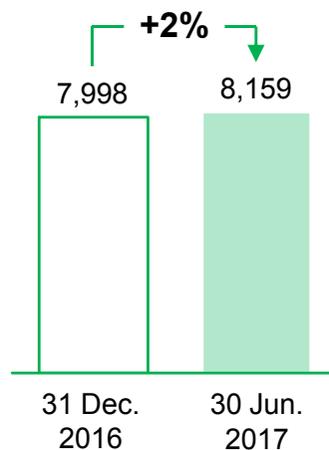
CHF millions (rounded)¹



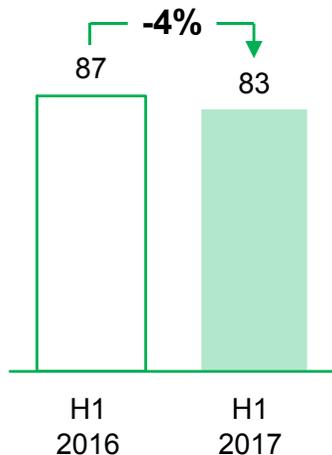
Mortgage loans



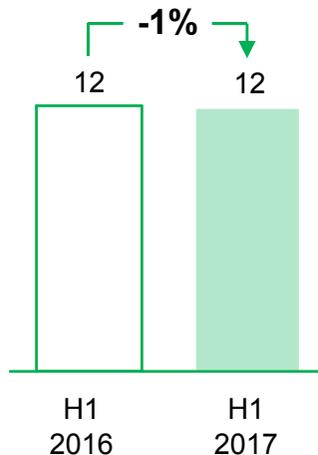
Customer deposits



Revenues



Operating profit

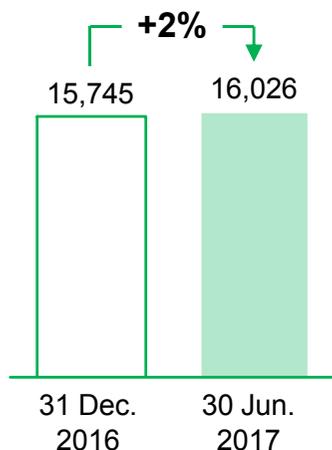


- Slight increase in mortgage loans
- Customer deposits up – no negative interest rates charged to retail customers
- Revenues lower than the year-earlier figure due to the end of the partnership with PostFinance – up 3% excluding this factor
- Operating profit stable thanks to continued cost control

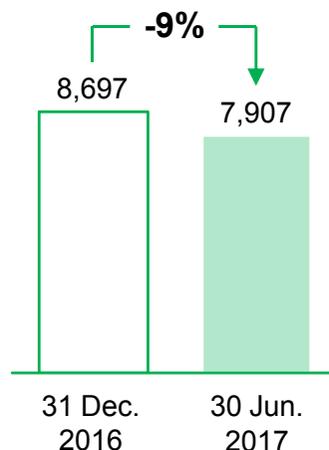
Note

(1) 2016 figures were adjusted to facilitate like-for-like comparison

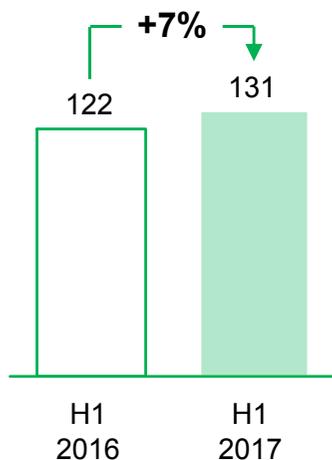
Loans/off-BS commitments



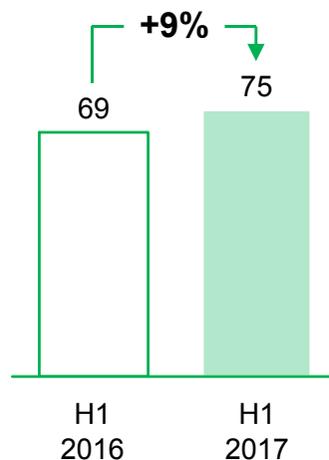
Customer deposits



Revenues



Operating profit



- SMEs
 - Positive trend in mortgage loans (+2%) and in other loans and advances (+6%)
 - Customer deposits up 4%

- Normal up-and-down business trend in Large Corporates
 - Loans and off-balance-sheet commitments up 1%
 - Decrease in deposits (-26%), following wider application of negative interest rates

- Growth in Trade Finance
 - Average loans / off balance-sheet commitments up 19% on 2016

- Low provisioning needs

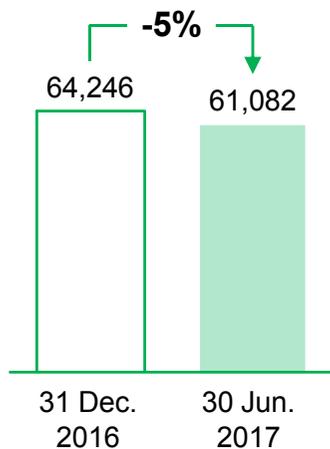
Note

(1) 2016 figures were adjusted to facilitate like-for-like comparison

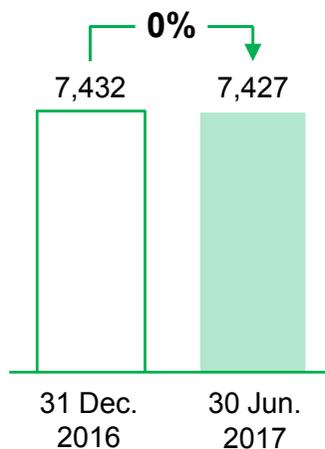
Wealth Management

CHF millions (rounded)¹

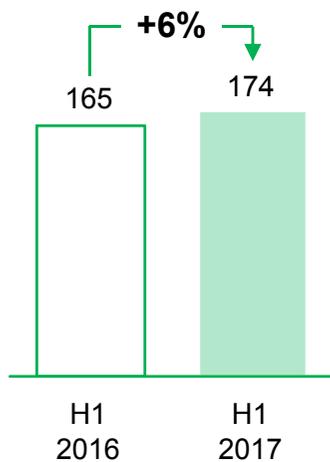
AuM



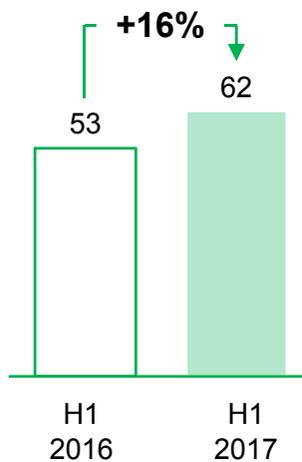
Mortgage loans



Revenues



Operating profit



- Lower AuM, due to transfer of Swisscanto funds
- Robust business development in onshore activities
- Almost no further offshore outflows following completion of realignment on a select group of countries
- Recovery in client trading volumes thanks to bullish financial markets
- Revenues up 6% and operating profit up 16%

Note

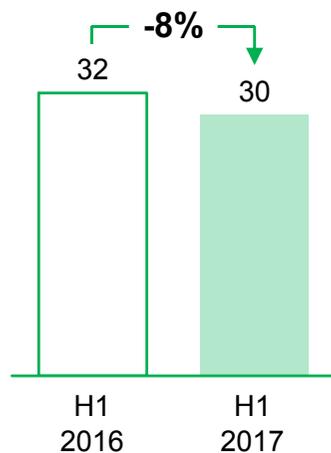
(1) 2016 figures were adjusted to facilitate like-for-like comparison

Trading

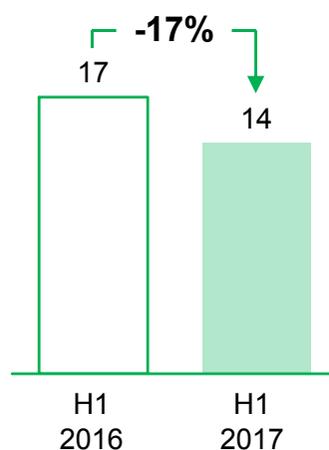
CHF millions (rounded)¹



Revenues

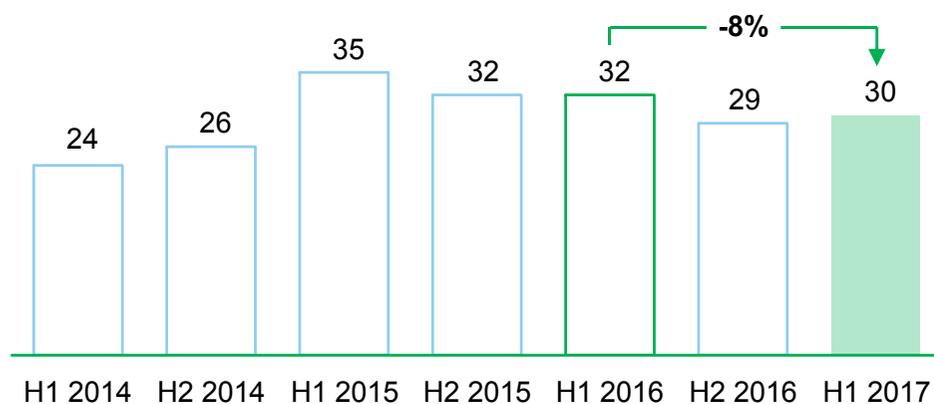


Operating profit



- Exchange rates were fairly stable in H1 2017, which weighed on the Bank's forex business – still strong but below H1 2016
- Revenues down 8% and operating profit down 17%, but still high compared to previous years

Revenues time serie¹



Note

- (1) 2016 figures were adjusted to facilitate like-for-like comparison
- (2) No adjustment except for H1 2016 to facilitate like-for-like comparison with H1 2017

Introduction

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H1 2017 financial results

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Pascal Kiener, CEO

Income statement

CHF millions (rounded), unaudited figures



	H1 2016	H1 2017	Change	
Total income from ordinary banking operations	494.1	496.7	+2.6	+1%
Operating expenses	-258.2	-257.5	-0.7	-0%
Depreciation & amortization of fixed assets and impairment on equity investments	-37.1	-35.6	-1.4	-4%
Other provisions and losses	-0.9	-0.2	-0.7	-81%
Operating profit	197.9	203.5	+5.5	+3%
Net extraordinary income	0.9	1.4	+0.5	+59%
Taxes	-42.1	-41.0	-1.0	-2%
Net profit	156.7	163.8	+7.1	+5%

Total income from banking operations

CHF millions (rounded), unaudited figures

Total income from ordinary banking operations

494		497			
H1 2016	H1 2017			+3	+1%
243	247	Net interest income		+4	+2%
158	158	Commissions & fees		+1	+0%
68	69	Trading		+1	+2%
26	22	Other		-4	-15%

- **NII** – Robust net interest income
- **Commissions & fees** – Slightly up, despite the end of the partnership with PostFinance, the transfer of Swisscanto assets and the realignment of the Bank's cross-border wealth management business on a select group of countries
- **Trading** – Slightly up thanks to optimized treasury management

Net interest income

242	251	NII before loan impairment charges/reversals	+9	+4%
1	-4	Loan impairment charges/reversals	-5	N/A
243	247	Net interest income	+4	+2%

- **NII before loan impairment charges/reversals** – Strong increase (+4%) despite unfavorable interest-rate environment
- **Loan impairment charges/reversals** – Some net new provisioning needs but still at a low level

Operating expenses, depreciation and amortization

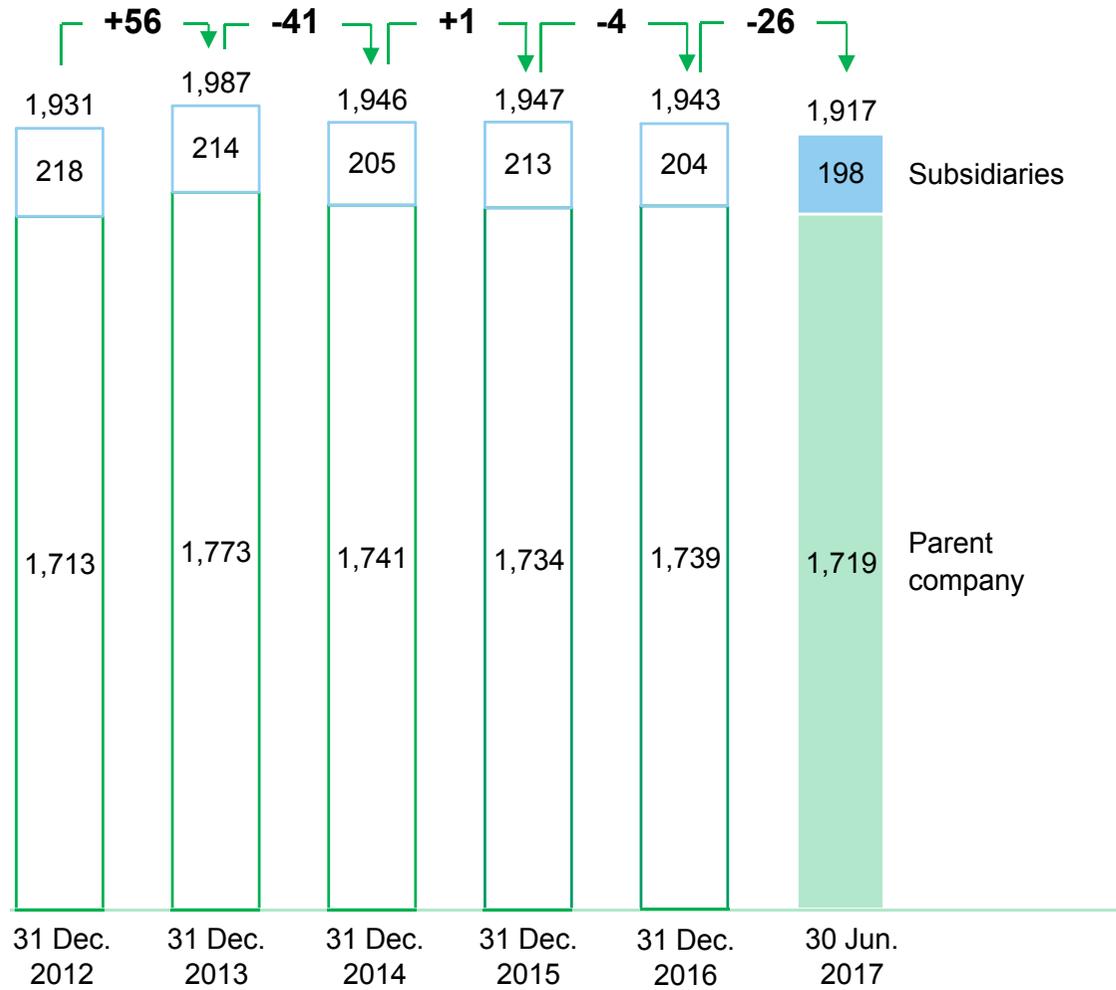
CHF millions (rounded), unaudited figures

	H1 2016	H1 2017			
	295	293		-2	-1%
	87	87	Other operating expenses	-0	-0%
	171	171	Personnel costs	-0	-0%
	37	36	Depreciation & amortization	-1	-4%
	H1 2016	H1 2017			

- Continued firm control of operating expenses
- Depreciation and amortization slightly down

Headcount

Full-time equivalents at period-end



- Continued decrease in headcount

Assets

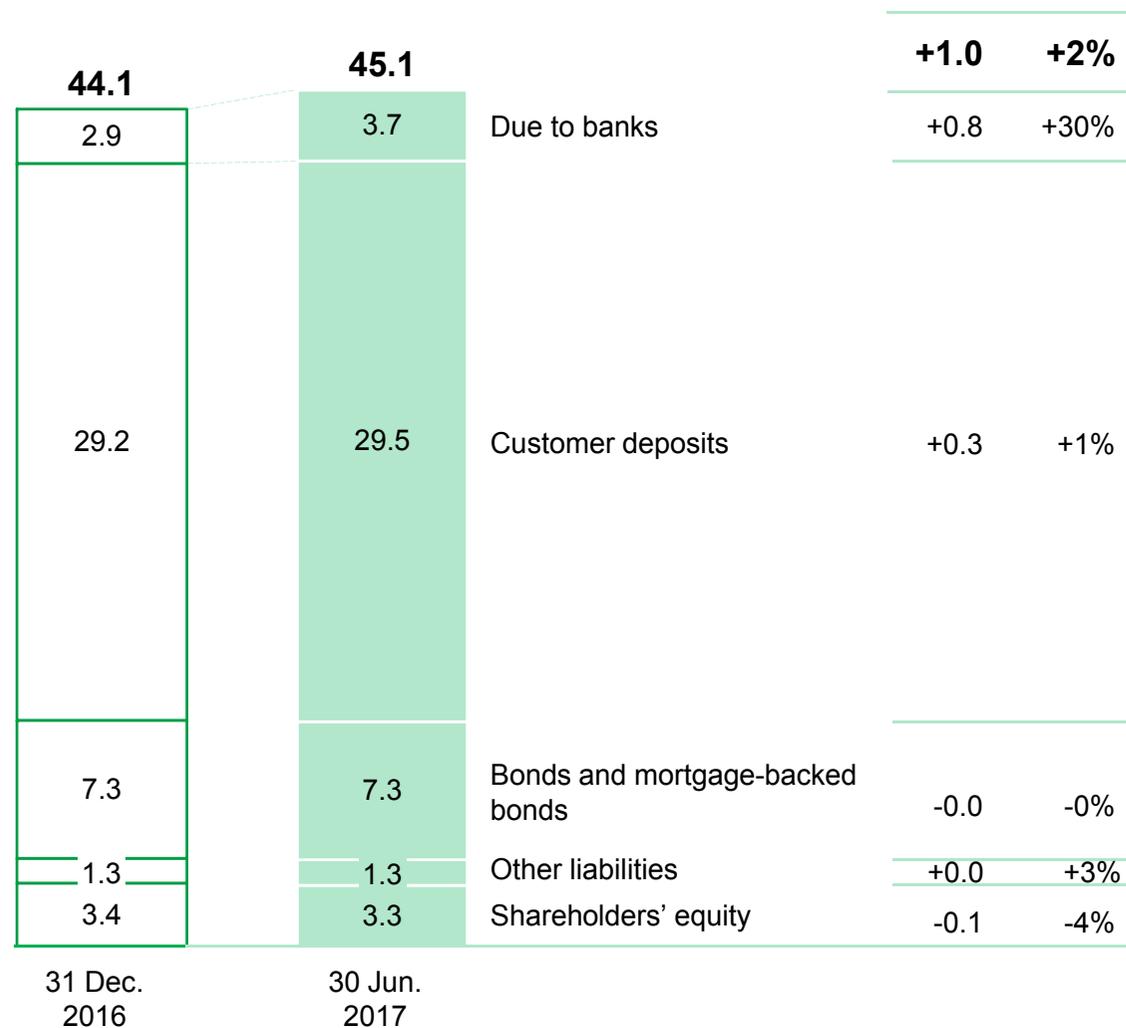
CHF billions (rounded), unaudited figures

	31 Dec. 2016	30 Jun. 2017		+1.0	+2%
	44.1	45.1			
	7.5	7.6	Cash and equivalents	+0.1	+1%
	1.7	1.8	Due from banks and reverse repo agreements	+0.1	+7%
	4.8	4.9	Loans and advances to customers	+0.1	+3%
	25.0	25.3	Mortgage loans	+0.3	+1%
	3.2	3.6	Financial investments	+0.4	+12%
	1.8	1.9	Other assets	+0.1	+2%

- **Cash and equivalents** – Increase in SNB sight deposits following fund inflows
- **Loans and advances to customers** – Up 3%
- **Mortgage loans** – Controlled growth in line with strategy

Liabilities and equity

CHF billions (rounded), unaudited figures



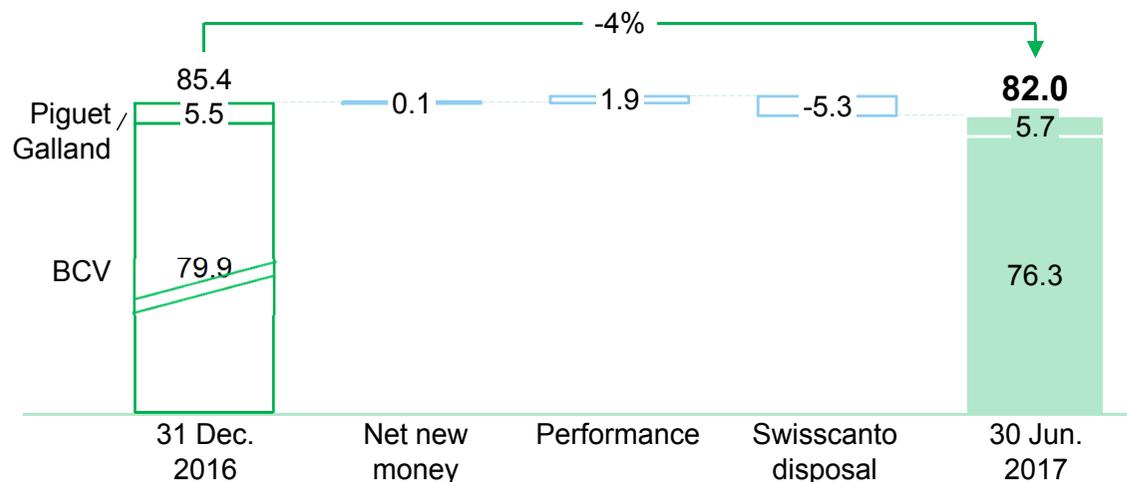
- **Due to banks** – Increase mainly due to repo agreements
- **Customer deposits** – Slight increase despite wider application of negative interest rates
- **Shareholders' equity** – Stable

Assets under management

CHF billions (rounded)

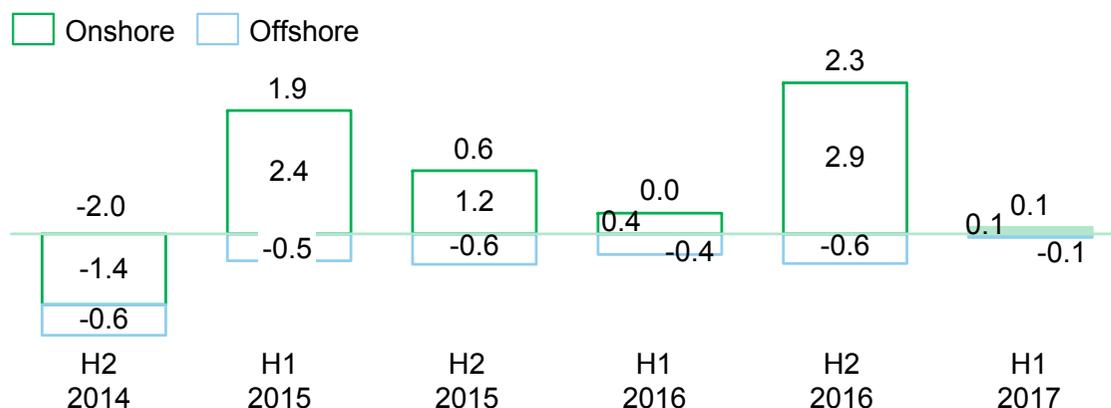


Assets under management



- AuM down 4% to CHF 82.0bn
- Net new money of +CHF 59m
- Performance of +CHF 1.9bn
- Negative impact of Swisscanto assets transferred to ZKB

Net new money



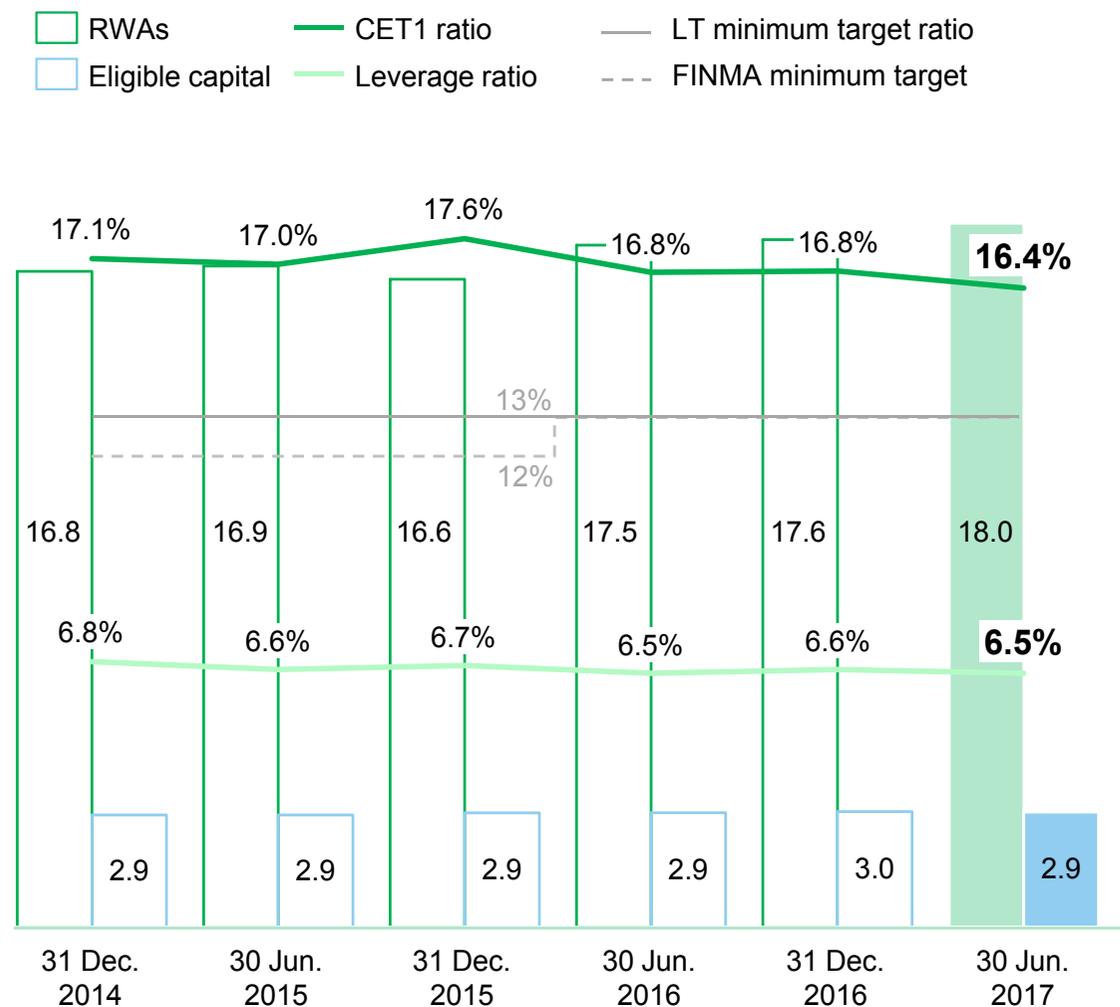
- Onshore net inflows of +CHF 129m:
 - Strong inflows from domestic retail and SMEs (+CHF 1.2bn)
 - Outflows from large corporates and institutionals due to wider application of negative interest rates (-CHF 1.1bn)
- Previously announced realignment of cross-border wealth management business now finalized – almost no further outflows

Capital ratios

CHF billions (rounded)



Risk-weighted assets and CET1 ratio



CET1 ratio

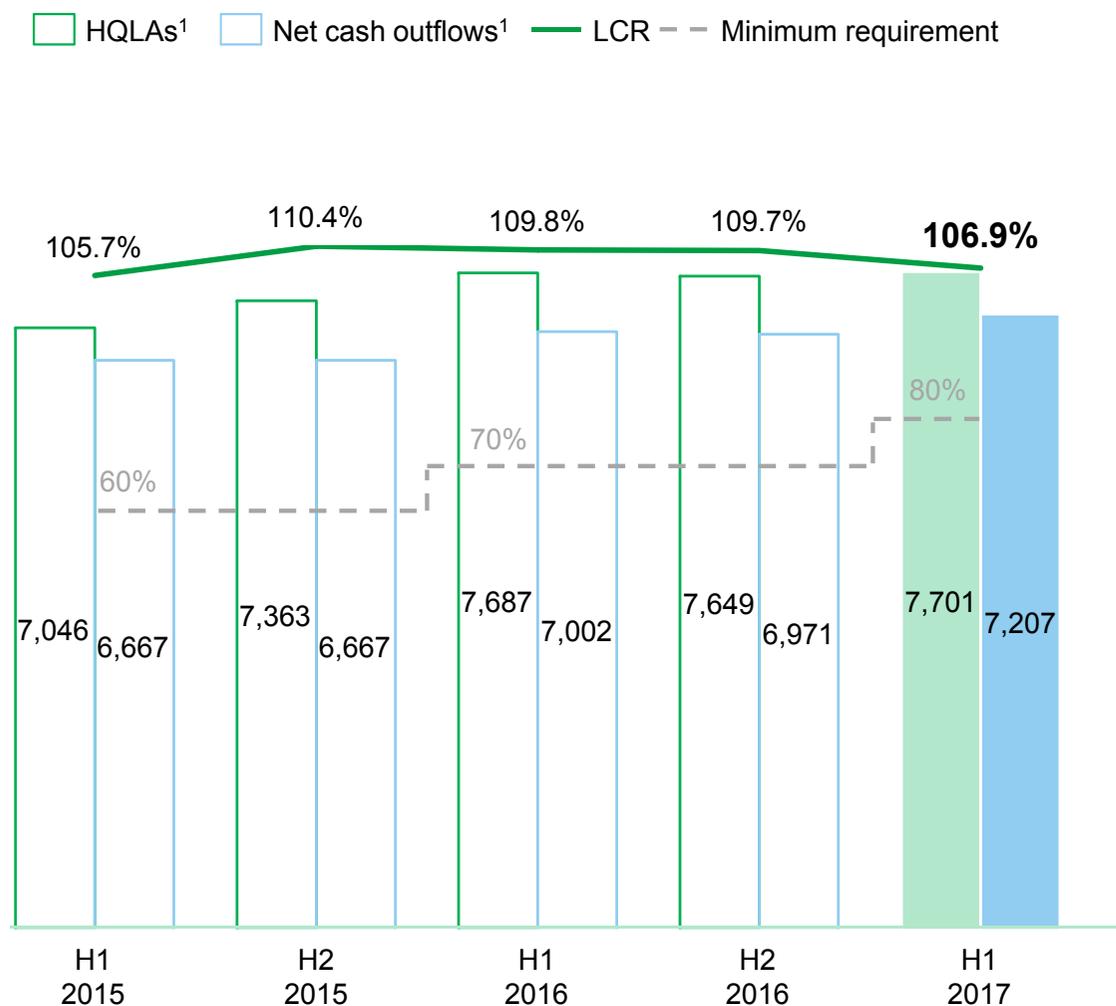
- Decrease in CET1 ratio due to higher RWAs, mainly on:
 - Residential mortgages; driven up by volume growth and the yearly increase in the specific IRB multiplier
 - Financial investments
- Look-through CET1 ratio of 15.9%, including fully-loaded specific IRB multiplier

Leverage ratio

- Leverage ratio stable at 6.5%, vs. requirement of 3.0% - as proposed by FINMA in a consultation paper

Liquidity ratio

CHF millions (rounded)



- Decrease in the **LCR** by roughly 3 percentage points since H2 2016
- Composition of Bank's HQLAs:
 - 64% as cash deposited with the SNB
 - 36% as AAA and AA mainly Swiss-issued securities eligible as SNB collateral
- Increase in the minimum requirement by 10 percentage points each year until 2019

Note
(1) Simple average of figures at month-end

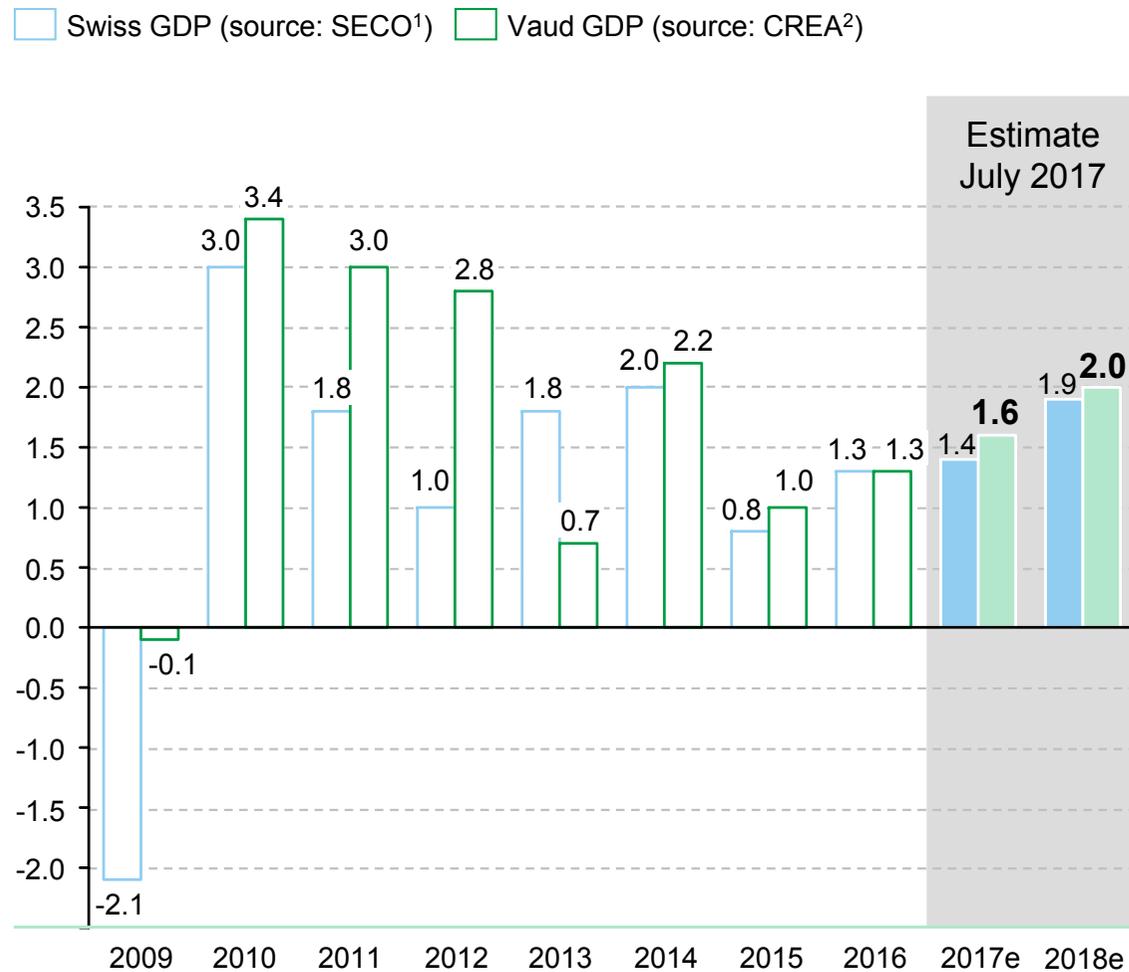
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Swiss and Vaud GDP growth

As a %



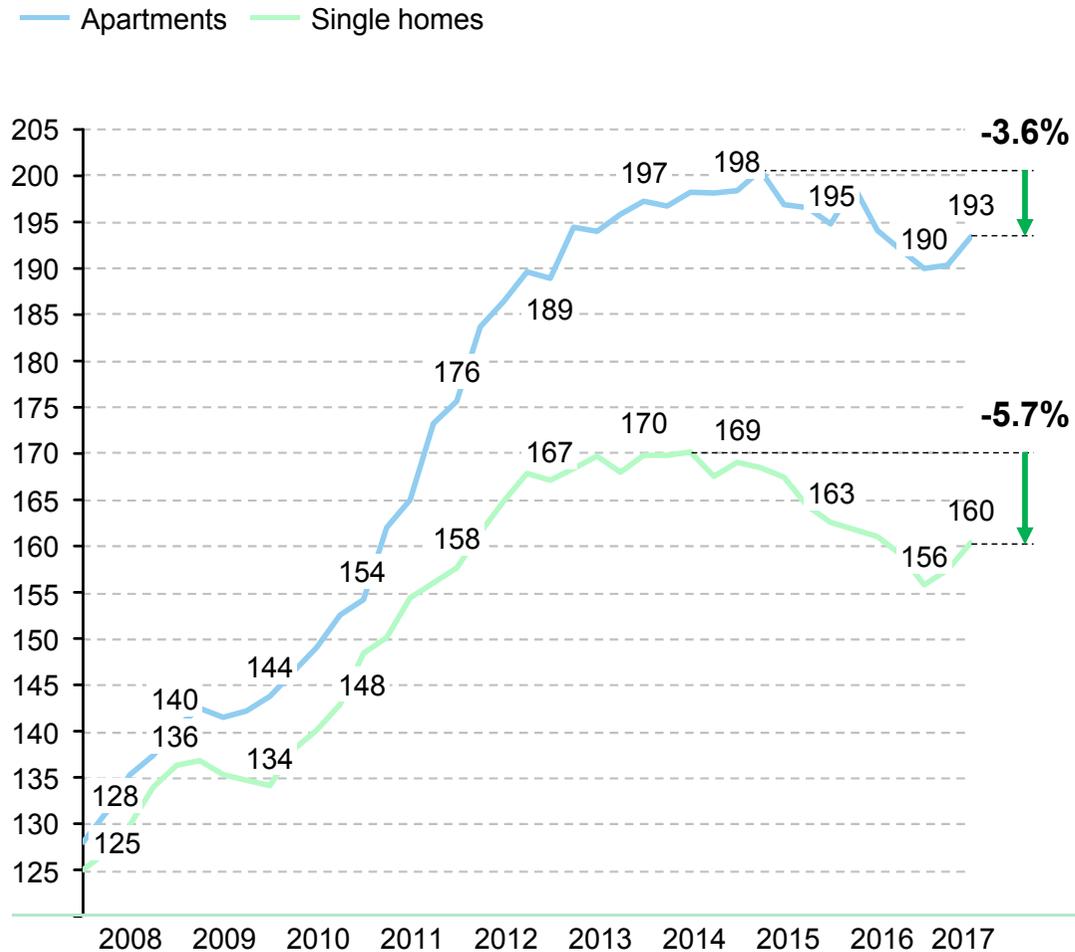
- In **2017**: Growth estimates for Swiss and Vaud GDP were revised downwards, but the global economic recovery is set to continue
- Economic development in Switzerland depends on two main factors:
 - Growth in Europe and the rest of the world
 - Exchange rate fluctuations

Note

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

Real estate in the Vaud region

Transaction prices in Vaud (Basis 100 in Dec. 2004)



- After a 3-year correction, real estate prices have risen slightly over the last 6 months:
 - +1.8% on apartments
 - +2.9% on single homes
- Soft landing still entrenched

Note
Source Wuest and Partner

FY 2017 business trends in line with H1 2017

Revenues under pressure, notably because of the unfavorable interest-rate environment

Continued firm control of operating expenses

FY operating and net profit expected to be similar to 2016

16 February 2017

Full-year 2016
results

27 April 2017

Annual
Shareholders'
Meeting in Lausanne

17 August 2017

Half-year 2017
results

15 February 2018

Full-year 2017
results

26 April 2018

Annual
Shareholders'
Meeting in Lausanne

Appendices



Income statement



CHF millions (rounded), unaudited figures

	H1 2017	H1 2016	Abs	%
Interest and discount income	291.5	302.1	-10.6	-4
Interest and dividend income from financial investments	18.7	21.9	-3.2	-15
Interest expense	-59.1	-82.2	-23.1	-28
Net interest income before loan impairment charges/reversals	251.1	241.8	+9.3	+4
Loan impairment charges/reversals	-4.0	0.9	-4.9	N/A
Net interest income after loan impairment charges/reversals (NII)	247.1	242.7	+4.4	+2
Fees and commissions on securities and investment transactions	122.9	122.1	+0.8	+1
Fees and commissions on lending operations	24.0	22.8	+1.2	+5
Fees and commissions on other services	35.4	37.7	-2.4	-6
Fee and commission expense	-23.8	-24.9	-1.1	-4
Net fee and commission income	158.5	157.7	+0.8	+0
Net trading income and fair-value adjustments	69.0	67.5	+1.5	+2
Gains/losses on disposals of financial investments	1.0	3.6	-2.6	-72
Income from equity investments	5.7	5.1	+0.6	+11
Real-estate income	5.4	5.4	+0.1	+1
Miscellaneous ordinary income	10.4	12.3	-1.9	-16
Miscellaneous ordinary expenses	-0.3	-0.2	+0.2	+104
Other ordinary income	22.2	26.2	-4.0	-15
Total income from ordinary banking operations	496.7	494.1	+2.6	+1
Personnel costs	-170.9	-171.2	-0.3	-0
Other operating expenses	-86.5	-87.0	-0.4	-0
Operating expenses	-257.5	-258.2	-0.7	-0
Depreciation and amortization of fixed assets and impairment on equity investments	-35.6	-37.1	-1.4	-4
Other provisions and losses	-0.2	-0.9	-0.7	-81
Operating profit	203.5	197.9	+5.5	+3
Extraordinary income	1.4	0.9	+0.5	+59
Extraordinary expenses	-0.0	-0.0	-0.0	-0
Taxes	-41.0	-42.1	-1.0	-2
Net profit	163.8	156.7	+7.1	+5
Minority interests	0.0	0.0	0.0	0
Net profit attributable to BCV Group shareholders	163.8	156.7	+7.1	5

Balance sheet



CHF millions (rounded), unaudited figures

	30 Jun. 2017	31 Dec. 2016	Abs	%
Cash and cash equivalents	7,556	7,496	+60	+1
Due from banks	1,478	1,373	+105	+8
Reverse repurchase agreements	319	306	+13	+4
Loans and advances to customers	4,942	4,812	+130	+3
Mortgage loans	25,306	25,037	+269	+1
Trading portfolio assets	214	153	+61	+40
Positive mark-to-market values of derivative financial instruments	247	281	-34	-12
Other financial assets at fair value	609	630	-21	-3
Financial investments	3,618	3,234	+384	+12
Accrued income and prepaid expenses	71	107	-35	-33
Non-consolidated holdings	70	70	0	0
Tangible fixed assets	502	517	-16	-3
Intangible assets	14	16	-2	-11
Other assets	133	54	+79	+148
Assets	45,079	44,085	+993	+2
Due to banks	1,332	1,070	+262	+25
Repurchase agreements	2,378	1,791	+587	+33
Customer deposits	29,477	29,245	+232	+1
Trading portfolio liabilities	2	0	+2	N/A
Negative mark-to-market values of derivative financial instruments	198	244	-46	-19
Other financial liabilities at fair value	810	771	+39	+5
Medium-term notes	18	21	-4	-17
Bonds and mortgage-backed bonds	7,250	7,267	-16	-0
Accrued expenses and deferred income	162	184	-21	-12
Other liabilities	135	56	+79	+140
Provisions	16	16	0	-3
Liabilities	41,779	40,666	+1,113	+3
Reserves for general banking risks	701	701	0	0
Share capital	86	86	0	0
Capital reserve	121	207	-86	-41
Retained earnings	2,249	2,137	+112	+5
Currency translation reserve	-2	-2	-0	-2
Treasury shares	-20	-19	-0	+2
Minority interests in equity	0	0	0	0
Net profit	164	310	-146	-47
<i>of which minority interests</i>	0	0	0	0
Shareholders' equity	3,299	3,420	-120	-4
Total liabilities and shareholders' equity	45,079	44,085	+993	+2

Key performance indicators

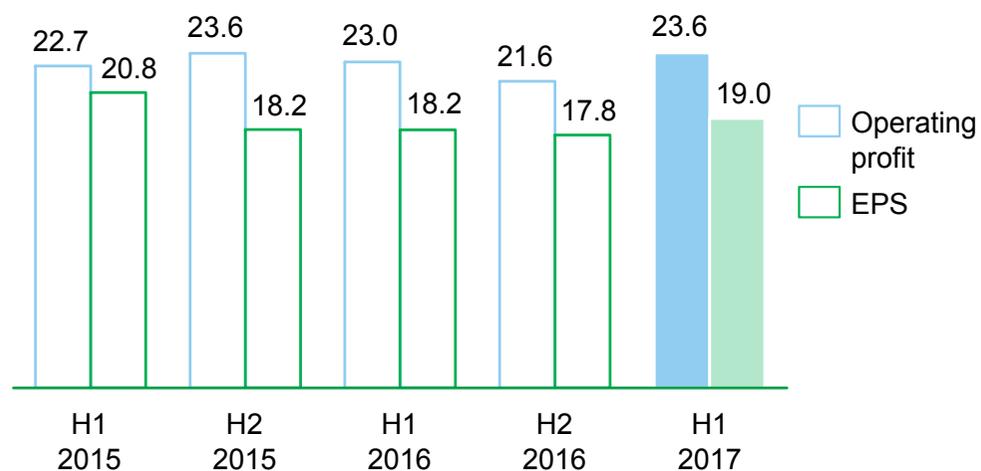
	31 Dec. 2013	31 Dec. 2014	31 Dec. 2015	31 Dec. 2016	30 Jun. 2017	
Asset quality and balance-sheet structure	Impaired loans/ credit exposure	0.9%	0.7%	0.7%	0.7%	0.6%
	Customer deposits/ loans to customers ¹	96%	96%	98%	98%	97%
	Interest margin	1.23%	1.22%	1.14%	1.11%	1.14%
Capital²	CET1 ratio	17.8%	17.1%	17.6%	16.8%	16.4%
	Total capital ratio	17.9%	17.2%	17.7%	16.9%	16.5%
Productivity	Cost/income ratio (excl. goodwill amortization)	61%	60%	57%	59%	58%
Financial performance	ROE (net profit/average equity)	8.5%	9.0%	10.1%	9.1%	9.6%

Note

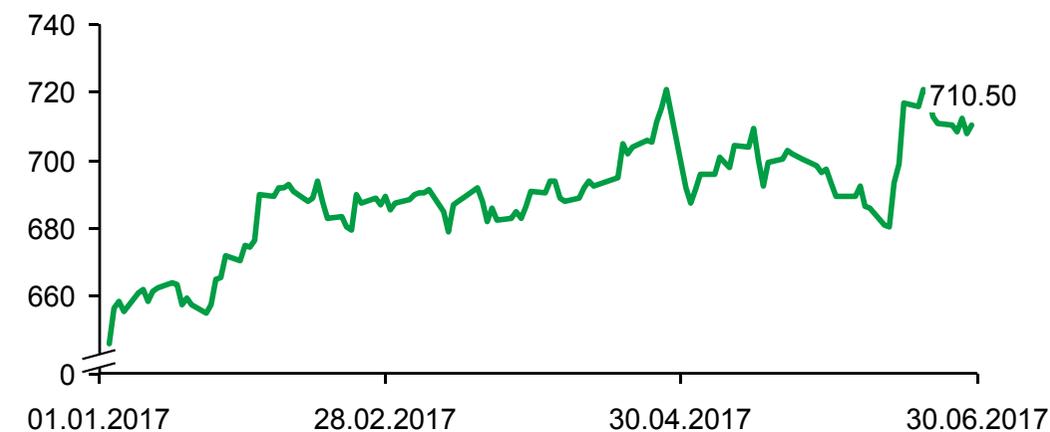
(1) 2013-2014 figures were adjusted to facilitate like-for-like comparison

(2) Since 1 January 2013, BCV's capital requirements have been determined in accordance with Basel III principles

Per share (CHF)



Stock price



Key figures

	31 Dec. 2013	31 Dec. 2014	31 Dec. 2015	31 Dec. 2016	30 Jun. 2017
Number of issued shares	8,606,190	8,606,190	8,606,190	8,606,190	8,606,190
Market capitalization (CHF billions)	4.19	4.64	5.48	5.56	6.11
High / low prices YTD	559.50 / 445.00	541.00 / 472.75	640.00 / 510.50	694.00 / 582.00	723.00 / 644.00

BCV Investor Relations iPad App

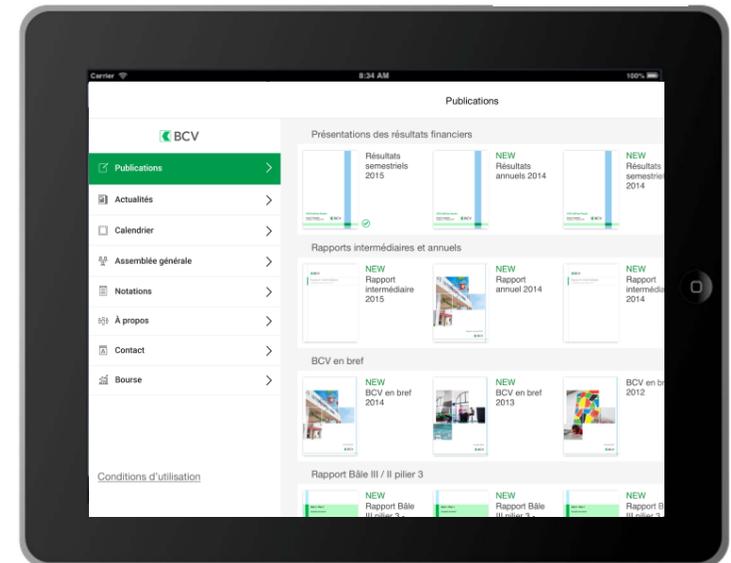


Our BCV Investor Relations app keeps you in touch with the latest developments at BCV Group

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- 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.